



Global Agriculture and Food Security Program

Project Implementation Update

March 13, 2013

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Executive Summary

This report provides an update on the Global Agriculture and Food Security Program (GAFSP) **from July 1, 2012 through December 31, 2012**. During that time, GAFSP focused on active fundraising, continued progress on implementation for public and private sector projects, and launching the second Call for Proposals under the Private Sector Window. The following are some overall progress highlights for GAFSP during this period:

- GAFSP's successfully carried out a pledging session in Tokyo on the margins of the World Bank/IMF Annual Meetings in October 2012. In response to a U.S. pledge challenge that was issued at a G8 meeting at Camp David in May 2012¹, the Gates Foundation, Japan, and the Republic of Korea each pledged an additional USD 30 million to the fund – bringing the total to USD 1.35 billion pledged from ten donors, of which USD 971.6 million was pledged to the Public Sector Window, USD 308.7 to the Private Sector Window, and USD 68.5 million remains unallocated.
- The GAFSP Public Sector Window funds 25 projects in 18 countries totaling USD 658 million.
- A full time GAFSP Program Manager was appointed in October 2012 to head the GAFSP Coordination Unit and respond to the demands of the growing program.
- The number of disbursing projects for the Public Sector Window doubled from 5 to 10 for a total disbursement figure of USD 51 million as of December 31, 2012 (up from USD 26 million in June 30, 2012).
- GAFSP Public Sector Window project preparation time has been a third less than the average for agriculture projects at Supervising Entities.
- Impact evaluations led by the Development Impact Evaluation Initiative (DIME) are on-going in six countries - Bangladesh, Haiti, Mongolia, Nepal, Niger, and Rwanda.
- The GAFSP Private Sector Window approved two new projects since June 2012, increasing investments from USD 5 million in June 2012 (1 project) to USD 30 million as of December 31, 2012 (3 projects).
- The GAFSP Private Sector Window launched the Second Call for Proposals in October 2012 and received 89 proposals by the submission deadline of January 31, 2013.

On the ground, GAFSP Public Sector Window projects are beginning to show some early results, especially in those countries that were amongst the first allocation of awards in June 2010. The three countries out of the 18 GAFSP countries that have shown the most significant progress since the last reporting period (January – June 2012, as reported in the GAFSP Annual Report 2012) were Bangladesh, Rwanda, and Sierra Leone. Some highlights during this reporting period include:

Bangladesh:

- Completion of first year field demonstrations of participating agencies and work is underway on conducting year two demonstrations for crops, livestock, and fisheries.
- Completion of training of all community facilitators (261) recruited by the project.

Rwanda:

- Smallholder farmers --especially women-- seeing significant increases in productivity. Potato harvests quadrupled in some places on a per hectare basis and maize output up by 300 percent, resulting in income gains of nearly 90 percent.
- Number of direct beneficiaries reached by the project increased to 17,434 (greatly surpassing the year two target of 7,000).

¹ In an effort to boost fundraising efforts, the United States announced a pledge at the Camp David G8 Summit to contribute an additional \$1 to GAFSP for every \$2 contributed by other donors for pledges made after January 1, 2012, up to a total U.S. contribution of USD 475 million.

- Productivity on rain fed plots increased to USD 1,313/ha for one season (surpassing the year two target of USD 1,000/ha for two seasons).
- More than 85 percent of adults using formal financial institutions (surpassing the project end target of 36 percent for female and 40 percent for male from a baseline of 18 percent for female and 22 percent for male).
- Share of commercialized products from target areas reached 68 percent (surpassing the project end target of 60 percent from a baseline of 35 percent).

Sierra Leone:

- Began irrigation rehabilitation on 500 hectares of inland valleys swamps to increase national rice production.
- 180 farmer based organizations trained in business management practices and provided subsidized fertilizer inputs.
- 74 district mechanical superintendents and Agricultural Business Center operators trained on maintenance and repairs of agricultural machines.
- 6 Financial Services Association provided with staff, cash safes, motorcycles, and stationery in temporary buildings while permanent offices are being constructed.

GAFSP public sector projects, which have been competitively selected among a large pool of submissions, often adopt innovative approaches to improving agriculture development and food security, such as through an emphasis on gender mainstreaming, nutrition, and climate-smart agriculture in their project design.

On Gender:

- The target rate for women direct project beneficiaries among current GAFSP projects that have completed the project design documents average 37 percent.
- 100 percent of GAFSP projects that have completed project design documents have included at least one critical dimension of gender mainstreaming (gender analysis, gender related actions, or gender disaggregated M&E indicators²); 79 percent of GAFSP operations include all three dimensions, 14 percent include two dimensions, and 6 percent (1 project) include one dimension of gender-integration.

On Nutrition:

- More than half of all awarded projects, or in 10 out of 18 countries where GAFSP is active, explicitly address undernutrition through GAFSP projects.
- In some cases, improving food and nutrition security is the main problem addressed in the project, such as in the case of the Nepal Agriculture and Food Security Program. In other cases, nutrition is addressed alongside other project objectives which are geared towards raising agricultural productivity and/or household incomes.

On Climate Smart Agriculture:

- Climate smart agriculture can increase farm productivity and incomes, and make agriculture more resilient to climate change, while also contributing to mitigation.
- Several GAFSP projects incorporate climate smart agriculture, including those in Bangladesh and Rwanda.

² These three dimensions were developed and used by the Gender Anchor of the World Bank's Poverty Reduction and Economic Management Network (PREM) to measure gender integration in World Bank project design. A project is classified as having mainstreamed gender in its design when at least one of the three dimensions is addressed satisfactorily.

