

Global Agriculture and Food Security Program (GAFSP)

June 19, 2012

Executive Minutes Sixth Meeting of the GAFSP Steering Committee May 22- 23, 2012

Dupont Hotel
Washington, DC

GAFSP Steering Committee Chair
Mr. Dan Peters
US Treasury

Prepared by the GAFSP Coordination Unit
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Chair of GAFSP Steering Committee (through
May 23, 2012)

DAY ONE: MAY 22, 2012

AGENDA 1: INTRODUCTION OF THE MEETING

1. The sixth meeting of the Global Agriculture and Food Security Program (GAFSP) Steering Committee (SC) was convened at the Dupont Hotel in Washington, D.C., on May 22-23, 2012. All members were represented except for Dunstan Spencer (Africa recipient), who had to cancel due to last-minute illness. Considerable efforts to link to Dunstan in Sierra Leone by audio/video link were ultimately not successful from the offsite location of the meeting (the CU is investigating other approaches for future use), although the Chair of the GAFSP SC, Dan Peters, was able to convey Dunstan's views on a critical topic from email.
2. A brief update on the recent developments was given by the Chair of the GAFSP SC, including GAFSP-related discussion in events leading up to the G8 Summit in Camp David and recent fundraising activities.
3. The GAFSP Chair requested the voting members of the SC to elect one of the existing voting members to serve as Chair immediately after the conclusion of the present SC Meeting on May 23. The SC unanimously elected Australia to serve as Chair, represented by Bob Quiggin, effective at the end of the SC meeting on May 23.

AGENDA 2: PRESENTATION AND ADOPTION OF THE PROPOSED AGENDA

4. The meeting adopted the provisional agenda circulated on May 15, 2012. The order of the topics under discussion was slightly modified during the meeting to allow for additional time for some sessions.

AGENDA 3: GAFSP TRUST FUND FINANCIAL OVERVIEW

5. The Trustee presented the status of contributions and receipts for the public sector window. The Trustee reported that after the reporting period of the Trustee report of March 31st, it has received additional cash receipts of AUD \$5 million from Australia and US\$ 135 million from the United States, bringing the cumulative cash receipts amount to US\$ 702 million under the Public Sector Window.
6. The cumulative funding decisions made by the GAFSP SC up to March 2012 amounted to US\$ 514 million. This includes US\$ 481 million allocated to GAFSP projects. Of this amount, US\$ 355 million has been committed by the Trustee to Supervising Entities based on the approval of their complete project documents, and US\$ 126 million has been set aside pending no-objection approval by the SC on the complete project documents. Within the total of US\$514 million, recipient-executed projects represent approximately 93 percent, fees for Supervising Entities 5 percent and the remaining 2 percent is divided between the administrative budgets for the GAFSP Coordination Unit, Technical Advisory Committee, Civil Society Organizations, Trustee and M&E work program.
7. Unallocated funding availability of the GAFSP public sector window as of May 21, 2012 was roughly US\$ 190 million. The Chair clarified that of this amount, the net funding availability for allocation for recipient country execution under awards to be made at this meeting is US\$ 177 million. This takes into account the 5 percent of the amounts allocated to countries that is set aside in addition to

recipient-executed amounts for Supervising Entities to support preparation and implementation of allocated projects, and US\$ 3 million set aside for administrative budgets managed by the Trustee and the Coordination Unit.

AGENDA 4: RESULTS OF THE TECHNICAL ADVISORY COMMITTEE (TAC)

8. The Chair of the Technical Advisory Committee (TAC), Steven Haggblade, presented the TAC report that was circulated to the SC by e-mail on May 14, 2012. It was explained that the 18 country submissions received under the Second Call for Proposals represented a rich set of proposals and that the overall quality of the country proposals had improved from the last round. Three areas of improvement were highlighted: (i) the independent reviews from non-CAADP countries were insightful and helpful for the review by the TAC; (ii) countries made an effort to specify the details of the participatory process as requested in Country Guidelines; and (iii) most of the resubmitting countries had substantially revised their proposals, integrating TAC's recommendations from the previous round.

9. On the review process undertaken by the TAC, it was reported that the country need score was calculated using the formulaic approach approved by the SC at the Fifth SC meeting (June 2011). As requested by the SC, the TAC did not make any judgments on country need but merely applied the formula approved by the SC. Furthermore, the TAC Chair emphasized the following aspects: (i) the country readiness score and proposal readiness score was computed by rating the 14 criteria of the Country Guidelines; and (ii) each TAC member reviewed and rated all proposals individually before and after their face-to-face meeting. It was noted that the largest changes from the previous procedures were the newly adjusted country need scores, in part because of its increased weight (with needs accounting for 30 percent of the overall score, while previously country need was 12.5 percent of the overall score); and in part because of the normalization procedure used in scoring country need. Country and proposal readiness varied less across submitting countries than need, in part because neither score is normalized. Some sub-components specified scoring criteria that did not generate a wide dispersion of scores.

