

Global Agriculture and Food Security Program (GAFSP)

Minutes

Joint GAFSP Steering Committee/Private Sector Window Donor Committee Meeting

November 6-7, 2017

Rome, Italy

GAFSP Steering Committee Chair

Mr. Stefan Schmitz

Federal Ministry for Economic Cooperation and Development (BMZ), Germany

GAFSP Private Sector Window Donor Committee Chair

Ms. Melinda Bohannon

Department for International Development (DFID), United Kingdom

Accepted for the Steering Committee

STEFAN SCHMITZ

SIGNED SS

Stefan Schmitz

Chair, GAFSP Steering Committee Chair

Accepted for the Private Sector Window Donor Committee

MELINDA BOHANNON

SIGNED MB

Melinda Bohannon

Chair, Private Sector Window Donor Committee

WELCOME, INTRODUCTION OF NEW PARTICIPANTS, AND ADOPTION OF AGENDA

1. A joint meeting of the Global Agriculture and Food Security Program (GAFSP) Steering Committee (SC) and the GAFSP Private Sector Window Donor Committee (DC) was convened in Rome, Italy on November 6-7, 2017. This was the sixth time that the SC and the DC have met jointly, after the first joint meeting held in September 2013.
2. The meeting was co-chaired by **Stefan Schmitz**, as Chair of the SC, and **Melinda Bohannon**, as Chair of the DC. They opened the meeting by welcoming new members to the SC and DC, and thanking IFAD for hosting the meeting at its Headquarters. The draft agenda circulated in advance of the meeting was reviewed and adopted (attached as Annex 2).
3. **Michel Mordasini**, Vice-President, IFAD, welcomed the meeting participants, highlighting this as a critical moment for GAFSP, as it reflects on the vision for the future. He stressed that a business-as-usual scenario would put an estimated 240 million people in rural areas in extreme poverty, and result in 380 million undernourished by 2030, therefore underlining how important it is that the Program's interventions are effective, efficient and add value for money. IFAD has been a longstanding partner to the program, and welcomes the ongoing Program Evaluation as a best practice exercise to inform the new vision and any reforms.

GAFSP PROGRAM IMPLEMENTATION UPDATES

4. The **Coordination Unit (CU)** updated on Program-wide matters including on Monitoring and Evaluation (M&E) and on Communications. For the Program as a whole, results are now being reported following the 2017 M&E Plan indicators. The **CU** together with the **Private Sector Window Secretariat** gave a joint overview of the GAFSP communications plan and the new GAFSP website under construction. The plan aims to communicate results more effectively, create shareable content, and support outreach, advocacy, and fundraising efforts. The new website is expected to be launched by the end of the first quarter of 2018.
5. The **CU** updated the meeting on the Public Sector Window portfolio. Overall, impacts and results presented were positive, the portfolio is well balanced in maturity, and indicator trends are on track. The new online Portal was piloted to collect the data for end-June 2017.
6. The **GAFSP Private Sector Window Secretariat** indicated that the Private Sector Window portfolio is now growing faster than in previous years in both project number and dollar amount terms, and project supervision and portfolio monitoring are becoming more intensive, with risk management playing a more important role. The Secretariat reiterated that the GAFSP Advisory Services is a crucial tool to better facilitate reaching smallholder farmers.
7. The **Private Sector Window Secretariat** presented its Annual Plan for FY18, with 12-14 projects in the pipeline for an investment amount of \$70 million, for SC endorsement. It also proposed to freeze the Private Sector Window country list on a rolling 3-year basis, to allow for continuous Private Sector Window work, without additional prior SC approval, on those countries that shift to IDA-blend status from IDA-only status during the 3-year period. The current governance structure allows for support to IDA-blend countries to be approved on a case by case basis.
8. Further to this proposal, a DC member put forward an additional request for blanket prior SC approval for Private Sector Window funding for a few IDA-blend countries that are fragile and conflict-affected, and which have high stunting and wasting rates, such as Papua New Guinea. The DC will consider this additional request later.

9. The **CU** and **Private Sector Window Secretariat** delivered presentations on impact evaluation, preliminary field experience from both Windows on the implementation of the Food Insecurity Experience Scale (FIES), and the GAFSP M&E Plan's Theory of Change. Next steps were outlined for: the testing, validation and consolidation of FIES in collaboration with the Voices of the Hungry team at FAO and Living Standards Measurement Study (LSMS) team at World Bank; for leveraging geospatial/GIS technology to monitor and evaluate the effectiveness of GAFSP interventions; and for making upgrades to the GAFSP Portal in support of project reporting.
10. The CSO chair from Asia emphasized the need to reconsider the use of the term 'beneficiaries' and the SC and CU agreed to explore alternate terminology that more actively reflects the agency of project participant farmers and community members.
11. **Decision Points:** (i) The SC endorsed the Private Sector Window Annual Plan (FY18); (ii) the SC agreed to the proposal, as described in paragraph 7 above, to freeze the GAFSP Private Sector Window country list on a rolling 3-year basis, with immediate effect.

GAFSP PROGRAM EVALUATION

12. The **LTS International and UNIQUE** team made presentations on the GAFSP Program Evaluation (PE) progress, and on its alignment with the GAFSP Vision 2030 process. SC members were reminded of the methodology and timeline, as outlined in the terms of reference (TOR) as well as in the Inception Report. The PE team also shared their draft evaluation hypotheses and a proposed list of countries for their field visits, the latter for SC review and endorsement.
13. Discussion included: interpretation of a country's financing gap and GAFSP's role, particularly with respect to Private Sector Window investments and their role in supporting countries' national agriculture investment plans; additional hypotheses that would explore CSO and PO engagement in GAFSP project processes and assess GAFSP projects against broader SE portfolios; proposal that the PE team support the SC in elaborating an updated Theory of Change for the Program. It was confirmed that, as an independent exercise, the PE team would review and make recommendations on the future scenarios for GAFSP deriving from their evaluation findings.
14. **Decision Points:** The countries for the PE team to visit would be decided through a virtual process to be initiated within one week of the SC meeting's close, reflecting an increase in the number of countries (from 3 to 5) and greater regional/linguistic balance. [Implemented. SC approval registered on November 15, 2017: countries are Cambodia, Ethiopia, Kenya, Nepal, and Senegal.]

CSO REPORT BACK AND ROLE GOING FORWARD

15. GAFSP's **civil society representatives** (CSOs) updated on their ongoing work programs and presented their vision for GAFSP moving forward. The presentations highlighted the specific interventions made by CSOs represented on the SC, and the importance of the Program for the broad constituencies they serve. They noted that the inclusion of specific language in the award notification letters regarding the Call for Proposals, which stressed the importance of continued CSO engagement throughout GAFSP project implementation, had made a positive impact. Such an explicit reference can be a useful tool for SC members, especially SE representatives, to ensure that project teams are aware of the priority attached to civil society engagement and the GAFSP CSO SC member mandate.
16. The Chair underscored that the CSO presence within the Program and on the GAFSP SC is a unique feature of GAFSP, and recognized that while there is strong CSO engagement at the SC level, there is

still work to be done to improve civil society participation at the project and country levels. The Vision process should capture this as a priority.

17. **Decision Points:** Discussion of civil society engagement at all levels of Program implementation will be on the agenda of the next SC meeting.

SETTING THE CONTEXT: THE STRATEGIC VISION FOR GAFSP

18. The Chair reminded the SC that globally, interventions need to be scaled up, and that business as usual would not be enough in a world where hunger is still rising. The Chair also noted that GAFSP is recognized as embodying the gold standard in terms of the principles and standards on aid effectiveness, with strong ownership of recipient countries, inclusiveness, alignment with national priorities, results orientation and mutual accountability, amongst others.
19. **Germany** delivered a brief retrospective on the Program, noting the urgency and political will that characterized GAFSP's inception at the 2009 G20, as well as GAFSP's demonstrated impact over the last 6 years, and its enduring relevance to the 2030 agenda. In its Leader's Declaration at the G20 gathering in 2017, Germany reaffirmed collective support to GAFSP as part of its Initiative for Rural Youth Employment. Germany's remarks underscored the need for a second such momentum of political will and new funding to meet the prevailing needs and demand.
20. **Australia**, which had led the GAFSP Strategic Vision Working Group (WG) process launched at the March 2017 SC meeting, presented an overview of the group's terms of reference, of the WG process, and the subgroups organized around the WG's key tasks, including Vision and Scope, Operational and Governance Mechanisms, and Financing.
21. The **UK** presented the outcomes of the Vision and Scope subgroup (see paper attached as Annex 3), underlining the Sustainable Development Goal 2 (SDG2) financing gap, the importance of speed in delivering on GAFSP's vision, and the associated need for GAFSP to evolve to be fully oriented to SDG2. The subgroup highlighted GAFSP's recipient-led approach, its ability to be catalytic at scale, its inclusive multi-stakeholder modalities, and its focus on the rural poor and hungry.
22. The **GAFSP Regional Representatives** shared a joint statement on the Vision for GAFSP, in which they welcomed the discussion of the Vision for GAFSP and provided detailed feedback on the proposed 'One GAFSP' model, underlining the importance of a strong funding model to deliver on GAFSP's ambition, and its ability to incentivize policy change. Regional representatives called for retention of GAFSP's gender, food security, and smallholder focus as well as in ensuring that the overall goal of the Program remains anchored in serving poor rural communities.
23. **IFC** made a presentation on the **IDA18 Private Sector Window**, highlighting its complementarity with the GAFSP Private Sector Window and reiterating that the IDA PSW should not be viewed as a replacement for the GAFSP PrSW. IFC also presented an update on how GAFSP PrSW Advisory Services could form an effective and practical bridge to improve coordination and cooperation between the two Windows, with some existing examples of work-in-progress.
24. A **CU** presentation on the **Missing Middle Initiative** highlighted it as an innovative, flexible tool, working through triangulation of smallholders, producer organizations (POs), and actors in the value chain. Of the five pilot projects, three are ready to launch, and the remaining two are in the final stages of design.
25. SC members broadly supported the Vision and principles covered. Discussion points included: articulating the comparative advantage and value added of GAFSP, such as the Program's focus on