GAFSP Private Sector Window implementation activities continued and gained momentum during the second half of 2012. During the reporting period, the Private Sector Window continued with disbursement and implementation of its first investment to the PRAN Group and committed two additional investments: Root Capital and the Global Warehouse Finance Program.

The PRAN Group (Bangladesh): Supporting Agriculture Production

- Project implementation continued on schedule with the Company's production capacity expansion at a final stage and engagement with small-hold and SME farmers supplying to PRAN under way.
- The first disbursement of GAFSP funding to the project occurred within five months of approval. Second and final disbursement is expected to be finalized during the first quarter of 2013.

Root Capital (Africa): Increasing Access to Finance

- Root Capital, a social development enterprise, will increase access to finance for small and medium-sized agribusinesses in Africa. With this GAFSP project, Root Capital aspires to achieve financial sustainability while remaining true to its mission of affordable access to finance and technical assistance for farmers.
- Root Capital's clients are farmers' cooperatives and small and medium-sized agribusiness which are too small for traditional banks but too large for microfinance.
- Approximately 200,000 small, rural clients in Africa and Latin America benefit from Root Capital's financial training and access to finance; this project will enable Root Capital to reach 300,000 additional farmers.
- Reach to women of 46 percent through this project (140,000 of the 300,000 target farmers are women)

Global Warehouse Finance Program - GWFP (World): Increasing Access to Finance

- GAFSP investment in GWFP will help banks in low income countries increase access to finance for small and medium enterprises and small farmers by providing them with funding, risk mitigation instruments and training to implement "warehouse financing", a lending technique that allows farmers get credit secured by their harvested commodities deposited in warehouses.
- Program will reduce food storage losses, increase market access to farmers, and increase farmers' incomes by giving farmers more flexibility to sell their harvest when it is more optimal for them.

The Secretariat of the GAFSP Private Sector Window successfully launched the Second Call for Proposals, which generated 89 investment proposals (more than double the number received during the First Call for Proposals).

- A significant improvement in the proportion and number of eligible projects was also observed, with 73 proposals from the total received being identified as eligible (in comparison to 8 during the previous Call).

The GAFSP Private Sector Window continued with business development activities with the objective of identifying and sourcing investments. As of January 2013, more than USD 80 million in potential GAFSP projects are under consideration in the business pipeline, including projects at different stages of the investment cycle, such as initial review, internal approval process, or pending commitment. These projects are in addition to projects expected to be sourced from the proposals received under the Second Call.

Introduction

1. The Global Agriculture and Food Security Program (GAFSP) addresses 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. GAFSP is a transformational approach in development assistance targeted to helping countries make lasting improvements in their food security through sustainable investment in their agricultural and related sectors. It focuses on five key components: raising agricultural productivity, linking farmers to markets, reducing risk and vulnerability, improving non-farm rural livelihoods, and through technical assistance.

2. This is the second semi-annual project implementation progress report to the GAFSP Steering Committee for projects financed by GAFSP funds and was prepared by the GAFSP Coordination Unit with input from the GAFSP Private Sector Window Secretariat. The GAFSP Supervising Entities have provided the project implementation data to the Coordination Unit as of November 30, 2012 and the Trustee has provided financial data as of December 31, 2012. The Coordination Unit would like to acknowledge the kind cooperation of project Task Team Leaders and Supervising Entity staff that provided the information necessary for this report.

Financial Overview of GAFSP

3. As of December 31, 2012, ten donors have pledged³ a total of USD1.35 billion⁴ to GAFSP, of which USD 971.6 million was for the Public Sector Window, USD 308.7 million was for the Private Sector Window, and USD 68.5 million remains unassigned. In terms of receipts, USD 757.6 million has been received for the Public Sector Window and USD 152.9 million has been received for the Private Sector Window (Table 1).

³ A pledge represents a contributor's expression of intent to make a contribution. Pledges are converted to "commitments" by way of a countersigned Contribution Agreement/Arrangement. The total amount pledged is the USD eq. valued on the basis of exchange rates of April 22, 2010, the official launch date of GAFSP.

⁴ Valued on the basis of exchange rates of April 22, 2010, the GAFSP official launch date.

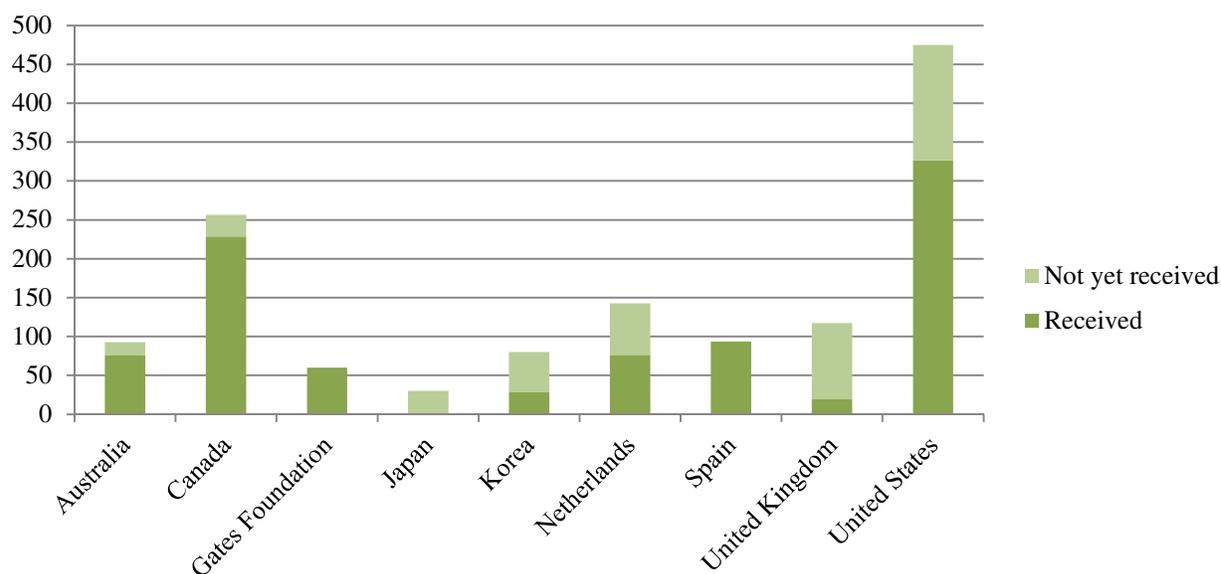
Table 1: Donor Contributions as of December 31, 2012 (USD million equivalents)