10. SC members congratulated TAC for its report. Several SC members noted their concern about the lack of nutrition-related activities that were being funded by GAFSP, and how this could be addressed. There was also a discussion on the methodology that was approved for scoring the proposals. The following issues were raised: (i) the larger dispersion of the country need scores compared to the country readiness, and the extent to which the scoring methodology may result in recommendations to finance lower quality proposals with lower success rates and/or a higher cost of GAFSP-funded activities; and (ii) the possibility of expanding in future Calls for Proposals, the sub-indicators used to calculate country need beyond the poverty and hunger MDGs indicators, for example gender. It was noted that the SC Working Group on proposal scoring had already extensively discussed the scoring criteria, including the option of setting a minimum threshold for proposal quality, but the SC did not choose that option. Some members of the SC highlighted that, since there are already aid programs that prioritize countries based on high policy scores and institutional capacity, it may be appropriate for GAFSP to target countries with high country need. The meeting agreed that the scoring methodology and criteria may need to be further refined in the future and that the SC Working Group could be reconstituted if needed, at the initiative of the Chair. However, the SC agreed that for the allocation of financing for the Second Call for Proposals, the criteria agreed at the Fifth SC meeting (June 2011), reflected in the current Country Guidelines and the current scoring methodology, should be used.

11. Based on their assessment, the TAC **recommended funding for nine out of the 18 proposals. Since adequate funding was not available for all nine proposals, the TAC recommended that funding be prioritized to reflect the rank order recommended in their report.**

AGENDA 5-6: SELECTION OF RECIPIENTS

12. To maintain prudent financial management principles, the SC decided to allocate awards only up to the currently available funds deposited with the Trustee. This amounted to **US\$ 177 million available for allocation to country proposals.**

13. **The selected proposals were: Burundi (US\$ 30 million), The Gambia (US\$ 28 million), Kyrgyz Republic (US\$ 16.5 million), Malawi (US\$ 39.6 million), Senegal (US\$ 40 million), and Tanzania (US\$ 22.9 million).** It was also agreed to set aside an additional amount of up to 5 percent of these amounts for Supervising Entity (SE) to assist countries in the preparation and supervision of projects.

14. It was agreed that all countries that submitted proposals should be notified of the outcome by the CU on May 23, 2012. The notification letters to the six successful countries were to include the award amount, approved Supervising Entity (-ies), TAC's technical assessment of the main strengths and weaknesses of their submissions, and SC's recommendations for improvement to guide the finalization of the project documents. Other countries were to be notified of the outcomes, the technical assessment of their submissions, and an encouragement to apply in the next Call for Proposals. Successful countries follow in alphabetical order.

15. **Burundi: The TAC** assessed that the proposal focused on a vulnerable region where public irrigation investments are likely to measurably improve household productivity and welfare. It was noted that the Imbo and Mosso plains offered good irrigation potential with cost estimates that seemed realistic by regional norms. The proposed catchment basin approach to water management offered a sound basis for structuring interventions. Burundi was praised for being candid about the organizational, information, and capacity challenges it has to overcome; and for being realistic about its need for technical assistance and the risks facing the initiative. It was noted that both Burundi's agricultural investment plan and CAADP review identified these organizational issues as crucial for improving agricultural productivity and food security in Burundi. Moreover, the investment plan provided a framework for necessary reforms. The TAC recommended funding of US\$ 30 million allocated as follows: Component 1 Irrigation investments (US\$ 20 million), Component 2 Intensification (US\$ 5 million) and Component 5 Project management (US\$ 5 million). The TAC recommended that the proposed allocation for Component 2 should focus on small farmers in the catchment areas and that Component 5 should build enduring capacity within national structures and focus on capacity building for institutions that are closely aligned with project activities. The SC expects that the country will work closely with the SE to mitigate potential risks related to access to land and resettlement of vulnerable populations that may be displaced due to the dam construction.

Decision:

- Award amount: US\$ 30 million
- Supervising Entity: The International Fund for Agricultural Development (IFAD)

16. **The Gambia:** TAC noted that the Gambia investment plan offered a comprehensive, consultative and inclusive plan much improved from the initial submission in June 2010. The new proposal

incorporated comments received during the CAADP review, consultation with stake holders, and comments from the TAC review of the first submission for GAFSP funding. Responding to TAC suggestions, this proposal now included a substantial component on food security and nutrition, and has components that exclusively target women and youth. Many of the proposed activities have already been tested and GAFSP funding is sought to scale up best practices. The proposal included climate change mitigation and adaptation measures that show sensitivity to environmental issues. The proposal demonstrated an explicit commitment to targeting small holder farmers, women and youth. The coordination structure for implementation of this integrated project and an M&E system for improving coordination and assessing impact are spelled out in the proposal. The TAC recommends funding US\$ 28 million for all components less the proposed US\$ 1.3 million for contingencies.

Decision:

- Award amount: US\$ 28 million
- Supervising Entity: The African Development Bank and FAO were designated as the Supervising Entities for these funds, per your request. The SC requested the Government to confirm the exact amounts and components (or sub-components) to be implemented through each Supervising Entities as soon as convenient and reminded that FAO may only be designated for Technical Assistance activities.