country capacity and leadership; the Program's inclusive and representative nature and its merit-based approach. The need to quickly agree on an operational plan to achieve the goals laid out in the vision including clarity on forward funding was also recognized, with acknowledgment that further time and effort could be expended on reform processes without assurance of increased funding. SC members discussed changes that would need to occur, including: further strengthening GAFSP's role in incentivizing, strengthening, and building country capacity; understanding the realistic leverage proposition of GAFSP and how GAFSP's investments could more effectively help mobilize additional private and public resources; further enhancing collaboration between the two Windows, while noting their differing approaches to cultivate investments; and creating the right environment and incentives for farmer cooperative involvement as part of private sector engagement. The possibility to improve CSO engagement at country and investment levels was noted, in addition to the importance of working with young farmers, focusing on value-addition through government-enabled, private sector led opportunities.

26. The Chair recognized SC members' broad comfort with the key messages of the Vision Paper (Annex 3), with some caveats, particularly regarding the absence of a clear statement of how to bring the Public and Private Sector Windows' financing closer together, despite the desirability in principle of doing so.

GAFSP VISION: GOVERNANCE AND OPERATIONAL MECHANISM

27. **Australia** delivered a brief overview of the Governance and Operational Mechanisms subgroup's findings (see paper attached as Annex 4). These included a recommendation to ensure alignment with SDG2 and the Addis agenda in low-income countries and for vulnerable populations. The group also stressed the importance of maximizing impact and increased collaboration between the two Windows, and ensuring that beneficiaries could access the types of funds needed. This sub-group had considered how to enable GAFSP's instruments to work more effectively together, under a proposed 'One GAFSP' model. Discussion points included:

- On coordination between the Public and Private Sector Windows:
 - Increasing coordination and ensuring coherence across the entire Program, particularly in the spirit of maximizing available development finance (referring to the World Bank Group's 'Cascade' approach).
 - The extent to which GAFSP's two Windows need to explicitly connect to one another in-country, with a recognition of their differing criteria and client priorities and a caution not to limit each Window's flexibility through over-engineering a relationship between them.
 - Agreement to more routinely capture opportunities for interlinkages and complementarity between GAFSP's Windows and to explore how such analysis can better be built into the Program's operational modalities and incentives. IFC offered a list of suggestions for improving these interlinkages, to be considered while designing the next phase of GAFSP.
- Continuing to ensure GAFSP's alignment with and reinforcement of national development strategies and identified financing gaps, particularly through the Public Sector Window.
- Agreement that GAFSP investments, public or private, should be crowding in other available resources – not just other GAFSP resources – in support of a country's national development priorities.
- No consensus on the sub-group's proposed vision of merging the two Windows and offering their instruments under one GAFSP umbrella.

- The priority attached to bringing other Supervising Entities into the Private Sector Window or to their accessing GAFSP's smallholder-focused concessional funding through other modalities while designing the next phase of GAFSP.

GAFSP VISION: FINANCING & FUNDRAISING

28. **BMGF** presented the subgroup paper on GAFSP Financing (Annex 5) and the **CU** delivered the proposed fundraising strategy presentation developed by **SEEK Development**.
29. **BMGF** spoke to the need for strategic thinking, a focus on outcomes, and making a strong case for GAFSP, to raise resources in a more challenging political environment. BMGF emphasized that a clear fundraising plan and the necessary staffing would be key to mobilizing funds for a scaled-up GAFSP. Critical actions suggested were to improve understanding of the donor landscape, set a target fundraising goal, and support the staffing needed to execute the strategy. The **SEEK** presentation included analysis of the OECD-DAC reporting donor landscape and a recommendation to move to a regular replenishment model for the Program, with possible timelines for such a replenishment. Discussion included:
- **Germany** and the **UK** signaled that additional funding to GAFSP is in the pipeline for 2018. The UK clarified that such new funding is subject to ministerial approval and would be contingent on a satisfactory outcome of the reform process.
 - While acknowledging the urgency of the current situation, where food security needs remain critical globally, most other donors at the meeting were not able to signal clear intentions to contribute, citing the need for an improved investment case for GAFSP that would more closely link the Program with their own national and policy priorities.
 - Several donors clarified that, internally, there is no competition between contributions to GAFSP versus other external funds but rather the competition is between GAFSP and other bilateral programs or entirely different thematic topics.
 - **The World Bank** stated that, as collective owners of the GAFSP G20 instrument, it would be helpful if existing donors indicated their position with respect to financing GAFSP, pointing out that existing donors' financial commitment can serve as a more compelling fundraising tool and an encouragement to others than a staff-intensive fundraising strategy. Hosting professional fundraising staff in the CU could also lead to a possible misreading of GAFSP as a World Bank instrument, rather than an instrument of the G20 countries.
 - Several donors underlined the importance of sourcing professional fundraising expertise.
 - The **US** stated that despite its being the largest contributor to the Program to date, it does not expect to make any further contributions to GAFSP, and called on GAFSP's Supervising Entities to internalize the lessons learnt so far. Noting that its 1 to 2 matching pledge to further catalyze financing had not been fully utilized, the US called for a managed wind down of the overall program, noting that it would not, however, block any SC consensus on moving the vision for the Program forward.
 - **Japan** announced it would not make additional contributions to the Private Sector Window, however indicated its continued interest in technical collaboration through JICA and in the continued reinvestment by the GAFSP PrSW of reflows due to Japan from existing projects into new projects.
 - The **CSO representatives** expressed their strong desire to sustain the Program, stressing that winding down GAFSP is not an option for them and urging that the vision statement reflect this.
30. Members agreed that financing is an essential prerequisite for a new vision and mechanism. Specifically:

- The SC welcomed the SEEK analysis and proposal to move forward with a two-track approach, with a few current donors contributing during 2018; work done during 2018 to prepare a major push with new donors in 2018; and a major replenishment moment in 2019.
- The SC requested that SEEK build out their initial analysis into a more operational workplan through 2019 and add analysis of non-OECD-DAC donors, as well as analysis of donors that are more likely to support with non-grant resources/blended finance approaches.
- **BMGF** offered to support a short-term extension of the SEEK work through end January 2018 to address the above issues.
- **Germany** indicated it is willing to host a staff team on fundraising that will coordinate closely with the CU. The **World Bank** committed to explore the feasibility of such a staffing mechanism.

31. **Decision point:** The SC authorized use of GAFSP Public Sector Window trust fund resources (up to \$250,000 through end 2018) to contribute to the resource mobilization effort, for further support to SEEK or another contractor beyond January 31, 2018 and to support staffing hosted by Germany.

GAFSP VISION: DECISION POINTS

32. The **UK** and **Australia** made a summary presentation on Principles to build a 2030-ready GAFSP and on a range of operational/governance models deriving from the earlier Vision WG presentations and SC member discussion. The SC adopted the Principles – incorporating an adjustment proposed by one participant – as below, to frame the next steps for GAFSP’s Vision 2030, underscoring that any ‘models’ should embody the agreed Principles and be underpinned by the updated Theory of Change for the Program:

- All GAFSP investments contribute primarily and significantly to SDG2, particularly the development of smallholder farmers;
- GAFSP uses a range of financing tools (such as grants, concessional loans, and blended finance) to deliver a common set of strategic objectives, inspired by public and private needs at the country level;
- The Missing Middle Initiative is mainstreamed, getting the right support to producer organizations and facilitating ideas from producer organizations;
- All GAFSP investments aim to leverage additional finance towards SDG2, in line with the Addis Ababa agenda;
- GAFSP continues to rely on Supervising Entities’ systems for preparation, implementation, monitoring and reporting;
- All Supervising Entities have access to some form of GAFSP loan financing.