Contributors	Total Pledged and Committed	Receipts
Public Sector Window		
Australia	92.6	75.4
Canada	204.8	177.1
Gates Foundation	60.0	60.0
Ireland	0.6	0.6
Korea	50.0	28.8
Spain	93.4	94.2
United Kingdom	20.1	20.1
United States	450.0	301.4
Sub-total	971.6	757.6
Private Sector Window		
Canada	51.50	51.5
Japan	30	—
Netherlands	142.9	76.3
United Kingdom	59.3	—
United States	25.0	25.0
Sub-total	308.7	152.9
Unallocated		
Korea	30.0	
United Kingdom	38.5	—
Sub-total	68.5	
Total	1,348.8	910.5

Note: “Unallocated” refers to pledges for which the donors have indicated their desire to determine their destination Window at a later date.

4. The GAFSP donors are as follows (the parentheses indicates the window that each donor supports): Australia (Public), Bill & Melinda Gates Foundation (Public), Canada (Public and Private), Ireland (Public), Japan (Private), Republic of Korea (Public), Netherlands (Private), Spain (Public), United Kingdom (Public and Private), and United States (Public and Private) (Figure 1).

Figure 1: Donor Contributions to the GAFSP Program as of December 31, 2012 (in USD million equivalents)



Note: Ireland is not included in this chart but has pledged and paid USD 0.6 million equivalent.

5. In an effort to boost fundraising efforts, the U.S. announced a pledge at the Camp David G8 Summit to contribute an additional \$1 to GAFSP for every \$2 contributed by other donors for pledges made after January 1, 2012, up to a total U.S. contribution of USD 475 million. Thus, the new or additional pledges made in 2012 from the Gates Foundation, Japan, Korea, the Netherlands, and the U.K. would be counted towards this challenge, totaling USD 350.8 million. To fully take advantage of the U.S. pledge challenge and secure the additional USD 475 million from the US, GAFSP would need to raise approximately USD 574.2 million more from other donors during the challenge pledge period.

Status Overview of the GAFSP Portfolio

Overview

6. The GAFSP portfolio amounts to a total of USD 688 million across the Public and Private Sectors in five thematic areas: raising agriculture productivity, linking farmers to markets, reducing risk and vulnerability, improving nonfarm rural livelihoods, and technical assistance. Through its Public Sector Window, the program provides recipient-implemented grants to countries selected on a competitive basis. The GAFSP Private Sector Window aims to support agribusiness investments that provide markets or improve the competitiveness of small-scale farmers in low income countries. It is a global fund that offers a variety of financing modalities from grant funding to governments (through the Public Sector Window) to long- and short-term loans, equity capital, first loss cover, and advisory services for private organizations (through the Private Sector Window).

Public Sector Window

7. The GAFSP Public Sector Window has allocated USD 658 million to 18 countries (Table 2). In some cases, funds have been allocated to countries with little alternative sources of funding, such as Togo, helping to leverage scale in financing and impact. GAFSP provides additional and frequent financing allocations, with no need to wait for three year replenishment cycles as is the case with the multilateral development banks and IFAD. GAFSP projects have focused on countries with higher rates of poverty and hunger. The average percentage of the population at or below the poverty line in countries

awarded GAFSP financing has been 48 percent compared to 40 percent for all eligible countries; and the average share of the population that is undernourished in countries awarded GAFSP financing has been 30 percent compared to 24 percent for all eligible countries.

Table 2: Public Sector Window Recipients

Country	Supervising Entities	Award amount (USD million)
Bangladesh	WB & FAO	50.0
Burundi	IFAD	30.0
Cambodia	ADB	39.1
Ethiopia	WB & FAO	51.5
The Gambia	AfDB & FAO	28.0
Haiti	IDB & WB	35.0
Kyrgyz Republic	WB	16.5
Liberia	AfDB	46.5
Malawi	AfDB	39.6
Mongolia	WB & FAO	12.5
Nepal	WB	46.5
Niger	AfDB	33.0
Rwanda	WB	50.0
Senegal	AfDB	40.0
Sierra Leone	IFAD	50.0
Tajikistan	WB	27.9
Tanzania	WB	22.9
Togo	IFAD & WB	39.0
Total		658

8. In six countries – Bangladesh, Ethiopia, the Gambia, Haiti, Mongolia, and Togo – the GAFSP projects are supported by two different Supervising Entities in close collaboration. In one country, Cambodia, the funds are being used to support two distinct projects with the same Supervising Entity.

Disbursements and Implementation Progress

9. In October 2012 a full-time GAFSP Program Manager was appointed to head the GAFSP Coordination Unit. During the reporting period, she has worked to proactively enhance the effectiveness of the program. Specific actions have included: meeting with Supervising Entity management, and GAFSP project Task Team Leaders to address bottlenecks to better implementation and disbursements⁵; holding a series of high level meetings with Bank and IFC to ensure coordination between the Public and Private Sector Windows; and beginning a series of project visits starting in January 2013 (the first trips include visits to Ethiopia, Rwanda [World Bank supervised] and Niger [AfDB supervised])⁶.