17. **Kyrgyz Republic:** TAC commended this proposal especially for its clarity. The proposal fit within a clear strategy of structural reform with critical implications for the welfare of small farmers and the environment. The institutional arrangements were well developed and well thought out. The decentralized Water User Associations (WUAs) were assessed to bring local democracy, efficient maintenance and high recovery of water use fees. The low-cost of rehabilitating irrigation infrastructure (US\$ 274/ha) was likely to contribute to the viability of the reform process and twenty thousand female heads of household would have benefit from the project as well as gaining political influence as heads of WUAs. The project has incorporated suggestions from the TAC in its revision. A social protection component was incorporated in association with the Ministry of Health. The Government is committed to the social component and specifies that any forced downscaling be achieved by reducing the number of WUAs rather than cutting the social protection component. The prioritized list of WUAs is based on formal criteria that include regularity of payment of water user fees to maintain off farm infrastructure. The SC approved funding of US\$ 16.5 million and requested both the Government and the requested SE to kindly communicate back how they propose to implement the scaling down of the project to fit available resources.

Decision:

- Award amount: US\$ 16.5 million
- Supervising Entity: The World Bank

18. **Malawi:** The TAC highlighted that the Government of Malawi demonstrated a strong commitment to agriculture by consistently exceeding the NEPAD target of 10 percent budget expenditure on agriculture over the past 7 years. The Government has a track record of accomplishment through the maize-focused Farm Input Subsidy Program. The proposal was recognized of being well aligned with CAADP and the nation's agriculture SWAP; and of being comprehensive, including investment in irrigation, crop diversification, value chain development and capacity development for nutrition workers. The proposal was assessed to be well targeted, focusing on two districts (Karonga and Salima) that are priorities for climate change adaptation. It provided an appropriate emphasis on

enterprise development, processing, and improving market linkages. The proposed activities explicitly targeted small-holders and dovetailed well with numerous other government- and donor-funded initiatives. The TAC recommended funding of US\$ 39.6 million. Reductions from the proposed budget include: a) removal of contingencies (US\$ 2.7 million), a practice the TAC has consistently applied to all proposals that include contingencies; b) Component 1: full funding except for item 1.4 (Feasibility Studies) which is costed at US\$ 2 million, c) Component 2: full funding except for 2.2 (Rainfed Cropping and Water Harvesting) which should be reduced from US\$ 6 million to US\$ 3 million, d) Component 3 on institutional strengthening should be reduced from US\$ 8.7 million to US\$ 6 million. To achieve this saving of US\$ 2.7 million, the TAC proposes reducing TA from US\$ 1.5 million to US\$ 0.5 million, and reducing items 3.1, 3.2, 3.3, and 3.4 by US\$ 1.7 million, from US\$ 5.5 million to US\$ 3.8 million, based on Government prioritization during the project appraisal stage. In particular, the SC expects the country to work closely with the SE to address (i) in Component 1, the balance between the construction of new irrigation schemes which have higher unit costs and rehabilitation of irrigation schemes with lower unit costs; and (ii) in Component 2, the issue of conservation agriculture in the water harvesting activity.

Decision:

- Award amount: US\$ 39.6 million
- Supervising Entities: African Development Bank (AfDB)

19. **Senegal:** The TAC recognized that Senegal's investment plan and its proposal demonstrated a strong Government commitment to the agricultural sector. Senegal is one of the few CAADP countries to consistently allocate over 10 percent of its budget to agriculture. Both the investment plan and this proposal focused on issues that are important to the country and consistent with national and regional strategies. The country has been highly responsive to the first round of GAFSP comments, substantially modifying this resubmission. The proposal effectively integrated crop and livestock production developments enabled by the planned irrigation investments. The inclusion of investments supporting livestock production are important, particularly the livestock vaccination component. Vulnerable groups such as women and youths are well targeted in the proposal. The TAC recommended full funding for this proposal at the requested US\$ 40 million. In addition, the SC expects that the country will work closely with the SE to address in particular: (i) environmental concerns regarding water access points, and (ii) the management of commercial infrastructure. On the latter point, further clarification will be sought in the final project design document on the actual management schemes and the role of farmers' association in the management of such commercial infrastructure.

Decision:

- Award amount: US\$ 40 million
- Supervising Entity: African Development Bank

20. **Tanzania:** The TAC assessed that the GAFSP proposal contributed to the implementation of Tanzania's well-developed agricultural sector strategic framework by helping to stimulate private sector agricultural investment along the government's priority southern growth corridor (SAGCOT). The proposal focused on rice production, aiming to improve productivity, production and seed supply systems. Both the corridor approach and the focus on rice offer important potential regional spillovers. Because the proposed irrigation investments revolve around rehabilitation of existing schemes, costs per hectare are low, at roughly US\$ 525 per hectare. Moreover, institutional mechanisms for implementation are already in place. Tanzania's record with prior input subsidy schemes suggests a willingness to monitor implementation closely and to adopt market-friendly practices that build up

rather than displace private sector input supply systems. The TAC recommended funding US\$ 22.9 million allocated as follows: full funding for irrigation rehabilitation (US\$ 9.8 million) and seed multiplication (US\$ 4 million) plus 50% of the requested funding for input subsidies (US\$ 8.1 million) and US\$ 1 million for monitoring and evaluation. In addition, the SC expects that the country will work closely with the SE to address in particular: (i) the use of fertilizer in the context of soil enrichment, (ii) targeting of the subsidies, especially in terms of targeting to vulnerable groups, and, (iii) a clear exit strategy for the fertilizer subsidy program.