GAFSP VISION: NEXT STEPS AND IMPLEMENTATION TIMELINE

33. A Working Group, led by the CU and supported by a consultancy, would develop the following deliverables to be proposed for SC review, discussion and agreement:

- A forward-looking Theory of Change (ToC) for GAFSP 2.0;
- Overall results and leveraging projections for the Program as a whole, based on realistic financing scenarios and with reference to the 2017 GAFSP M&E Plan;
- Options for an adjusted GAFSP operational model, including any reforms to associated governance mechanisms, that respond to the vision and principles for GAFSP 2030, and as underpinned by the expected ToC for GAFSP 2.0 – prioritizing the principles and any emerging lessons from the ongoing Program Evaluation and Missing Middle pilots, and continuing to maximize delivery partnerships with the existing GAFSP Supervising Entities.

34. The following timeline was agreed:

- *Immediate:* The World Bank (Trustee and Legal) to provide feedback on GAFSP's Framework Document and what it currently provides for, with respect to GAFSP's future scenarios;
- *End November:* The CU-led Working Group to agree on TORs for a consultancy to support key tasks. DFID offered to contract the consultant, owing to an anticipated simpler procurement process;
- *End December:* Consultancy to be in place, with an acknowledgement that this could be a separate contract with the current Program Evaluation Team, as a natural extension of their current tasks, or with a completely new consultant;
- *End January:* An interim Theory of Change and results/leverage scenarios, as well as the outline of a fundraising strategy ready for WG review/guidance;
- *End March:* Conclusions of the consultancy and associated WG recommendations, to coincide with the draft Program Evaluation Report;
- *April:* Presentation on all recommendations to the next GAFSP Steering Committee meeting.

35. At the next SC meeting, decisions would be taken on the following three priorities:

- Whether to continue GAFSP, or move into a 'sunset' scenario, with the SC's current ambition being to progress the Program;
- Key elements of GAFSP's business case: building on the 2017 M&E Plan and the outputs of the CU-led Working Group process (Objectives/Theory of Change/Results/Leverage) as well as past and ongoing evaluations of the Private Sector Window and the Program as a whole;
- Any revisions to GAFSP's governance and operations mechanisms to deliver on the vision.

36. **Decision points:** (i) The SC adopted the six overarching principles to frame the next steps for GAFSP's Vision 2030 outlined in paragraph 32 above; (ii) a Working Group process, led by the CU and working with consultancy support, would develop deliverables to be proposed for SC review, discussion and agreement, as outlined in paragraph 33 above; (iii) key decision points for the next SC meeting were agreed as outlined in paragraph 35 above; (iv) resource mobilization for GAFSP would move forward, as outlined in paragraph 30 above.

ANY OTHER BUSINESS, SUMMARY OF DECISIONS AND CLOSURE

37. The next SC meeting would be held in Washington DC, targeting the period of the 2018 Spring Meetings of the World Bank Group.

38. The meeting concluded with thanks from the Chairs to all participants, organizers, contributors, and hosts of the joint GAFSP SC/DC meeting.

Annex 1: List of Meeting Participants (alphabetical order, by stakeholder group)

S.No.	Last Name	First Name	Organization
Donors			
1	Aarts	Anouk	The Netherlands
2	Bahalim	Ammad	Bill & Melinda Gates Foundation
3	Bohannon	Melinda	Chair, Private Sector Window Donor Committee / United Kingdom
4	Chow	Jennifer	USAID
5	Costello	Bill	Australia
6	Fernández Méndez de Andés	Javier	Spain
7	Gagnon	Michel	Canada
8	Gillan	Tabitha	United Kingdom
9	Gill	Timothy	Australia
10	Jung	Fritz	Germany
11	Kadji	Christophe	Canada
12	Krebber	Iris	United Kingdom
13	Schmitz	Stefan	Chair, Steering Committee / Germany
14	Shimano	Toshiyuki	Japan
15	Strychacz	Nicholas	The United States
16	van de Logt	Paul	The Netherlands
17	Watkins	Neil	Bill & Melinda Gates Foundation
18	Zapatero	Maria Abad	Spain
Supervising Entities			
19	Agboma	Patrick	African Development Bank
20	Bettink	Willem	International Fund for Agricultural Development
21	Bogatyreva	Tatiana	International Finance Corporation
22	Brizzi	Adolfo	International Fund for Agricultural Development
23	Kertzman	Debra	Asian Development Bank
24	Khanfir	Imed	World Food Programme
25	Lozansky	Tania	International Finance Corporation
26	Manssouri	Mohamed	Food and Agriculture Organization
27	Mascaretti	Alberta	Food and Agriculture Organization
28	Pimenta	Sergio	International Finance Corporation
29	Razdan	Pamposh	International Finance Corporation
30	Rodriguez	Esther	Inter-American Development Bank
31	Rosembuj	Flavia	International Finance Corporation
32	Scura	Louise F.	The World Bank
33	Spicer	Martin	International Finance Corporation
34	Tarhouni	Mouldi	African Development Bank
35	Zhao	Bing	World Food Programme

CSOs			
36	Akoha	Sessi Rostaing	ROPPA (Recipient Region CSO)
37	Bagna	Djibo	ROPPA (Recipient Region CSO)
38	Banzuela	Raul Socrates	Asian Farmers Association (Recipient Region CSO)
39	Clarke	Marie	ActionAid, USA (OECD CSO)
40	Guerra	Alberta	ActionAid, USA (OECD CSO)
41	McKeon	Nora	ActionAid (OECD CSO)
Regional Representatives			
42	Adoum	Djime	Regional Representative, Africa
43	Diaz Palacios	Jaime	Regional Representative, LAC
44	Imashov	Chorobek	Regional Representative, ECA
45	Karim	Mastura Binti Abdul	Regional Representative, Asia
46	Ko	Win	Alternate for Regional Representative, Asia
47	Pokharel	Champak	Regional Representative, Asia
GAFSP Coordination Unit			
48	Dyer	Nichola	Program Manager, GAFSP
49	Franic	Tea	Coordination Unit
50	Hayward	Natasha	Deputy Program Manager, GAFSP and Head, Public Sector Window
51	Kar	Anuja	Coordination Unit
52	Mostafa	Iftikhar	Coordination Unit
53	Parent	Kimberly	Coordination Unit
54	Ramachandran	Venkatakrishnan	Coordination Unit
55	Salman	Diana	Coordination Unit
56	Thapa	Dipti	Coordination Unit
Private Sector Window Secretariat / IFC			
57	Chen	Yanni	Private Sector Window Secretariat
58	Palmer	Caitriona	Private Sector Window Secretariat
59	Shah	Niraj	Head, Private Sector Window Secretariat
Trustee and Legal			
60	Cebotari	Alexandru Valeriu	Trustee
61	Pardo	Maria Lourdes	Legal
Observers			
62	Bene	Timothy	Program Evaluation Team
63	King	Lesley	Program Evaluation Team
64	Pallenburg	Markus	Program Evaluation Team
65	Reichhuber	Anke	Program Evaluation Team

Annex 2: Meeting Agenda



AGENDA

Joint Steering Committee and Donor Committee Meeting

November 6 - 7, 2017

IFAD Headquarters, Rome, Italy

Meeting Objective: To define the vision and future for GAFSP and agree on the mechanisms, financing and timeline for the implementation of this vision.

Sunday, November 5, 2017

Venue: IFAD

Opportunity for preparatory meetings & meetings with the Program Evaluation Team

Please advise the Coordination Unit if you would like to schedule a preparatory meeting so necessary arrangements can be made.

The Program Evaluation Team will reach out to individual SC members to set up a convenient time to meet from Nov.5 – 8.