⁵ In addition to meetings held in Washington with the World Bank regional management team, and Washington-based Supervising Entity representatives, the Program Manager visited FAO and IFAD in February 2013 (Rome), and AfDB (Tunisia) in March 2013.

⁶ Visit to Rwanda (Jan 27-30, 2013), visit to Ethiopia (Jan 31 – Feb. 3).

10. As of December 31, 2012, the Trustee had transferred funds to the Supervising Entities for 13 effective projects⁷ amounting to USD 153.9 million for those projects that have completed preparation. A total of USD 51 million of these funds have been disbursed to the respective governments for eight investment projects and procurement initiated for two technical assistance (TA) projects which are directly implemented by the FAO.

Table 3: Transfers and Disbursements (USD millions) as of November 30, 2012

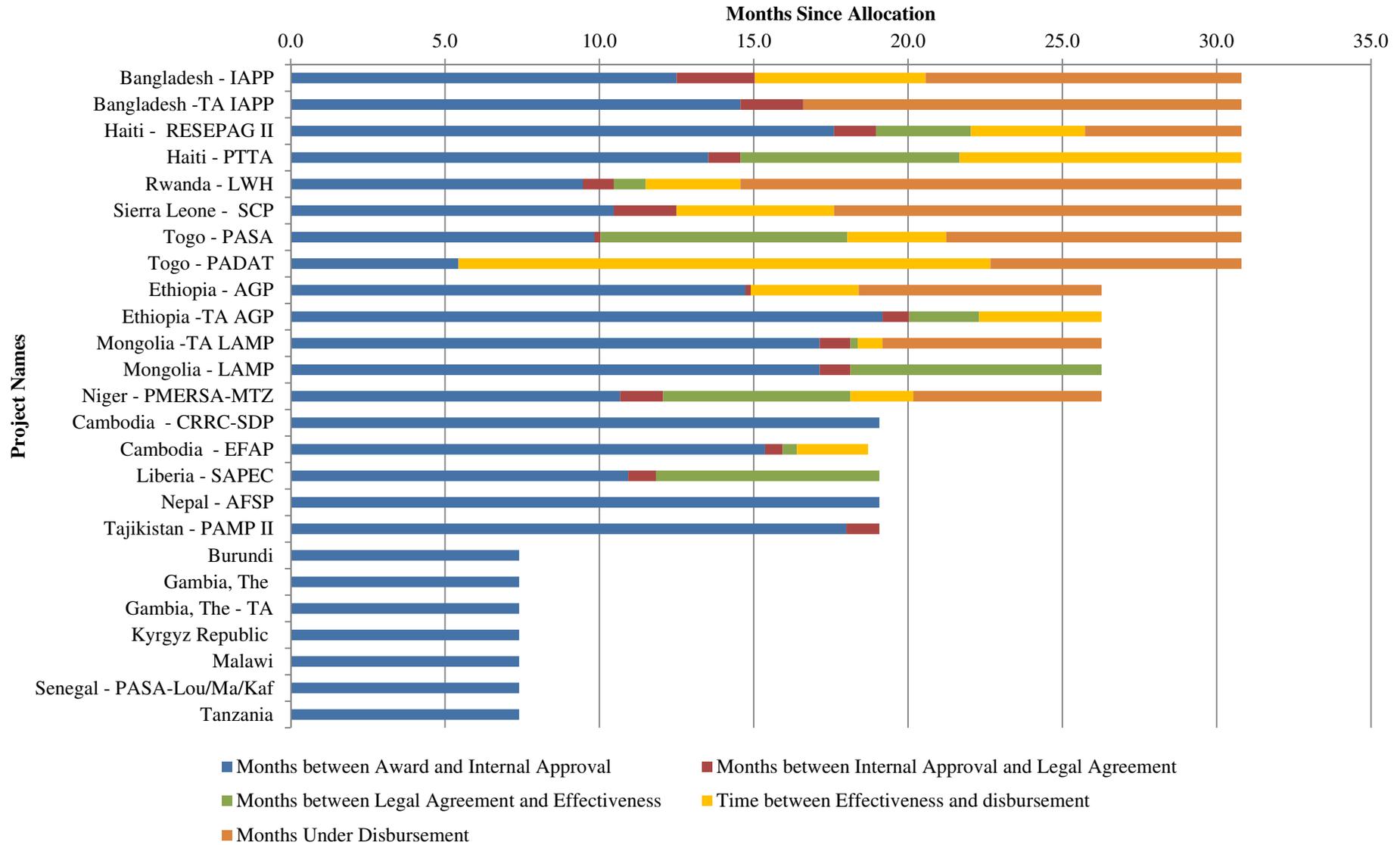
Project	Supervising Entity	Effectiveness Date	Transferred	Disb.
Bangladesh - Integrated Agricultural Productivity Project (IAPP)	WB	Sept. 2011	23.7	8.8
	FAO	Nov. 2011	1.1	0.6
Cambodia - Emergency Food Assistance Project (EFAP)	ADB	Oct. 2012	16.2	-
Ethiopia - Agricultural Growth Project (AGP)	WB	Feb. 2012	35	14.7
	FAO	Sept. 2012	-	-
Haiti - Technology Transfer to Small Farmers Project (PTTA)	IDB	April 2012	.05	-
Haiti - Relaunching Agriculture: Strengthening Agriculture Public Services Project (RESEPA II)	WB	April 2012	2	1
Mongolia - Livestock and Agricultural Marketing Project (LAMP)	FAO	May 2012	0.5	0.2
Niger - Water Mobilization to Increase Food Security in the Maradi, Tahoua, and Zinder Regions Project (PMERSA-MTZ)	AfDB	May 2012	9	0.2
Rwanda - Land Husbandry, Water Harvesting and Hillside Irrigation Project (LWH)	WB	June 2011	31	12.5
Sierra Leone - Smallholder Commercialisation Programme (SCP)	IFAD	July 2011	19	10.1
Togo - Project to Support Agricultural Development in Togo (PADAT)	IFAD	Jan. 2012	6	1.8
Togo - Agriculture Sector Support Project (PASA)	WB	Dec. 2011	9.9	1.1
Total	13 effective projects		153.9	51