Decision:

- Award amount: US\$ 22.9 million
- Supervising Entity: World Bank

21. The SC extensively discussed the possibility of forming a pipeline of pre-approved proposals among those who qualified on technical merit for funding in this Call for Proposals, but for which funds were not available at the time of the meeting. The SC concluded that despite the desire to recognize countries that had submitted technically sound proposals, establishing a pipeline of pre-approved proposals would create its own problems such as not being able to launch a new Call for Proposals to all countries for a long time while new funds were being used to finance the pre-approved proposals. Therefore, it was decided that all countries for which funding was not available would be invited to reapply to GAFSP and compete for the next Call for Proposal. It was stressed that any re-submission will be evaluated against all proposals submitted for the next Call under the prevailing selection criteria at the time of the future Call.

AGENDA 7: RELATION WITH COMMITTEE ON WORLD FOOD SECURITY (CFS)

22. The SC welcomed the Chair of the Committee on World Food Security (CFS), Mr. Yaya Olaniran, and reiterated its willingness to strengthen the relations between the CFS and GAFSP, and the need for ensuring a productive interaction between the two bodies.

23. The Chair of the CFS gave some background information related to the CFS, which was established as an intergovernmental body to serve as a forum in the United Nations System for review and follow-up of policies concerning world food security. Although the CFS originally functioned as an international body with representatives of FAO member countries only, during 2009 the CFS underwent significant reform to make it more effective by including a wider group of stakeholders (from the private sector, research and academia, international financial institutions, and farmers' and CSOs) as decision makers and increasing its ability to promote policies that reduce food insecurity. The CFS now has a structure that allows input from all stakeholders at global, regional and national levels. It is comprised of a Bureau and Advisory Group, a Plenary, a High Level Panel of Experts (HLPE) and the Secretariat, which includes staff from IFAD and WFP.

24. The Chair of the CFS briefed the SC on the ongoing work and highlighted that in May 2012 CFS officially endorsed the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security. It was mentioned that these Guidelines set out principles and internationally accepted standards for responsible practices. Since these are not legally binding, the challenge is for implementation, for which the CFS expects to play a monitoring and evaluation role at the country level.

25. The Chair of the CFS mentioned that areas for collaboration between CFS and GAFSP could include: (i) Principles for Responsible Agricultural Investment (RAI) that Respects Rights, Livelihoods and Resources, given the effort to synchronize the Public and the Private Sector Windows of GAFSP and the need to provide a level playing ground on issues involving land transfers; (ii) the upcoming papers that the CFS has been tasked to prepare by October 2012 on social protection; climate change and on protracted crisis; (iii) on the work related to the Global Strategic Framework, in order to guide actions by all stakeholders towards improved food security and nutrition. This is a dynamic, action-oriented document that will be updated periodically for which there are ongoing initiatives world-wide; (iv) the preparation of Rio+20 and related global policy processes.

26. The SC welcomed the offer of collaboration and reiterated the importance of coordinated actions between UN agencies, the CFS and GAFSP. It was also noted that when looking at the global architecture on agriculture, food security and nutrition since 2007, there have been many changes and different platforms created. As such, it was noted that it will be particularly important to work on policy coherence between the CFS and GAFSP going forward. It was agreed that under the new Chair, the SC will look for a suitable systematic way of interaction and collaboration with the CFS.

AGENDA 8: UPDATE ON PROJECT IMPLEMENTATION AND ON GEO-REFERENCING ACTIVITIES FOR GAFSP COUNTRIES.

27. The CU updated the SC on the progress of ongoing GAFSP projects. Concerning the composition of GAFSP investments, it was reported that 82 percent of GAFSP financing is for two topics: Raising Agriculture Productivity (61 percent) and Linking Farmers to Markets (21 percent). Currently, out of a total of sixteen projects in twelve countries, ten GAFSP projects are under implementation; one has completed preparation and is only pending effectiveness, and five are under preparation. Projects under implementation are currently in seven countries: Bangladesh (WB and FAO); Ethiopia (WB); Haiti (IDB and WB); Niger (AfDB); Rwanda (WB); Sierra Leone (IFAD); Togo (IFAD and WB).

28. In line with the GAFSP Monitoring and Evaluation framework document, all projects incorporated at least one core indicator from a menu of GAFSP output and outcome indicators. Baselines and target values are being established. It has been estimated that the number of expected direct beneficiaries from GAFSP projects is approximately equal to 7.5 million. It was clarified that direct beneficiaries are defined as those individuals who derive benefits immediately from the intervention. To derive an estimated number of beneficiaries from GAFSP funding, the number of total direct project beneficiaries is prorated, (i.e. proportionally adjusted based on GAFSP funding share in total project funding). Figures are prorated only if the project is both co-financed and the number of beneficiaries reported by SE refers to the total project.

29. The SC discussion on the speed of implementation from approval to effectiveness highlighted the following: (i) some members asked if there is scope for establishing a standard for the length of preparation against standard multilateral development bank preparation times. SE representatives indicated their willingness to do so; (ii) representatives of the SEs explained that the length of this process varies, in particular when GAFSP investment scales-up existing projects on the ground, the preparation period is shorter. The SC recognized that, although there is room for improvement, GAFSP uses existing procedures of SEs, which implies compliance with existing safeguards and their respective

internal procedures. Specifically on the M&E indicators, the SC reiterated the importance of gender disaggregated data as well as information related to smallholders.