Monday, November 6, 2017 (DAY 1)

Venue: Italian Conference Room, IFAD

8am – 8.30am	Coffee served outside the meeting room
8.30am - 9am	1. Welcome, introduction of new participants, and adoption of agenda

	<p><i>Steering Committee Chair, Mr. Stefan Schmitz</i> <i>Donor Committee Chair, Ms. Melinda Bohannon</i></p> <p>Welcome remarks by Mr. Mordasini, Vice-President, IFAD</p> <p><u>Documentation:</u></p> <ul style="list-style-type: none"> - Meeting Agenda
<p>9am – 11am</p>	<p>2. GAFSP Program Implementation Updates</p> <p><u>Objective:</u> To provide an update on the implementation of the GAFSP portfolio.</p> <p><u>Presentation:</u></p> <ul style="list-style-type: none"> - Portfolio Status Updates for the Public Sector Window (including Missing Middle pilot) and Private Sector Window (Natasha Hayward and Niraj Shah) - Private Sector Window Annual Plan FY18 (Niraj Shah) - Communications update (Kim Parent and Caitriona Palmer) - M&E update (Natasha Hayward, Yanni Chen and Anuja Kar) - Update on GAFSP PrSW 2.0 and IDA PrSW (IFC) <p><u>Documentation:</u></p> <ul style="list-style-type: none"> - GAFSP six-monthly update - Trustee Financial Report - Impact Evaluation Note - Private Sector Window Update - Private Sector Window Annual Plan - Private Sector Window Evaluation Reports <p><u>Decision point:</u></p> <ul style="list-style-type: none"> - Endorsement of the Private Sector Window Annual Plan (FY18) - Endorsement of request to approve the freezing of the GAFSP-eligible IDA country list for the Private Sector Window on a rolling 3-year period

<p>11am – 11.30am</p>	<p>Coffee Break</p>
<p>11.30am – 1pm</p>	<p>3. Setting the Context: The Strategic Vision for GAFSP</p> <p><u>Objective:</u> Setting the context for the SC/DC meeting by outlining the strategic direction for the future vision and scope of GAFSP to deliver on the 2030 Agenda.</p> <p><u>Presentation:</u></p> <ul style="list-style-type: none"> - GAFSP Retrospective - Summary of Terms of Reference (ToR) and overview of Working Group process (Australia) - Presentation of the Vision for GAFSP on the Road to 2030 (UK) <p><u>Documentation:</u></p> <ul style="list-style-type: none"> - GAFSP Vision and Scope 2030 Paper - GAFSP 2030: Questions and Comments note - Working Group ToR <p><u>Decision Point:</u></p> <ul style="list-style-type: none"> - Agreement on a set of principles to guide a reinvigorated ‘2030-ready’ GAFSP
<p>1pm – 2.30pm</p>	<p>Lunch</p> <p>Venue: Executive Dining Room</p>

<p>2.30pm – 4pm</p>	<p>4. GAFSP Vision: Governance and Operational Mechanism</p> <p><u>Objective:</u> To outline the governance and operational models for the implementation of the Strategic Vision for GAFSP.</p> <p><u>Presentation:</u></p> <ul style="list-style-type: none"> - Presentation of the Governance and Operational Mechanisms for the GAFSP Strategic Vision (Australia) <p><u>Documentation:</u></p> <ul style="list-style-type: none"> - Governance and Operational Mechanism Paper
<p>4pm – 4.30pm</p>	<p>Coffee Break</p>
<p>4.30pm – 6pm</p>	<p>5. GAFSP Vision: Financing & Fundraising</p> <p><u>Objective:</u> To explore the financing options and resourcing needs to match the GAFSP 2030 Vision and Scope, and present a strategic fundraising strategy for GAFSP.</p> <p><u>Presentation:</u></p> <ul style="list-style-type: none"> - Presentation of the GAFSP Financing Paper (Gates Foundation) - Presentation of Fundraising Strategy, Partnerships & Outreach work (CU) <p><u>Documentation:</u></p> <ul style="list-style-type: none"> - GAFSP Financing Paper
<p>6pm - 8pm</p>	<p>Reception</p> <p>Venue: Turkish Lounge, IFAD</p>

Tuesday, November 7, 2017 (DAY 2)

Venue: Italian Conference Room, IFAD

8.00am – 8.30am	Coffee served outside the meeting room
8.30am – 9.00am	Session 2 spillover: M&E/MMI Update (cont.).
9.00am – 10.45am	<p>6. GAFSP Program Evaluation</p> <p><u>Objective:</u> To outline the methodology and present progress on the program evaluation, and discuss the alignment between the GAFSP Vision 2030 and Program Evaluation processes.</p> <p><u>Presentation:</u></p> <ul style="list-style-type: none">- Program Evaluation process and progress (LTS International and UNIQUE)- Alignment between GAFSP Vision 2030 and Program Evaluation (LTS International and UNIQUE) <p><u>Documentation:</u></p> <ul style="list-style-type: none">- Program Evaluation Inception Report- Proposed Hypotheses and Country Case Studies <p><u>Decision Point:</u></p> <ul style="list-style-type: none">- Agreement on proposed country case studies
10.45am – 11.15am	Coffee Break
	<p>7. CSO Report Back and role going forward</p> <p><u>Objective:</u> To report back on the CSOs 2017 activities and present the CSOs perspective on the GAFSP Vision.</p> <p><u>Presentations:</u></p>

11.15am – 1.00pm	<ul style="list-style-type: none"> - CSOs presentation of their respective work programs (ROPPA, AFA, and ActionAid) - Joint presentation on CSO GAFSP vision (ROPPA, AFA, and ActionAid) <p><u>Documentation:</u></p> <ul style="list-style-type: none"> - 2017 interim reports
1.00pm – 2.00pm	<p>Lunch</p> <p>Venue: Executive Dining Room</p>
2.00pm – 3.30pm	<p>8. GAFSP Vision: Decision Points</p> <p><u>Objective:</u> Decide on the 2030 Vision and Scope for GAFSP and associated governance and operational mechanisms, and financing needs.</p> <p><u>Decision points:</u></p> <ul style="list-style-type: none"> - Tbd. based on previous day’s discussions
3.30pm – 4pm	<p>Coffee break</p>
4pm – 5.30pm	<p>9. GAFSP Vision: Next Steps and Implementation Timeline</p> <p><u>Objective:</u> Agree on the next steps and timeline for the implementation of the GAFSP 2030 Vision.</p> <p><u>Decision points:</u></p> <ul style="list-style-type: none"> - GAFSP Vision Next Steps and Timeline
5.30pm – 6pm	<p>10. Any other business, summary of decisions and closure</p> <p><u>Decision Points:</u></p> <ul style="list-style-type: none"> - Venue and timing of next meeting

Wednesday, November 8, 2017

Venue: IFAD

Opportunity for meetings with the Program Evaluation Team

The Program Evaluation Team will reach out to individual SC members to set up a convenient time to meet from Nov.5 – 8.

Annex 3

Vision for GAFSP on the road to 2030 – Working Group paper (subgroup 1)

Making GAFSP a fit-for-purpose tool to help the poorest countries achieve SDG2

1. The wider context – a vision for SDG2

Sustainable Development Goal 2 – the goal to end hunger and malnutrition and double the productivity and incomes of smallholder farmers by 2030 – is one of the most ambitious commitments that world leaders have ever adopted. Business as usual will not suffice. To achieve these goals will mean increased investment, better policies from governments, leveraging the private sector, and targeted support from donors behind a clear vision and informed by a rigorous roadmap. Increasing chronic hunger figures demand that we do things differently.

Without a major additional effort and new ways of working, SDG2 is unlikely to be achieved. This is worrying, not just because hunger and undernutrition may persist or even increase in the wake of famines and climate change, but because SDG2 is essential for a host of other goals.

Agenda 2030 calls for the public and private sector to join forces, scale up their investments and increase their impact through better coordination and complementarity. As agreed by the world in Addis Ababa in 2015, bilateral and multilateral ODA, domestic funding and private sector investments must work coherently to achieve the SDGs. And as demonstrated by its contribution to the MDGs and re-confirmed by the G20 this year, GAFSP has a very strong role to play.

The SDGs set the framework for aligned and improved results monitoring. Currently there is no agreement on which approaches deliver the best results and the best value for money. Data is insufficient¹. Lessons on what works should be disseminated and acted upon widely to replicate successes and expand impact. But what we do know is that investments in agriculture and in food and nutrition security must also increase, improve and be better coordinated to be complementary, mutually reinforcing and close gaps.

There is a need to;

- 1) **Build expert and partner consensus on the best interventions to achieve SDG2**
- 2) **Strengthen the Global Investment Framework for Agriculture** (drawing in ODA and non-ODA flows around an agreed financing and accountability framework to scale proven approaches);

¹ http://www.globalgoals.org/goalkeepers/datareport/?utm_source=IN&utm_medium=EM&utm_campaign=UNGA17&utm_term=GLRPT&utm_content=REP

3) **Align partners around a roadmap with clear metrics** (develop consensus on key sub-indicators that ladder up to the productivity and income outcome targets)

SDG2 is much bigger than the role GAFSP can play. However GAFSP can contribute to the delivery of SDG2 (along with other SDGs), notably through mobilising resources, bringing multiple stakeholders together around agriculture and food security and investing in the most promising interventions through its collaboration with and guidance from partner countries, multi-lateral development banks, bilateral donor agencies and civil society. Its contribution to SDG2 results accountability through its adoption of the FIES food insecurity perceptions indicator (tier I) can also help build broader results accountability.

The ambition for GAFSP is to play a crucial role in catalysing high impact financing to contribute to the work of agriculture and food security partners, helping to convene and build consensus on the best interventions to achieve SDG2 within a global investment framework for agriculture.