11. Figure 2 presents the status of all 25 GAFSP supported projects, and shows the time it has taken for the various stages from preparation to disbursement for each project. There is great variance in the amount of time that is required for each stage, owing to the unique context of each project and country circumstance and requirements. To summarize:

- Projects with orange bar segments are those for which disbursement has begun (10 projects)
- Projects with only blue bars are those that are under preparation, still to complete to the internal approval of the respective Supervising Entities (9 projects of which 7 were awarded in 2012 and 2 in 2011).
- Projects with red, green, and/or yellow bar segments (but no orange bar segments) are those under various stages between internal approval and initiation of disbursement (6 projects).

⁷ Once the GAFSP grant is approved by the respective Supervising Entity, the grant agreement is signed by the country and the Supervising Entity, and any necessary conditions are met, the grant is declared effective, or ready to begin disbursing funds.

Figure 2: Project Implementation Status (as of December 2012)



Selected Public Sector Project Updates

12. During the reporting period, the number of projects with effective disbursement doubled from five to ten for a total disbursement figure of USD 51 million (up from USD 26 million in June 30, 2012). A project by project summary of status update was provided in the GAFSP Annual Report 2012, and another update will be provided in the next Annual Report. In the meantime, the three countries listed below (Bangladesh, Rwanda, and Sierra Leone) out of a total project portfolio of 25 projects in 18 countries have shown the most significant progress as compared to six months ago.

The Bangladesh Integrated Agricultural Productivity Project (IAPP) Supervising Entities: World Bank (USD 46.31 million) and FAO (Technical Assistance - USD 3.69 million).

13. The World Bank supported project became effective in September 2011 and began disbursing in February 2012 (19 percent of GAFSP funds disbursed). The FAO TA project became effective and began disbursing in November 2011 (17 percent of GAFSP funds disbursed). The objective of the IAPP is to enhance the productivity of agriculture (crops, livestock and fisheries) in pilot areas. These areas lie in Rangpur, Kurigram, Nilfamari and Lalmonirhat districts in the North and Barisal, Patuakhali, Barguna and Jhalokathi districts in the South.

Implementation update:

- Completion of first year field demonstrations by participating agencies and work is underway on conducting year two demonstrations for crops, livestock, and fisheries.
- Adoption of improved technologies to start in year two of the project in accordance with the project implementation plan.
- Completion of training of all community facilitators (261) recruited by the project.
- Organized a study tour to expose staff to community mobilization activities undertaken by two World Bank financed projects in India.
- Conducting in country training events focused on results based monitoring and evaluation, agricultural governance, and financial and economic analysis.
- Trained 119 additional civil servants to sectoral planning and strategy (30 percent of end target).

Rwanda Land Husbandry, Water Harvesting and Hillside Irrigation Project (LWH) Supervising Entity: World Bank (USD 50 million)

14. The GAFSP funding was provided to scale up the successful LWH launched in 2010; the additional financing became effective in June 2011 with the first disbursement of GAFSP funds in September 2011 (25 percent of GAFSP funds disbursed). The objective of the LWH is to increase the productivity and commercialization of hillside agriculture in target areas.

Implementation update:

- Smallholder farmers--especially women-- seeing significant increases in productivity. Potato harvests quadrupled in some places on a per hectare basis and maize output up by 300 percent resulting in income gains of nearly 90 percent.
- Number of direct beneficiaries reached by the project increased to 17,434 (greatly surpassing the year two target of 7,000).
- Productivity on rain fed plots increased to USD 1,313/ha for one season (surpassing the year two target of USD 1,000/ha for two seasons).
- More than 85 percent of adults using formal financial institutions (surpassing the project end target of 36 percent for female and 40 percent for male from a baseline of 18 percent for female and 22 percent for male).
- Share of commercialized products from target areas reached 68 percent (surpassing the project end target of 60 percent from a baseline of 35 percent).

Sierra Leone Smallholder Commercialisation Programme (SCP) Supervising Entity: IFAD (USD 50 million).

15. The SCP became effective in July 2011 and began disbursing in December 2011 (20 percent disbursed). The objective of the SCP is to empower the rural poor to increase their food security and incomes on a sustainable basis in order to lead to long-term economic development and poverty reduction. The specific objectives of the program include: (i) reduced gap between national rice production and demand, (ii) farm incomes increased by 10 percent for direct beneficiaries. GAFSP financing has supported the delivery of improved extension services to farmers to help them boost yields in key staple crops.

Implementation update:

- Began irrigation rehabilitation on 500ha of inland valleys swamps to increase national rice production.
- 180 farmer based organizations trained in business management practices and provided subsidized fertilizer inputs.
- 74 district mechanical superintendents and Agricultural Business Center operators trained on maintenance and repairs of agricultural machines.
- Ongoing support to the revision of the strategy of the National Federation of Farmers of Sierra Leone, to improve better access to improved inputs and improved agricultural practices through demonstrations, field days, radio programs and advice from the agro dealer.
- 6 Financial Services Association provided with staff, cash safes, motorcycles, and stationery in temporary buildings while permanent offices are being constructed.