30. The CU also briefed the SC on the geo-referencing activity for ongoing GAFSP projects. As per SC directives to carry out geo-referencing of GAFSP project sites, the CU has contracted the World Bank Institute (WBI) Innovation Team to provide technical service for the enhancement of the GAFSP website. It was reported that since the last SC meeting, two maps were completed and six more maps are currently in progress. Moreover, a web-based mapping platform for visualizing geo-referenced information of GAFSP projects has been established with relevant data (e.g. MDGs, food security, admin. boundaries, and farming systems).

31. A FY13 work plan for GAFSP geo-referencing was presented. Activities included (i) posting all GAFSP maps on the website with refined user friendliness and graphic design; (ii) geo-referencing of project activity sites in previously awarded countries that were not mapped in FY12 (Liberia, Mongolia, Niger, Sierra Leone) and the six countries that received fund allocations at this meeting; and (iii) enhancement of interactive mapping platform by integrating media content (e.g. geostories with pictures, videos, and voices from the field). The SC welcomed progress on the geo-referencing activity and expressed its wish to showcase beneficiary's stories such as film clips of beneficiary women farmers and include more media content on the maps.

Agenda 9: Wrap-up & Closure of the first day of the meeting

The SC concluded discussions of Day 1.

DAY TWO: May 23, 2012

Agenda 10: Update on the Private Sector Window

32. German Vegarra, Senior Manager from the International Finance Corporation (IFC) presented the recent developments in the Private Sector Window (PrSW), implemented by IFC, and introduced Ms. Laura Mecagni, the new Head of the GAFSP Private Sector Window Secretariat (PrSW Secretariat), who came on board in January 2012.

33. It was explained that a dedicated team (the PrSW Secretariat) has been established within IFC to support GAFSP investments. In addition, it is anticipated that a dedicated advisory service program manager will be taking on a number of tasks and action items in FY13. The whole IFC Private Sector Window team was introduced during the meeting. It was highlighted that IFC will leverage investment officers and program officers on the ground in IFC's country offices as needed. Some SC members noted that it will be important to find ways of leveraging opportunities working through partners on the ground to help the PrSW look for opportunities and promote GAFSP investments. Moreover, the importance of disseminating results was highlighted.

34. Mr. Vegarra reiterated that GAFSP is a critical part of the IFC Agribusiness Strategic Action Plan since it gives IFC the opportunity to look along the agribusiness value chain allowing concessional financing where market risks are higher (where traditional IFC operations have not been able to operate). It was also noted that as of April 2012, new conditions allow for a 100 percent participation of blended funding which is expected to expand opportunities for crowding in the private sector. Some SC

members congratulated the IFC team and reiterated their willingness to see achievements in the next FY. They highlighted the importance of designing a monitoring and evaluation metrics which will allow IFC to capture the additional developmental benefits that GAFSP funding may achieve beyond IFC traditional financing. They stressed the importance of tracking additional benefits through the monitoring and evaluation metrics as well as capturing both quantitative and qualitative features such as risk, innovation and expanded reach.

35. An overview of the PrSW financing was provided. Administration Agreements with two additional contributors, the Netherlands and the US, were signed in April and May 2012 for €100 million (approximately US\$ 131.2 m) and US\$ 25 m respectively. This brings the total number of PrSW donors to three: Canada, the Netherlands and the US. Current committed capital for PrSW totals approximately US\$ 208 m. It was stated that the GAFSP PrSW funding needs from the identified pipeline of investment projects would initially require only US\$ 58 m, not all of which would result in committed project. However, during FY 13 the IFC will make an effort to develop this pipeline further.

36. The First Call for Proposals under the PrSW (July- August 2011) was briefly summarized. The Secretariat of the PrSW received a total of 44 proposals (for a total funding of US\$ 181 m), of which 36 were rejected because they did not meet the basic criteria for eligibility (i.e. ineligible company structure, lack of a 3 year track record/profitability, inadequate audited financial statements). Half of the applications were submitted by NGOs and social enterprises which are not eligible under the PrSW (mostly grant applications). The remaining eight proposals were recommended for further review. IFC's investment team rejected seven out of eight, given the commercial viability of the proposals (investment size and project component).

37. The first investment to receive GAFSP PrSW support in April 2012 was a US\$ 5 m loan to a food processing company PRAN (Programme for Rural Advancement Nationally) in Bangladesh; concurrent with IFC's US\$ 10 m loan from its own account. This investment will have a development impact through the creation of 1,200 jobs and is expected to reach 600 additional farmers.

38. It was reiterated that lessons learned from the First Call for Proposals will guide the Second Call for Proposals. These lessons include: (i) specify at the outset that the call is for "investment proposals" and that grant funding will be excluded from any evaluation, since the majority of projects sought grant funding; (ii) provide further clarity on the eligibility criteria and relax the criteria of demonstrated 3 years of profitability when the project or the sponsor meets the other criteria; (iii) investigate ways of involvement for other MDBs since no proposals were submitted by them. Some SC members noted that the minimum US\$ 5 million project threshold for financing projects should be relaxed. IFC noted that the US\$ 5 million threshold is for the entire project (not just for the GAFSP funds), therefore the GAFSP portion within the project could be smaller.