2. The vision for a 2030-ready GAFSP: defining GAFSP's place in the vision for SDG2

GAFSP's comparative advantage

The Global Agriculture and Food Security Programme brings together all of the key stakeholders working on food and nutrition security and sustainable agriculture development, and has delivered well on its original mandate since it was established in 2009. It plays an objective role in sourcing, targeting, disbursing, managing and reporting on its funding and has started to incentivise learning. Emerging results are monitored robustly through the portfolios of the supervising entities and look impressive. GAFSP is already focused on SDG2 and its revised results framework is linked directly to the SDGs. Thanks to alignment with country priorities, cooperation with civil society, and working with and through its Supervising Entities' programming it compares well on targeting and reaching the poorest, including in fragile contexts². GAFSP benchmarks well on administrative overheads and on speed and flexibility of funding. GAFSP is demand driven and catalyses domestic resources, has public and private sector arms and is leveraging private sector funding. GAFSP's strength lies in its partners and the way they coordinate and collaborate through it, drawing on cutting-edge multilateral and independent academic expertise and operates through existing multilateral development banks (MDBs) and UN agencies (FAO and WFP). One of its main comparative advantages is that GAFSP has contributed high quality grant financing through the supervising entities, drawing on their expertise and policies to fill important gaps. It has employed a transparent and inclusive multi-stakeholder approach, with donors, country and regional representatives, multilaterals, civil society, and farmer organisations taking key governance and funding decisions jointly. It is the only sector fund with smallholders at the table.

² GAFSP funding, both from Public Sector and Private Sector Windows, has been allocated to fragile states including Burundi, Haiti, Liberia, Malawi, Nepal, Sierra Leone, and Togo.

While there is room for improvement in some areas, **GAFSP displays many of the characteristics needed to contribute to the commitment to end hunger and malnutrition by 2030** through the increasingly close collaboration to which UN and MDBs have already committed. In fact, if GAFSP didn't already exist, developing country governments, donors, farmers' organisations, MDBs, the private sector, civil society and the UN may want to create something very similar – and lose valuable time – to deliver real development cooperation and scale.

Issues that need to be addressed

GAFSP's *raison d'être* is to mobilise additional resources at scale as well as demonstrate sector excellence from all stakeholders in order to be able to provide effective, efficient, broad-based and aligned investments for agriculture and food security in developing countries. After generous contributions from a number of donors under the impression of urgency after the food crisis in 2007/2008, the programme critically needs to sustain and increase its financial resources in order to remain relevant and add value at a critical time of increased need. Without a strong funding model, GAFSP will not be able to deliver on its ambition, and may lose ownership of partners, let alone be able to incentivise policy change and a healthy competition of investment proposals by countries and supervising entities.

Whilst GAFSP has delivered results so far, it has struggled to effectively bring together its main instruments at country level (grant financing through the public sector window and missing middle initiative, and blended financing through the private sector window). The purpose of coordinating resources and energy under a single programme is to gain economies of scale and help recipient countries use all tools at their disposal to drive agricultural transformation and growth that delivers lasting gains in terms of sustainable productivity, incomes, food security and nutrition, resilience, agro-ecological approaches, and women farmers' empowerment. Having separate structures for making investments using grants and returnable finance has diluted the strategic impact of the programme and no longer makes sense in the face of the global challenges in front of us. As time has passed, the scale of resources coming into the programme has diminished, making it less able to deliver at scale and in turn, to incentivise policy change or coordination between donors or delivery partners at country level. GAFSP has also lacked a clear proposition on leverage, for example where funds are invested alongside IDA, other project financing or with other development finance into private enterprise it has not always been clear upfront what the value add and additionality is of GAFSP financing.

Like so many development programmes, GAFSP has struggled to reach some of the most vulnerable communities, particularly in fragile and conflict-affected situations, although it has been better at investing in vulnerable and fragile geographies than others. Its reach has been somewhat limited in crisis-affected countries and in small island developing states highly vulnerable to climate change.

The new vision for GAFSP

GAFSP will need to become a more joined-up and agile programme, to maximise its contribution to SDG2 in a resource-constrained aid environment and to deliver on the urgent need for public and private resources to work together for the food security and nutrition of all (leveraging private sector resources both in country and directly, appropriately firewalled from corporate influence). In line with the original intent of the fund, all available resources – whether grants, loans, domestic resources or private investment – should be put to work towards a coherent set of country-level priorities, determined by governments consulting with farmers, civil society, private sector and development agencies, with primary attention to the most vulnerable.

To date, GAFSP has used separate ‘windows’ to reach the different kinds of entities that need to work together to develop the agriculture sector: governments, private sector, and the ‘missing middle’ including producer organisations. To maximise its impact, the new GAFSP model will need to provide low income economies with a complete ‘food security and agriculture’ toolbox. In line with the Addis Ababa Action Agenda and the World Bank Group’s new ‘cascade’ approach, for example, the toolbox will incentivise the private sector to invest where smallholders can access value chains. It will also deliver financing to producer organisations that can help smallholders reach scale and provide grants to governments for the creation of essential public goods. Alongside these investments, the model will continue to provide world standard technical advice, drawing on FAO, IFAD, WFP, development banks, Bank and IFC Advisory Services as well as civil society, while also creating space for innovation and testing of approaches.

The strength of GAFSP will continue to be its inclusive multi-stakeholder partnership approach and will need to continue to reach out to new and existing investors of all kinds. Through a reform process and guided by the ongoing evaluation³ GAFSP has the opportunity to build on its experiences and structures to lead the global community in demonstrating how a concerted effort of development finance, private investment, good agricultural policies and civil society can deliver on the Sustainable Development Goals and end hunger and malnutrition, can building markets in one of the most challenging sectors, and in the most challenging places.

3. The scope for a 2030-ready GAFSP: what will GAFSP look like from now on?

From 2018, GAFSP’s scope will be defined as follows, with most of this building on past success:

- (i) **Oriented towards SDG2**, with additional impacts expected on other SDGs
- (ii) **Timebound** to 2030 - to prevent institutionalisation and maximise impact on SDG2
- (iii) **Focused on the rural poor, hungry and vulnerable, with special attention to women**, who most need support in achieving SDG2 –focused on long term support in hard to reach places,

³ Formative report due in December 2017

maintaining focus on IDA countries⁴; considering how to support vulnerable populations living in pockets of ineligible countries

- (iv) **Demand led and recipient driven**, with all investments working towards the same set of priorities in a coherent national agricultural development strategy
- (v) **Merit-based**, with a continued focus on quality proposals that have a strong chance of success
- (vi) **Forum for fundraising and catalysing multilateral delivery at scale**, drawing in donor finances, private sector investment, MDB effort, farmer self-financing and domestic resources behind high quality sector plans
- (vii) **Capable of flexible and agile delivery**, able to respond quickly and show direction, fill strategic gaps using the full range of grants, concession/blended/commercial finance and technical support
- (viii) **Inclusive multi-stakeholder partnership** model involving recipient countries, donors, farmers, women and civil society, with primary attention to those representing the most vulnerable
- (ix) **Quality assurance** of effective and efficient use of donor funds, value for money and impact
- (x) **Facilitator of improved programme coordination**, collaboration, synergy and strategic gap filling amongst key stakeholders working on SDG2 in eligible countries
- (xi) **Communicator** of results and impact, to foster dissemination of good practices
- (xii) **Knowledge leader** using its experience to share practice between supervising entities and to non-GAFSP funded programmes and investments (eg IDA) and wider coordination framework

A reformed GAFSP will also demonstrate the best of what the UN reform efforts led by the UNSG⁵ are aiming to deliver⁶, and it will support the efforts of development banks to live up to a G7 finance ministers' commitment⁷ to drive maximised value for money through aligned results frameworks.

4. Road Map

Drafting: May to September 2017

Prepare draft documents on Vision/Scope, Financing and Mechanism for Steering Committee consideration

Revision: September to October 2017

Prepare revised documents to enable decision-making at November 2017 Steering Committee meeting

Decision: November 2017

Steering Committee adopts model for GAFSP 2.0 and implementation plan

Implementation: November 2017 to February 2018

Steering Committee/Working Group fine-tunes remaining detail and prepares concrete amendments to Framework, financing/trust instruments, replenishment process, governance arrangements and secretariat organisation for Steering Committee endorsement, drawing on findings from the evaluation.

⁴ The founding documents permit GAFSP to invest in IDA blend countries, with prior Steering Committee approval, and at the same time "support vulnerable populations living in pockets of ineligible countries". GAFSP2.0 may require a detailed protocol.

⁵ <https://www.un.org/sg/en/content/sg/statement/2017-07-05/secretary-generals-remarks-economic-and-social-council-repositioning>

⁶ <https://www.un.org/ecosoc/en/node/1213351>

⁷ http://www.mof.go.jp/english/international_policy/convention/g7/g7_170513.htm

Endorsement: March 2018

Steering Committee endorses changes to ensure GAFSP is capable of contributing strongly to SDG2 and attracting donor/private sector financing.