Portfolio Analysis

16. GAFSP projects, which have been competitively selected among a large pool of submissions, often adopt innovative approaches to improving agriculture development and food security in project design, such as through an emphasis on gender mainstreaming, nutrition, and climate-smart agriculture.

17. On gender, the target rate for women direct project beneficiaries among GAFSP projects that have finalized a detailed project design document is on average 37 percent. Looking beyond female beneficiary rates and examining GAFSP approved projects on whether three critical dimensions of gender mainstreaming are incorporated: (i) gender analysis, (ii) gender related actions, and (iii) gender disaggregated M&E indicators⁸. All GAFSP projects satisfy at least one of the three dimensions. Around 79 percent of GAFSP operations include all three dimensions, 14 percent include two dimensions, and 6 percent (one project) include one dimension of gender-integration.

18. Specifically on gender analysis, which includes analysis and/or consultations on gender related issues, about 79 percent of GAFSP operations include some form of gender analysis as part of their project preparation. Some specific GAFSP examples are:

- In Bangladesh, as part of Social Assessment, specific gender analysis was carried out to help analyze gender issues during implementation. The gender analysis is based on primary data and available secondary data. During the implementation, the social screening will identify issues related to gender disparity, needs, constraints, priorities, benefits and opportunities of women.

⁸ These three dimensions were developed and used by the Gender Anchor of the World Bank's Poverty Reduction and Economic Management Network (PREM) to measure gender integration in World Bank project design. A project is classified as having mainstreamed gender in its design when at least one of the three dimensions is addressed satisfactorily.

- Haiti’s RESEPAG II’s project design and implementation plans have been informed by the results of gender assessments, as well as findings from a gender assessment conducted for the World Bank’s Rural Development Project Participatory Development Program (PRODEP), and lessons learned from a Gender Action Plan (GAP) grant undertaken to support RESEPAG I (Sept. 2009-Dec. 2011). Furthermore, in 2011 a gender review was carried out in RESEPAG II’s target areas and a section of basic principles for Component 2’s co-financing facility is dedicated explicitly to gender issues.

19. On gender related actions, which includes actions expected to narrow gender disparities, including through specific actions to address the distinct needs of women/girl (men/boys) or to have positive impacts on gender equality, about 93 percent of GAFSP projects include gender-related actions. Some GAFSP examples are:

- In the Cambodia EFAP project, a Gender Action Plan (GAP) has been developed and aims to: (i) ensure women’s equitable access to Cash For Work (CFW) employment; (ii) promote women’s decision-making at community level through CFW Project Committees; (iii) promote women’s decision-making and membership in Farmers Organizations and/or Self-Help Groups; (iv) ensure women’s equitable access to agriculture related productivity inputs and extension training; (v) target women for improved home-based vegetable gardening, and fish and livestock production; (vi) raise awareness of women in improved nutrition, food preparation and feeding practices; and (vii) Increase the capacity and accountability of project management for GAP implementation and reporting.
- In Nepal, one of the sub-components of the component on “food and nutritional status enhancement” will focus on improving feeding and caring practices by promoting Behavior Change Communications and homestead production (kitchen garden and backyard poultry) groups amongst households with pregnant or nursing mothers and children under two; providing nutrition education to farmers groups; promoting simple household labor-saving and drudgery-reducing technologies for women to liberate time for self and child care.

20. On gender monitoring & evaluation, all GAFSP projects include gender-disaggregated indicators in the results framework, partly because this is one of the requirements specified in the GAFSP M&E Plan. Specific examples include:

- In Nepal, the project monitors improved dietary intake for pregnant and nursing women.
- In Niger, the project is monitoring women’s involvement in decision-making and self-management bodies set up, as well as their access to credit.

21. **On nutrition**, more than half of all GAFSP awarded projects, or in 10 out of 18 countries where GAFSP is active, explicitly address undernutrition. In some cases, improving food and nutrition security is the main problem addressed in the project, e.g. Nepal (Box 1). In other cases, nutrition is addressed alongside other project objectives that are geared towards raising agricultural productivity or household incomes. Some GAFSP projects include nutrition sensitive agricultural interventions in the project design⁹, such as actions that aim to maximize the impact of nutrition outcomes for the poor, while minimizing the unintended negative consequences of agricultural interventions and policies on the poor, especially women and young children. Other GAFSP projects include non-agricultural interventions that

⁹ The Scaling Up Nutrition (SUN) Movement, a global movement launched in 2010 to reduce child undernutrition, recognizes that the causes of malnutrition include multiple causes including those that most people would generally associate with nutrition, as well as factors that affect the broader context of life and health. Therefore, the SUN Movement looks to implement both specific nutrition interventions and **nutrition-sensitive approaches** in relevant sectors such as agriculture, water supply & sanitation, education, and health services.

will yield impact on nutritional outcomes, such as providing supplements, rural health services, growth monitoring of pregnant women and children, or conditional cash or food transfer services. Specific examples include:

- In Burundi, the GAFSP project aims: to promote crop intensification and diversification in high nutrient food groups such as dairy milk, fruits, and nuts (citrus fruit, banana, avocado, passion fruit and macadamia nut); to introduce market gardening including nutritionally high-value crops such as soya and fruits; and introduce home economics training. The project will also provide health staff capacity-building in nutrition education and nutrition status monitoring of mothers and children under the age of 5. This will be tied to a multisectoral training in family planning and hygiene.
- In Cambodia, the EFAP project is promoting crop diversification; home gardening training to self-help groups, farmer organizations and households; food use, nutrition and basic health care training and extension; and pro-poor and pro-women agriculture technologies.
- In Haiti, the RESEPAG II project supports integration of a nutrition module in the training curriculum of agricultural extension agents; facilitation of the production of nutrient dense foods through use of biofortified seeds and zinc based fertilizers; provision of capacity building in food harvesting and storage techniques (e.g. to reduce aflatoxin); and improvement of food processing techniques through technical assistance such as fortification and food quality control including laboratory capacity to analyze micronutrient contents.
- In the Kyrgyz Republic, the project will scale-up nutrition interventions such as establishing a social protection system to provide vulnerable groups with minimum guaranteed income to access food; encourage a balanced nutrition and food culture; strengthen prenatal and maternity medical facilities; and improve the quality of food and the role of village health committees to carry out campaigns to improve food quality for women and children.

Box 1: Nepal Agriculture and Food Security Project (NAFSP): Awarded a USD 46.5 million GAFSP grant):

The objective of the project is to enhance food and nutritional security of vulnerable communities in selected locations of Nepal. This will be done through traditional agricultural activities that have been "tweaked" to be nutrition sensitive and will be accompanied by basic nutrition interventions coordinated with the Ministry of Health.

The nutrition sensitive agriculture interventions include: technology development and adaptation of minor but nutritionally significant crops such as buckwheat, blackgram, soybean, olive, walnut, lentil; technology development for improved breeds of poultry for backyard poultry in mountain areas; support to kitchen gardens as part of rural livelihood enhancement; promotion of women-friendly labor saving technologies such as treadle pumps to liberate time for self and care; integrating nutrition in the curriculum of district agriculture extension teams; nutrition education to promote diet diversity; and strengthening government food lab capacity to enable analysis of the nutrition value of locally available foods.

Basic nutrition interventions that accompany the above include: nutrition education on non-food aspects that affect nutrition (hygiene, sanitation, infant and young child feeding and caring practices) as well as better utilization of iron folic acid and micronutrient powder supplements (last two delivered through parallel World Bank-supported operations in the health sector).

Project targets include increasing the number of farmers whose productivity had increased in crops by 57,000 (of which 50 percent are women), increasing the proportion of pregnant and lactating mothers with improved intake of nutritious foods by 20%, and increasing the proportion of children 6-24 months with appropriate complementary feeding by 30 percent.

22. **Climate-smart agriculture** can increase farm productivity and incomes, make production more resilient to climate change, and contribute to climate change mitigation. It is possible to have higher

yields, more carbon in the soil and greater resilience to droughts and heat. This is called the “triple win”: interventions that would increase yields (poverty reduction and food security), make yields more resilient in the face of extremes (adaptation), and make the farm a solution to the climate change problem rather than part of the problem (mitigation). Some specific examples of GAFSP projects addressing this include:

- In Bangladesh, by design, the project has targeted areas with significant environmental stress (seasonal droughts, cold snaps and flash flood submergence in the North; varying levels of salinity, tidal and saline submergence in the South). Furthering agricultural development in these areas requires suitable varieties, and location and problem specific technologies and production practices. GAFSP funding will generate and release to farmers new varieties that give a higher yield and/or provide technological solutions to production problems under specific agro-ecological conditions. The project expects to release of at least 10 new crop varieties and 5 location- and/or problem-specific packages and the genetic improvement of the three main pond fish breeds of the country. Research institutes like Bangladesh Rice Research Institute (BRRI) have identified several promising lines of rice which are suitable to the specific needs of the project area and which are at an advanced stage of development and evaluation. These include varieties that show tolerance to submergence (including tidal submergence), salinity, drought, and cold as well as those with a shorter maturity period.
- In Rwanda, the LWH Program is improving land husbandry and increase productivity in 101 watersheds covering 30,250 ha of land. GAFSP support will improve hillside agricultural management to protect against erosion and enhance sustained crop productivity and ecosystem conservation. This will include soil conservation measures and infrastructures appropriate to differing slope categories and downstream reservoir protection. The project will also develop conveyance structures for hillside irrigation.

23. Through future Call for Proposals and other opportunities, GAFSP will continue to encourage countries to develop innovative, evidence-based proposals to improving agriculture and food security. Approximately two-thirds of the current GAFSP award allocation has gone to African countries, while the remainder has gone to Asian and Latin American and Caribbean countries (Figure 3). In terms of the GAFSP portfolio broken down by thematic areas, the largest share of the GAFSP portfolio (Figure 4) is committed to raising agricultural productivity (64 percent), largely through investing in technology generation and dissemination (e.g., new high-yielding and drought and flood tolerant seed varieties, capacity building of national agricultural research and extension services), and improved agricultural water management (e.g., irrigation and drainage). About 18 percent of the investment is to better link farmers to markets (e.g., rehabilitation and construction of roads and rural markets, improved storage facilities). Technical assistance is also an important part of many GAFSP projects, to improve the capacity of the farmers, farmer organizations, service providers, and government officials involved in sectoral planning.