39. Concerning the Governance structure, the key roles and responsibilities of the Donor Committee, the Consultative Board, and the GAFSP the SC were presented; an overview of the IFC Investment decision making process for GAFSP investment projects and IFC Internal Governance structure were also provided. A number of SC members, including CSOs requested more details on the constituency of the Consultative Board. On project disclosure policies, IFC highlighted that they will share proposal documents with the SC for their information before obtaining legal authorization by the IFC Board. The CSO representatives highlighted the importance of focusing funding on smallholders and cooperatives, exploring possibilities for setting up an incubation fund to help transition smallholder

farmers and their associations/cooperatives to commercial enterprises, and of having a governance structure that is inclusive. One of the CSO representatives requested that the Minutes note their concern about the difference in the approach to participation and transparency in the two windows.

40. The PrSW Annual Plan for FY13 was presented. Key highlights include, (i) the financial targets and implementation plan, including pipeline development activities, and leveraging IFC's global reach for project identification; (ii) launch of the second call for proposals; (iii) development of mechanisms to build synergies between the Public and the Private Sector Windows; (iv) advisory services plans and targets; and (v) finalization of the monitoring and evaluation Metrics for the PrSW projects. **The Annual Plan was endorsed by the SC.**

41. A number of SC members stressed the importance of improving coherence between the Private Sector Window and the Public Sector Window and welcomed the review IFC carried out of the 18 applicant countries in which the Public Sector Window is operating to better understand current opportunities for cooperation. On the possibility for the PrSW to invest in IDA-blend countries, it was decided that this possibility will be assessed with PrSW donors.

42. The Chair urged the meeting to take specific actions to improve coordination. On the synergies between Public and Private Sector Window, it was agreed that the Heads of the Public and the Private Sector Window form a sub-group which comprises the Supervising Entities that would be tasked to put forward concrete suggestions and options to maximize impact.

43. On the specific role of the GAFSP SC and its relations to the PrSW and on the concerns raised by the CSOs on participation on the PrSW, the meeting summarized the following channels to address this issue: (i) the recently established GAFSP Continuous Improvement Process that will be carried out by the Meridian Institute; (ii) seeking input from the SC to finalize the monitoring and evaluation metrics for the PrSW; and (iii) the Consultative Board which has not been established yet.

Agenda 11: Update on in-depth Impact Evaluation

44. An extensive presentation of the in-depth impact evaluation (IE) design of GAFSP funded projects was provided by Ms. Arianna Legovini, Head of the World Bank's Development Impact Evaluation (DIME) group.

45. The Chair of the SC meeting reminded the Committee that at the November 2010 SC meeting it was agreed that all GAFSP projects will undergo some form of IE (approximately 30 percent of projects to undergo a rigorous in-depth IE and approximately 70 percent to undergo a rapid IE). The SC approved the DIME of the World Bank Group as the implementer of the in-depth IEs in February 2011. The current list of countries that are participating in the in-depth IE are: Bangladesh, Haiti, Mongolia, Nepal, Niger and Rwanda. With a total of 6 countries, the share of 30 percent of GAFSP project has already been exceeded.

46. The Head of DIME reported that a workshop organized by DIME took place in Naivasha, Kenya in April 2012 and that GAFSP teams from all six countries participated. The workshop objectives included sharing of evidence and training on IE methodology, and the preparation of IE designs through project specific discussions facilitated by IE experts (from DIME and external researchers). Country teams were

matched with facilitators for focused work sessions and discussed their evaluations in details, also additional evaluation questions beyond the mandatory ones related to the Program Development Objectives of each project. All teams came up with an evaluation plan moving forward. It was also reported that to date, DIME missions have been carried out to Rwanda, Haiti, and Mongolia and that missions to the other countries are forthcoming.

47. The Head of DIME also provided a summary on (i) progress on individual country evaluations, including the methodology and approach used in each of the countries; (ii) possible contributions to help shape policies in real time, also by identifying better ways of operating in each country; and (iii) an overview of the DIME approach of sharing evidence and learn together, to get better results and more sustainable impact on the ground.

48. The SC welcomed the progress made, and reiterated the need to generate evidence and to measure results, and therefore the importance of IE. The CSO representatives expressed their willingness to be more involved in the set of activities on the ground, especially in data collection, and in providing DIME with preliminary background information on GAFSP countries that will be selected in the future. CSOs also stressed the importance of making research participatory from design, implementation, monitoring to evaluation. DIME confirmed its open and inclusive approach and will share information requested by CSOs (in particular related to financial services, access to credit). DIME will strengthen collaboration with CSOs on the ground, especially in Rwanda since the project already offers some entry points. Some members of the SC underlined the importance of using IEs to advance the understanding of issues and constraints that are gender specific as well as to better evaluate the difference GAFSP can make in both, increasing agriculture productivity and improving nutrition outcomes.

49. The level of engagement of various actors in IE was discussed, with a clear emphasis on sustainability and capacity building to strengthen country capacity. It was reinforced that IE should be used to create knowledge that is both usable and useful, and that this is possible only when there is a good quality research team and a clear pathway to collaborate with governments officials, in order to inform policy making. Governments are interested in the results and the IE process should contribute to build the competencies of local staff. It was explained that the level of “rigor” that is possible to achieve in an IE is highly dependent on data availability and that the cost of data collection is a large share of the overall IE cost and a determinant of its variability.