Fundraising: March to May 2018

Intense efforts to raise contributions to be in a position to launch GAFSP 2.0 with financing pledges

Re-launch: June/ July 2018

Launch and pledging moment

Delivery and continued fundraising: July 2018 onwards

Further efforts to raise contributions for GAFSP 2.0, with further pledging moments in subsequent years (e.g. 2020). Revitalised programme begins operation, with only 12.5 years until the end of 2030

Annex 4

GAFSP 2030: Governance and Operational Mechanism – Working Group paper (subgroup 2)

Smallholders and Financing Constraints

The Addis Ababa Action Agenda emphasised the importance of financing for the implementation of Agenda 2030: to achieve the Sustainable Development Goals (SDGs), nationally owned sustainable development strategies must be supported by integrated private and public financing⁸. In agriculture, smallholder farmers provide a large source of private investment but also lack access to affordable credit and financial services. Smallholders make up approximately 500 million households comprising two billion people who are amongst the most vulnerable, poor and food insecure in the world. They make up 84 per cent of all farms, but operate on just 12 per cent of the world's farmland⁹. Smallholders produce a significant and diverse amount of nutritious food consumed in developing countries¹⁰ but make up more than half of those who are undernourished and living in absolute poverty¹¹ (IFPRI 2005). Most smallholder farms are in lower/middle-income countries, and the trend in these countries is for farm size to *decrease*, while the trend in higher income countries is for farm size to increase¹². Smallholdings have both advantages (agricultural and nutritional diversity) and disadvantages (economies of scale), but regardless of development strategies, they will be a dominant feature of agriculture in the developing world for many years to come. This justifies their place at the heart of both SDG2 and GAFSP's co-investments with the world's poorest smallholder farmers.¹³

Poor smallholder farmers are the primary investors in agriculture and need better access to finance, aggregation services and agri-food market linkages, information, value addition to be able to expand their meagre resources. Domestic resource mobilisation, donor grant funding and enhanced government budgets are needed to fund the public good aspects of agricultural development – generation of knowledge, public productive assets, human capital, ecosystem services, enabling policy and regulatory environments – and give smallholders the opportunity to participate in agricultural value chains. But the vast bulk of additional investment required to meet SDG2 will need come from larger private investors: agro-processors, input and equipment suppliers, aggregators, traders, logistics providers and financial institutions. These larger investors, however, have traditionally bypassed poor smallholder farmers due to the transaction costs involved in engaging them. Given the scale of private investment required, the pressure is on governments, civil society and development organisations to not only contribute but to deliberately leverage and crowd-in private investment that benefits smallholders.

Experience has taught us that no government on its own is likely to be able to fund and run high quality extension services in every sector of the agricultural economy, and that private sector extension is fundamental to agricultural development. Likewise the public sector can rarely run agricultural markets effectively and efficiently on their own.

⁸ UN (2015). Addis Ababa Action Agenda of the Third International Conference on Financing for Development, paragraph 9

⁹ Lowder et.al. (2016) The number, size and distribution of farms, smallholder farms and family farms worldwide. *World Development* 18: 16-29

¹⁰ Herrero et.al. (2017) Farming and the geography of nutrient production for human use: a transdisciplinary analysis. *Lancet Planetary Health* 1:e33-42

¹¹ IFPRI publications on smallholders: <http://www.ifpri.org/topic/smallholder-farming> <http://www.ifpri.org/publication/subsistence-profit-transforming-smallholder-farms>

¹² Lowder, *op.cit.*

¹³ World Bank feature on Smallholders: <http://www.worldbank.org/en/news/feature/2016/02/25/a-year-in-the-lives-of-smallholder-farming-families>

Status Quo

The current GAFSP model provides governments with few incentives to work with the private sector to create rural jobs or to consider alternative options for financing agriculture sector development. The private sector also has little incentive to align with country development priorities even where it is well placed to do so. Civil society is left on the fringes of both types of investment. The promise of the 'missing middle' pilot indicates that there is much to be gained by bringing investments together behind a common set of priority objectives at country level.

GAFSP recognised from the beginning that the private sector was crucial to improving food security and has managed to leverage a lot of private sector financing, but we struggle to find any countries where this has added real value to our public sector grant investments. On the other hand, GAFSP grants are leveraging strong relationships with governments and delivering sensible policy and regulatory reform, but this has not consistently been applied to facilitating effective private sector contributions where they are desperately needed, such as extension services and markets.

Ambition

We need to dramatically scale up and link up financing if we are to make a serious contribution to meeting SDG2. Donor and government resources alone will not come close to funding a doubling of smallholder productivity and incomes.

As we mainstream private sector leveraging, it will be increasingly essential that all GAFSP stakeholders are working together to grow markets by strategically applying the full range of financial tools, from grants through to commercial finance. Because private investment is so significant in the agriculture sector, GAFSP can be at the forefront of changes in development financing more broadly by being a practical example of the 'cascade' approach, where we encourage the private sector to contribute more strongly in areas where it is able to do so. This will make the Fund's resources stretch a lot further and achieve much more than they currently are through separate investments, while keeping GAFSP on the cutting edge of development cooperation.

A reimagined GAFSP needs to be using its resources to catalyse the widest possible range of private sector investments that align with and compliment public sector program objectives. Likewise, by having stronger links with the private sector, the public sector can better enable appropriate private sector investment. Sole reliance on the IFC for its private sector interactions is unlikely to be able to deliver that range. GAFSP's private sector window has won the argument that blended finance can leverage additional agribusiness investment in poor and fragile economies. The existence of the new IFC-managed IDA Private Sector Window means there is now a diminished need for GAFSP to specifically direct all of its concessional financing towards IFC's own blended investments with agribusinesses. Now is the perfect time to pull all of the levers available to finance the doubling of smallholder productivity and incomes by allowing all MDB partners to search for blended finance solutions.

There are emerging and proven models that illustrate how private and public sector investments can align. Examples of these are given at Appendix A and B for Myanmar and Zambia, respectively.

How would it work?

A reimagined program would operate through a “one-GAFSP” model. Eligible countries will have the opportunity to submit an expression of interest¹⁴ comprising:

- a) an application for grant financing for the creation of specific public goods to help achieve specific ‘one-GAFSP’ country-level priorities – developed with the inclusive participation of all relevant actors, including the civil society and the producers groups – within a national agricultural sector plan, similar to the current Public Sector Window process, but with more flexibility for how grant resources can be deployed to reach priority outcomes; and
- b) a flexible allocation of concessional and/or blended finance that can be progressively invested by suitable private sector actors – producer associations, financial institutions, agribusinesses – to achieve the ‘one-GAFSP’ country priorities.

The One-GAFSP model would continue to be a ‘light’ model of global development funds, relying heavily on the capacity of existing Supervising Entities (SEs) to design and implement programs at country level. Given the greater complexity of aligning public and private sector activities, a successful expression of interest under the one-GAFSP approach is likely to require preparatory resources. Preparatory resources might also include feasibility studies for designing an appropriate program/project with a well-blended investment which will link farmer organizations and the private companies. Public Private Partnerships where the public window could provide infrastructure for value addition while the private sector is engaged to manage and link the producers to markets, could also be considered.

It is also possible and indeed highly likely that several SEs might work together drawing upon their respective strengths in either public or private sector investment.

To ensure effective implementation, an on-going resourcing structure will be needed to progressively initiate and manage blended and concessional financing to an expanded range of private sector actors and producer associations.

What preparatory and implementation resources would be required, will depend upon the individual country circumstances and what institutional arrangements are already in place. The key principle under the one-GAFSP model is that thought has been given to adequate resourcing at a country level.

The one-GAFSP model strength should be its ability to deliver alignment in public and private investment in agriculture for small-holders at a country level.

The Coordination Unit would not be involved in implementation of the One-GAFSP, and will likely remain one of the most thinly-resourced secretariats of a global fund¹⁵, but there is a recognition that the current resourcing of the Coordination Unit is too thin to enable the Fund to effectively undertake the following functions that will be necessary on the road to 2030:

- aggregate and communicate the results achieved to an extremely broad range of stakeholders, in line with the UN reporting on SDG2

¹⁴ Noting that some fragile and conflict-affected states have struggled to access funding through GAFSP, and recognising the need for flexibility in implementation, especially when aligning public and private investments, it would be preferable to set the bar to entry slightly lower and to make the proposal less restrictive. This would enable countries to adapt their approach in countries where climate risks are high and where conflicts develop and shift, closing off opportunities and opening up others. The expression of interest could thus focus on priority outcomes and set out the strategy and volume of grant and concessional finance needed to achieve them, without necessarily detailing and costing all inputs necessary to achieve them.

¹⁵ The Global Fund has around 700 staff (source: <https://www.theglobalfund.org/en/staff/>). The GF is clearly much larger than GAFSP, but the Global Platform for Education, which has disbursed \$4.7b since 2002, making it of similar size to GAFSP, has around 100 staff (source: <http://www.globalpartnership.org/users/gpeseecretariat/>)

- bring together public and private investment stakeholders with governments in under-served eligible countries, particularly fragile and conflict effected situations
- manage and report on investments taking place through loans as well as grants
- encourage new government, civil society and private sector actors to participate actively in the Fund
- raise funds through regular replenishment cycles (see ‘Financing’ paper)
- contribute knowledge and learning from One-GAFSP to the global food security and agriculture community and ensure GAFSP is applying best practice and evidence from that community

Who does what?