Agenda 12: Update on FY12 budget (Coordination Unit, Trustee, South CSOs)

50. The GAFSP Trustee and Coordination Unit (CU) administrative budgets for FY12 and FY13 were presented. It was noted that the FY12 and FY13 budgets were prepared with the understanding that the GAFSP trust fund operates under a full cost recovery basis, therefore, the FY12 administrative costs presented are revised estimates of expected expenditures from July 1, 2011 through June 30, 2012. FY13 administrative costs presented for approval are estimates based on the expected activities from the Trustee and the CU over the period starting July 1, 2012 and ending June 30, 2013. It was also noted that any unused portion of the approved FY13 budget would be returned to the Trustee and credited back into the GAFSP Trust Fund.

51. The CU's actual expenditure for FY12 (which includes estimates for the months of May-June 2012) amount to US\$ 908,165, i.e. US\$ 202,335 less than the approved FY12 budget.

52. On the CU's proposed budget for FY13 of US\$ 1,275,000, it was noted that the proposed budget included the preparation of two SC Meetings and of two TAC meetings, including all costs associated with the organization of these meetings and travel expenses for the participation of non- DC based recipient representatives in two SC meetings. It was noted that should a lesser number of meetings be requested by the SC during FY 13, the actual expenditure would be reduced accordingly. Based on previous experience, expenses also included projected travel requests to represent GAFSP in different *fora* such as the G20, or the CFS, as well travel to recipient or donor countries. It was explained that the members of the CU perform their duties on a part time basis. Only the M&E position, for which a dedicated staff member was hired in September 2011, is fully financed by GAFSP and covered under the US\$ 6 million budget allocated by the SC for M&E work.

53. It was requested that the CU specify in more detail the factors behind the expected increase in budget and better articulate cost savings strategies that have been already undertaken. However, it was also highlighted that, although discipline of the budget is requested, the SC does not want to impose stringent requirements on specific budget lines, since it is not best practice across FIFs (Financial Intermediary Funds) given higher transaction costs due to less flexibility. **The SC approved the CU budget. Furthermore, the CU agreed to include the requested specifications pointed out by the SC and circulate the final document to all members for their information.**

54. The Trustee's actual expenditure for FY12 (which includes estimates for the months of May-June 2012) was US\$ 266,000, i.e. US\$ 27,000 less than the approved budget. This difference represents reduced costs for accounting and legal services in the amount of US\$ 79,000, offset by an increase in investment management fees. Investment management fees are calculated based on a flat-fee of 3.5 basis points against the average annual undisbursed balance of the portfolio. As the projected average portfolio size is revised from US\$ 350 million to US\$ 500 million for FY12, the fee increased by US\$ 52,000.

55. The proposed FY13 Trustee budget was US\$ 380,000 and reflected the following components: (i) financial and relationship management; (ii) investment management fees, calculated as a flat fee of 3.5 basis points on the average annual balance of the undisbursed cash in the Trust Fund; the projected average portfolio size for the GAFSP Trust Fund for FY13 is US\$ 500 million. It was noted that in the event cash transfers take place more rapidly, the average balance would be lower, and investment management fees would reduce accordingly; (iii) accounting and reporting; and (iv) legal services. The Trustee mentioned that the budget includes US\$ 75,000 for IT service development, and further explained that in May 2011, the World Bank's IT Governance Board approved a Trustee sponsored IT project entitled "Comprehensive IT Platform for Financial Intermediary Funds" ("FIF IT Project"). This project was developed in response to the growing portfolio of FIFs managed by the World Bank. The GAFSP Trust Fund will be supported by this effort by fully integrating the GAFSP CU funds tracking and Trustee processes into the project. The overall goal of the project is to eliminate the dependence on excel spreadsheets to track GAFSP funded projects by the GAFSP Coordination Unit, and other "secretariats" housed in the World Bank. The IT project will support data management, project lifecycle, workflow, and internet tools for reporting and managing funds of the GAFSP Trust Fund. **The SC approved the Trustee budget.**

56. Considering that there is minimal financial activity (e.g. disbursements) in the GAFSP Trust Fund to date, the Trustee advised that it is not cost effective to perform an external audit for FY12. Instead, the Trustee proposed to arrange the first external audit for the GAFSP Trust Fund after the close of FY13; such audit would cover all financial activities since inception of the Trust Fund. Since the GAFSP Trust Fund is included in the Bank's Single Audit exercise, the Trustee will share the FY12 Single Audit report with the SC members, which includes the combined statement of contributions, fund balances, and other consolidated financial information for all trust funds. **This proposal was approved by the SC.**

57. The Southern CSOs representatives from Asia presented on use of their FY12 budget. The CSO representative from Asia elaborated on awareness building and outreach activities carried out in FY12, which included participation in meetings with producer organizations and country missions in Nepal, Bangladesh, Mongolia, and Cambodia. He also presented a video clip that was shown summarizing some lessons learned. **The Chair of the SC requested that the video prepared by the Asia CSO to be uploaded on the GAFSP website.**

58. The African CSO representative noted that a 50 percent increase in budget for FY13 would be needed given the increase in work that will need to be carried out on the ground for the higher number of African countries awarded.