The new model would see all actors playing to their existing strengths, but doing so in a more coherent manner where all GAFSP stakeholders contribute to achieving the same country-level outcomes.

World Bank would continue to house the Coordination Unit and to manage the Financial Intermediary Fund. The Coordination Unit may require some additional resources to proactively bring together the various actors (government, MDBs, civil society, private sector and UN agencies) at country level in under-served eligible countries to develop expressions of interest where SE-lead arrangements are not already evident. The Financial Intermediary Fund (FIF)¹⁶ arrangements would be adapted to be able to manage and distribute both grants and concessional finance, including future reflows from blended finance investments, similar to FIFs established by the World Bank for the Climate Investment Funds and the new Women Entrepreneurs Finance Initiative.

IFC would continue to deliver blended finance agribusiness investments in eligible countries, but would no longer be the only entity accessing new concessional financing through GAFSP. New concessional finance from donors would be directed to a World Bank-managed FIF that can channel resources to a range of supervising entities. IFC would be required to search for deals that specifically align with or complement public sector grant investments. Where selected as the ‘loan-making partner’ for a country proposal, they would have additional resources at CPMU level to search for and manage blended and concessional investments that contribute strongly to the country level objectives.

Supervising Entities (IFAD, AfDB, ADB, WB/IFC and IDB) would continue to manage the grants element of country programs where they are best placed to do so, but could also bring to bear their internal private sector financing capacities to deliver the blended/concessional finance elements as the ‘loan making partner’ of a comprehensive country-level program. Effectively this would mean having GAFSP-funded resources in a CPMU for personnel capable of progressively delivering private sector investments that align with the agreed country priorities. For World Bank, it is assumed that this will mean bringing together the resources of the whole World Bank Group, in particular working with IFC as the ‘loan-making partner’ where it is well placed to do so. It would also be possible for IFC to act as

¹⁶ Some of the features of FIFs include the following: “FIFs often involve innovative financing and governance arrangements as well as flexible designs which enable funds to be raised from multiple sources, both sovereign and private. Funds can be channeled in a coordinated manner to a range of recipients in the public and private sectors through a variety of arrangements. FIF structures are customized, depending on the needs of the partnership and agreements with the World Bank.” Source: <http://fiftrustee.worldbank.org/Pages/FIFSOVERVIEW.aspx> An example of a FIF that handles grants, concessional loans and reflows are the Climate Investment Funds: “Contributors can provide funding to the trust funds in the form of grant or capital contributions, and additionally (in the case of Clean Technology Fund), concessional loan contributions. Both funds are able to provide concessional loans, grants and guarantees to recipients, through one of five partner MDBs, which are required to return reflows (principal repayment, interest, fees, or any other reflow of funds) received from recipients to the CIF trust funds.” Source: http://fiftrustee.worldbank.org/SiteCollectionDocuments/FIF/FIF_Brochure.pdf

'loan-making partner' with other MDBs in a country application where a government determines it is the best option available.

FAO and WFP continue to provide their essential technical contributions as appropriate.

Recipient and Applicant Countries will play a more important role in the new model. Proposals coming from applicant countries will need to incorporate investment strategies that articulate opportunities for private sector actors and investors to deliver on national agriculture sector priorities. Supervising Entities, FAO and WFP will continue to be responsible for assisting countries to develop applications, but with additional resourcing in order to manage the increased complexity of bringing together public and private sector actors.. Countries in fragile and conflict affected situations that have as yet been unsuccessful in securing funds will have a particularly important role and be provided with assistance in preparing competitive expressions of interest.

Civil Society and Farmer Organisations continue to provide their essential input into proposal development and selection, as well as in project monitoring and evaluation at national, regional and global level. Innovative financing options can be generated through the new arrangements to assist smallholders and small holder organisations in their work and activities.

Private Sector representatives (e.g. from the World Economic Forum, the B20 Chair, UN Global Compact or SDG Business Forum) will need to be brought in to the governing body ensure the program facilitates and maximises responsible agricultural investment through its processes and decisions. Not all agribusinesses invest in the development of smallholders and not all smallholder development activities can find a willing private sector partner, so it is important to be selective and targeted in private sector investments. If applications are unlikely to attract private sector investments that are strongly aligned with government agricultural priorities, policies and regulations, it will be essential to know this before decisions are made that presume private sector investment will be forthcoming. Hence they will need to have a role in overall program governance.

Donors would continue to provide input on best practice for development effectiveness and also provide funding that could either be directed towards grants or concessional loans. New GAFSP donors, non-traditional government donors and private foundations would be invited to contribute. Incentives to provide funds would include:

- strong impacts on SDG2 and concrete implementation of the Addis Ababa Action Agenda
- alignment with priority objectives within high quality national agriculture strategies
- continued collaboration between all key players, particularly MDBs and the UN system, and civil society and producers organizations.
- catalytic leveraging power of private sector and MDB co-investment behind common country-level objectives
- expansion of the successful GAFSP consultative governance model that engages donors with recipient governments, producer associations, civil society and – as a new feature – the private sector

Resourcing

A one-GAFSP approach needs to be more strategic in pulling together a variety of institutions and financial tools. The current Coordination Unit does an excellent job given its small size, but the next phase of GAFSP will require a Coordination Unit that can broker new coherence between the public and private sector work of MDBs, stakeholder governments and producer associations, and support all of these actors to do the necessary upstream work essential to prepare a strong expression of interest in

under-served eligible countries. Further CU resourcing will also be necessary for communications, results reporting and fundraising – this is referenced in the ‘Financing’ paper.

This new approach also requires additional positions in each CPMU (or equivalent) to be able to progressively identify and deliver and monitor concessional or blended finance investments as part of the GAFSP outcomes, and to help improve the investment climate for private sector in agriculture.

Rather than managing two separate funds – a PuSW fund in WB and a PrSW fund in IFC – the new model will ideally have all funds directed through a single Financial Intermediary Fund managed by WB that could provide both grants and loans. There are likely to be a number of financing windows sitting within the single Financial Intermediary Fund to accommodate the different financing arrangements (for example concessional financing will generate reflows).

Governance

There would no longer be two separate bodies for the public and private sector windows. GAFSP would be governed by a single GAFSP Fund Board capable of making efficient and well-informed decisions about grant and loan allocations. Funding decisions would be based on quality of expressions of interest.

Under the new arrangements country-level private sector investments will not be able to be pre-programmed (due to the need for rapid decisions in emerging agricultural markets), but will have to be progressively invested over the life of the program. Many supervising entities already have decision-making processes that ensure investments meet appropriate standards. The difference in the new arrangements is the requirement that private sector investments are aligning with public sector investment.

Changes to the current arrangements would be necessary, with the main changes being representation of concessional financing donors on the Fund Board, and a new additional role for private sector representatives to ensure the program effectively leverages private sector investments, which will be essential to delivering on the 2030 agenda.

NEXT STEPS

1. Refine and endorse approach within the Strategic Vision Working Group for decision at the November Steering Committee meeting
2. Revise the GAFSP Framework to incorporate private sector financing approaches within existing public sector window approach
3. Adapt the Steering Committee to include a mandate on loan financing decisions, including a new role for the private sector representatives in helping ensure investments will be appropriate for private sector
4. Review Financial Intermediary Fund arrangements to facilitate access, ideally from a single trust fund, to grant and loan financing to all Supervising Entities

APPENDIX A: How could this work in practice? Case study of Myanmar

Background: GAFSP has recently approved a **\$27m grant** to support the implementation of Myanmar government's new Agricultural Development Strategy (ADS) in the Central Dry Zone. The project will be supervised by ADB and FAO and managed by a Project Management Unit (PMU) capable of grant management and technical advice. The proposal is of high quality, but the role of the private sector and CSOs in implementation appears minimal, and the financing of this work once the Public Sector Window (PuSW) investment expires is far from clear. Government is interested in exploring a **greater role for the private sector** in extension, input provision, processing and storage, quality improvements and agricultural financing, but there is no strategy or mechanism to progress this.

Lending Opportunities: ADB is injecting **separate concessional lending** funds for the agriculture sector. A Government-ADB-FAO and LIFT (a multi-donor rural development program) mission in July 2017 began exploring how the ADB concessional lending can be fully integrated with the GAFSP PuSW investment. Investing in seed production, food safety laboratories and rehabilitation of minor canals are among the potential investments being considered under the ADB loan. IFC is investing in **fully commercial loans** in the agriculture sector in Myanmar, and is providing **Advisory Services and blended finance from GAFSP** to financial intermediaries and agri-businesses through the Private Sector Window (PrSW). But none of this is deliberately aligned with the GAFSP PuSW investment or the ADS. IFAD and WB – who supervise PuSW implementation in other countries – also have significant agriculture programs in Myanmar that are unrelated to the GAFSP investments.