59. **The SC requested CSOs (especially from Africa) to provide more detail on their activities, and to specify where CSO activities add value when presenting progress against the FY12 budget. It was agreed that, since the CSOs budget covers activities up to the month of August 2012, the FY13 budget will be circulated with SC members thereafter for virtual approval.**

AGENDA 13: GAFSP CONTINUOUS IMPROVEMENT PROCESS

60. The Chair of the SC meeting presented the Meridian Group, an independent body proposed by the Gates Foundation and endorsed by the SC to gather information with the aim of generating improvement opportunities for the GAFSP process. The Gates Foundation explained that, even if the Gates Foundation is the sole sponsor of the initiative (GAFSP funds are not used), the work of Meridian is a service to the whole SC. Mr. Tim Mealey and Ms. Shelly Foston from the Meridian Institute, who attended the entire SC meeting, were officially introduced. It was explained that they will continue to interview SC members, private sector window donor representatives, and others stakeholders of GAFSP.

61. Mr. Tim Mealey reported that the Meridian Institute helps organizations/individuals solve problems, make informed decisions and craft solutions to address the most complex and controversial issues by designing and applying collaborative approaches, including facilitation, mediation, and strategic consultation. It was explained that the Meridian Institute often serves as a facilitator, mediator and as advisor to multi-stakeholders groups like the SC. In the past Meridian has also helped senior leaders of public, private, and nonprofit institutions to assess or develop strategic direction within their organizations, facilitate internal consensus, and create a roadmap for pursuing new approaches. It was remarked that the group has extensive experience in agriculture and food security issues and that there is close collaboration with the CGIAR on a variety of reform efforts.

62. The TOR of the Meridian Group, already approved by the SC on a no-objection basis prior to the SC meeting, was further discussed. It was noted that some of the questions that were highlighted in the TOR were preliminary questions and would require further refinement to include inputs gathered during

the SC meeting and the interviews. It was communicated that the TOR will be revised accordingly. It was also remarked that some of the interviews had already taken place and that the goal is to include both SC members as well as other stakeholders. It was noted that the Meridian team is in the process of evaluating whether a survey carried out in a face-to-face manner would be a valuable tool.

63. The Chair of the SC highlighted that one of the strengths of the SC is its reliance on openness and inclusiveness, and stressed that the conversation with Meridian be undertaken with the same spirit of transparency and honesty. The SC welcomed the initiative put forward by Gates and reiterated its willingness to fully participate in the process. The SC remarked that it is important to prioritize the areas of engagement for Meridian's work, as well as to define the scope of the mandate in particular in relation to the work of the previously formed SC Working Group. On the latter, the following concerns were raised: (i) whether Meridian would duplicate the SC Working Group in refining the scoring methodology to assess GAFSP proposals (it cannot); and (ii) whether there will be sequencing between Meridian's assessment and the Working Group. It was remarked that the scoring system is very crucial and needs focused attention from SC, therefore that it would be preferable that the SC Working Group continue, as needed. For other key tasks such as the issue of constituency rules (who sits at the table as voting donor and recipient reps are added beyond a maximum of 16 slots total, etc.) and on fundraising efforts, **it was agreed that Meridian will discuss further with the new Chair of GAFSP with the support of the Coordination Unit, and report back to the SC on these issues.**

AGENDA 14: WRAP-UP & CLOSURE OF THE FIRST DAY OF THE MEETING

64. The Chair congratulated the meeting for the successful allocations of US\$ 177 million to the six awarded countries, Burundi, The Gambia, Kyrgyz Republic, Malawi, Senegal, and Tanzania.

65. Regarding fundraising activities, the Chair announced that the US is committed to the G8 efforts of recapitalizing GAFSP by US\$ 1.2 billion over the next three years. It was remarked that the US strongly believes in GAFSP and that a public pledge will be made in the incoming months. It was highlighted that the United Kingdom, through Minister Mitchell, made a pledge of £ 75 million (equivalent to approximately US\$ 120 million) to GAFSP over the next three years. Canada also indicated an additional pledge of C\$ 25 million. Spain announced its intent to make another contribution to GAFSP, for which the amount would be announced at a later date. Given these prospects, it was noted that another Call for Proposals may potentially be launched in the fourth quarter of calendar year 2012, depending on actual receipts of further funds into GAFSP. The SC acknowledged and expressed great appreciation to the exiting Chair, Dan Peters for his hard work and dedication to GAFSP. On behalf of the CSO representatives, the Asian CSO representative expressed appreciation to Dan for a job well done and for treating CSO representatives as equals in the SC, as well as their desire that this legacy will be followed by the succeeding Chair.

66. Mr. Bob Quiggin of the newly elected Chair, Australia, welcomed the announcements from the US, UK, Canada and Spain and stressed the importance of continuing to carry out advocacy on behalf of GAFSP. He noted that the Prime Minister of the UK announced a side event on food security at the Olympics Games and that this could offer another opportunity to showcase GAFSP. Mr. Quiggin reiterated the importance for SC members to work together towards a unifying vision for both the Public and the Private Sector Window. The issue of renaming GAFSP was raised, but no change was adopted given the considerable name-recognition GAFSP already has achieved in beneficiary countries

and the considerable costs in terms of time and money involved in changing names of an ongoing activity.