Vision: A new approach would be to **resource and incentivise** both ADB and IFC to put their concessional, blended and commercial agricultural financing to work in supporting implementation of the ADS in the Central Dry Zone. A greater vision would also include the agricultural investments of IFAD and WB in the same country. Bringing all of these investments under a single framework would demonstrate an extremely impressive impact of all 'GAFSP supervisors' towards SDG2.

Mechanism: This could be achieved by (a) allocating a certain amount of additional **concessional financing** – say \$5-10m – to be blended and invested by IFC/WB, IFAD or ADB through the life of the GAFSP project, (b) stipulating that all GAFSP-supported private sector investment must **deliver development outcomes consistent with the PuSW proposal**, based on the ADS, and (c) funding **additional positions** in the PMU – from IFC/WB, IFAD or ADB – to identify and deliver relevant investments and to support government to improve the investment environment to facilitate appropriate entry of the private sector.

Outcome: In this way all GAFSP investments – grants, concessional and blended finance – would **deliberately complement each other and deliver the same outcomes** (linked to SDG2) through different partners. This would help government broker private sector investment in key areas, would create a single GAFSP M&E system, would vastly amplify results, and would build a strong sustainability narrative for the program.

APPENDIX B: How could this work in practice? Case study of Zambia

Background: GAFSP has approved a **\$31.12m grant** to support the implementation of Zambia government's Agriculture Productivity and Market Enhancement Project (APMEP). The project will be supervised by AfDB and managed by a Project Implementation Unit (PIU) capable of grant management

and technical advice. A team of public sector subject matter specialists provide technical advice to the project. To date, the role of the private sector in implementation is minimal, and the financing of this work once the Public Sector Window (PuSW) investment expires is far from clear. Government has invested in developing large scale irrigation schemes and food processing plants whose efficient management depends on partnerships between private sector and government operatives. A **greater role for the private sector** in managing the expensive infrastructure and in providing outgrower services (extension, input provision, processing and storage, quality improvements and agricultural financing) is required. But at present there is no strategy or mechanism to finance private sector capacity expansion or their business plans.

Lending Opportunities: The AfDB has a private sector window but its threshold is far beyond the USD1-2m required by most private sector. Even though the project will provide seed financing for crop establishment, there is need for the Special Purpose Vehicle companies being registered to manage the schemes to access suitable and concessional finance for expansion. There is therefore need to better integrate the AfDB concessional lending with the GAFSP PuSW investment. IFC is investing in **fully commercial loans** in the agriculture sector in Zambia and is providing **Advisory Services and blended finance from GAFSP** to financial intermediaries and agri-businesses through the Private Sector Window (PrSW). But none of this is deliberately aligned with the GAFSP PuSW investment.

Vision: A new approach would be to **resource and incentivise** both AfDB and IFC to put their concessional, blended and commercial agricultural financing to work in supporting implementation of the APMEP to bring on board private sector investors to work with smallholder farmers. Greater alignment would allow agricultural investments of IFAD to be brought into a single approach..

Mechanism: This could be achieved by (a) allocating a certain amount of additional **concessional financing** – say \$5-10m – to be blended and invested by IFC/WB, IFAD or AfDB through the life of the GAFSP project, (b) stipulating that all GAFSP-supported private sector investment must **deliver development outcomes defined in the PuSW proposal**, (c) funding **additional positions** in the PMU – from IFC/WB, IFAD or ADB – to identify and deliver relevant investments and to support government to improve the investment environment to facilitate appropriate entry of the private sector.

Outcome: In this way all GAFSP investments – grants, concessional and blended finance – would **deliberately complement each other and deliver the same outcomes** through different partners. This would help government broker private sector investment in key areas, would create a single GAFSP M&E system, would vastly amplify results, and would ensure long term sustainability of the program.

Annex 5

Financing GAFSP for the 2030 Agenda, June 2017 - Working Group paper (subgroup 3)

This paper serves as an input to the thematic discussion on financing for the Global Agriculture and Food Security Program (GAFSP) Strategic Vision exercise, which is exploring how GAFSP can best be funded to deliver on the 2030 agenda. The contents below offer a summary and update to the findings and recommendations of the October 2014 discussion paper that the Bill and Melinda Gates Foundation developed, “*Sustainable financing for the GAFSP: Considerations for future planning*,” which previously presented options for establishing a more sustainable financing model for the GAFSP.

The need for a sustainable financing model for GAFSP

The Global Agriculture and Food Security Program (GAFSP) is at an inflection point. Established at the G8/G20 summits in response to the 2007-08 global food price crisis, the GAFSP aimed to address the need for more and better public and private investment in agriculture and related sectors to improve the income and food security of poor and vulnerable people in low-income countries. It was set up with pledges in 2010, and then received another significant round of support in 2012, but since then the pace of new commitments to the fund has been more episodic. Pledges to the GAFSP have been fully allocated and the Fund does not currently have a sustainable financing model in place that will allow the GAFSP to reliably attract ongoing pledges for the future.

With the adoption of ***Sustainable Development Goal (SDGs) SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture***, there is an opportunity to move beyond the ad-hoc approach that has characterized replenishment to date and adopt a cost-effective and more sustainable financing model. A regular replenishment cycle for the GAFSP would add predictability to the process and could help to facilitate better program management and planning, communication, monitoring and evaluation as well as more predictable requests for donors.

Key elements for a sustainable financial model

The 2014 *Sustainable Financing for the GAFSP* paper reviewed current practices, staffing structures, and approaches employed by other multilateral global funds for replenishment, including the Global Partnership for Education (GPE), the GAVI alliance (GAVI), the Global Fund for AIDS, TB and Malaria (GFATM), and the Global Environment Facility (GEF), to learn lessons from the processes and structures of these funds that could be considered by the GAFSP steering committee. Based on the review of these funds and of best practices in fund replenishment more broadly, the paper identified three key elements that are needed for the development of a more sustainable financing model, including:

1. **Case for support and clear articulation of outcome targets and financial need:** The ‘case’ for support provides an overall investment case for GAFSP – its mission, a clear articulation of its comparative advantage and value add, its impacts, and future plans.

The GAFSP Business Case serves as the GAFSP's current case for support, and while it makes the case for investing in agriculture, and describes the program's attributes and success to date it lacks a clear articulation of GAFSP's comparative advantage, a set of forward outcome targets, or clear asks from donors that spell out a defined amount for replenishment and what that replenishment would achieve in terms of outcomes linked to the SDG2 goals.

2. **Donor intelligence and cultivation strategies:** Donor intelligence should include a landscape and regularly updated database of current and potential donors that includes detailed information related to food security giving past and projected, information on political and election year cycles, and intelligence. In addition, current donor champions can be catalytic in cultivating other interested investors to the table while Civil society organizations (CSO) can be helpful in providing up-to-date information on funding flows in donor countries, in foreseeing obstacles and opportunities for GAFSP, and in advocating on behalf of the fund. Supporting current donors is time and resource intensive and needs to be considered as part of the overall organizational structure of the fund.
3. **Senior staff leadership devoted to resource mobilization:** Capacity to respond to and proactively engage current/potential donors is critical for successful replenishment. Other successful multilateral global funds have dedicated senior staff that focus on donor stewardship and generating contributions. In contrast, the GAFSP Coordination Unit (CU) has a very lean staffing structure that focuses on technical and administrative support and provide the ongoing reporting and fund management activities with part time or junior staff engaged and part of the time of the Program Manager devoted to RM.

Recommendations:

Considering the above elements for a successful sustainable financial model this paper offers the following recommendations for consideration. The GAFSP should:

- 1) **Establish a clear replenishment cycle/period.** This should begin with 3-5 year trial period that begins in 2018 with a specific RM goal. It could then be repeated, or stopped at the end of the first cycle, based on a review. This would allow current donors to see how a new system could work before committing to repeated replenishment cycles.

- 2) **Develop a strong case for support and a clearly defined, multi-year fundraising goal linked to outcome targets.** This exercise would include linking this financial goal to the achievement of clear targets and outcomes that would be achieved with those additional resources.
- 3) **Create a senior resource mobilization position responsible for meeting funding goals along with 1-2 support staff for the position.** The resource mobilization director should report to the Program Manager of the GAFSP. As part of the terms of reference, the senior resource mobilization director would be responsible for maintaining a database of key information on current and future donors and overseeing strategies to engage current and future donors.

Adopting these recommendations would not be without cost. But the review finds that the current cost for the Coordination Unit is very modest, and with modest additional resources – could realize significant benefits in the form of a better resourced, more predictable fund.

**SEEK Development Consulting
Support for GAFSP on RM**

With initial support from the Bill and Melinda Gates Foundation, SEEK is being contracted to help develop a resource mobilization strategy and strong investment case for GAFSP. SEEK is a strategic and organizational consulting group specializing in strategy and policy development, large programmatic and organizational evaluations, leadership and change management, and strategic advocacy. SEEK has developed RM strategies for other funds including GAVI and the Global Fund.