Figure 3: Regional Distribution by Total Amount Allocated

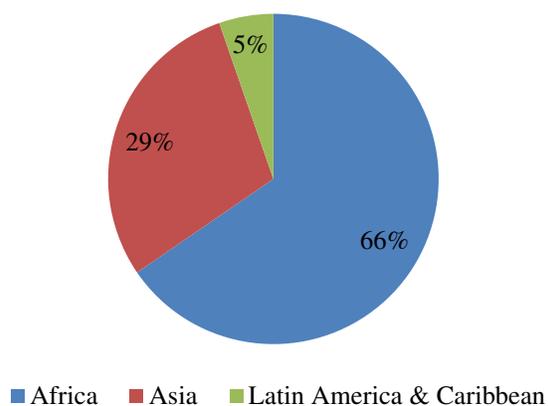
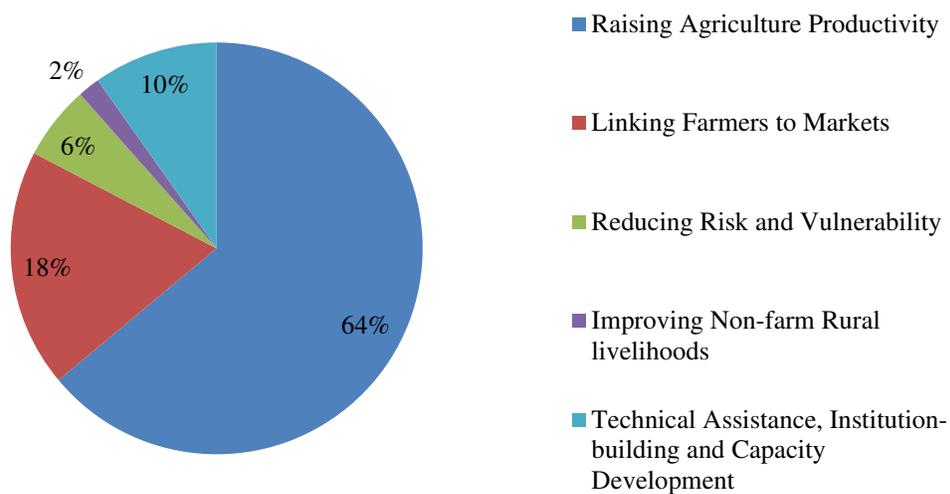


Figure 4: Composition of GAFSP Investments by Thematic Areas



Note: This figure is based on information from documents for the 18 GAFSP countries. The project design documents were used for those projects that have completed preparation, and the proposals submitted by the countries were used for those projects that are still under preparation.

Preparation Time

24. Although GAFSP projects rely on Supervising Entity regular policies and procedures in preparing and supervising projects, to date, GAFSP projects had shorter preparation times compared to Supervising Entities' regular agriculture projects. The likely reasons are as follows: (i) GAFSP awards are granted to countries with a high level of readiness; (ii) the technical aspects of the proposals have been vetted by the GAFSP TAC, and the proposals have been competitively selected; and (iii) the information provided in the proposal provided a "head start" to preparing the appraisal documents of the Supervising Entities. The high profile nature of GAFSP as one of the most visible mechanisms to have emerged from the L'Aquila Food Security Initiative may also have resulted in increased senior management attention within Supervising Entities to ensure adequate oversight over the preparation of GAFSP financed activities, which may have led to shorter preparation durations. According to information provided by GAFSP Supervising Entities, for the 12 projects in 10 countries that were under implementation at the end of December 2012, it took on average 20.2 months from GAFSP award to first disbursement. If estimated durations (for projects still under preparation) are included, the duration from award to first disbursement decreases to 19.4 months.

25. This was compared to the average time it takes for each of the Supervising Entities to go from a stage that was considered to be equivalent to "GAFSP award" to first disbursement. In most cases, this meant the duration from the first official milestone meeting for the project (such as the Project Concept Note meeting) to first disbursement¹⁰ to country.

26. The results in Table 4 shows that GAFSP project preparation times have been a third less than the average for regular agriculture/food security-related projects at the Supervising Entities (20.2 months [GAFSP average] against 28.8 months [Supervising Entity average]). Specifically, GAFSP projects are prepared on average about 25 percent (AfDB, IFAD) to about 50 percent (ADB, World Bank) faster. In the case of the IDB, comparison is not possible because the recipient country is Haiti, which cannot be compared to average benchmark figures from IDB's other client countries. The only exception to the overall result was for FAO. GAFSP supported FAO projects take an average of 20.9 months to prepare, which is more than 50 percent slower than FAO's regular preparation time of 11-16 months. This is to be expected since, for GAFSP projects, FAO supported TA projects are always in conjunction with investment activities supported by other Supervising Entities, and coordination is necessary between the two projects.

¹⁰ **ADB:** For projects in agriculture and natural resources sector, an average processing time from the fact-finding stage to effectiveness was 30 months in 2011. For projects that had their first disbursements in 2011, it took about 0.1-4 months from effectiveness to the first disbursement.

AfDB: Project Concept Note (PCN) meeting date to first disbursement (PCN to Board approval) is on average 18 months; another 3 to 6 months to legal document signing by Borrowers. Projects become effective following the signing of legal documents (on average 3 to 6 months after Board approval) and the first disbursement may happen within 1-3 months of project effectiveness.

IDB: IDB Bank wide average does not apply to Haiti.

IFAD: Based on projects approved from 2008-2012 that have made a first disbursement, on average the start date of full project design to first disbursement is about 26.5 months on average; full design to Supervising Entity approval averages 11.5 months with another 7.8 months for loan signing and entry into force (effectiveness); and 7.1 months to 1st disbursement.

World Bank: Project Concept Note (PCN) meeting date to first disbursement based on FY08-12 data (PCN to Supervising Entity approval is 20.3 months, another 2.5 months to legal doc signing, another 3.4 months to effectiveness, and another 4-6 months to first disbursement).

FAO: 10 months for approval, including 7-8 months to conclude formulation and 2-3 months for review and final approval. Effective implementation varies from less than one to 6 months, depending primarily whether there is a staff recruitment process (national and/or international).

Table 4: Comparison of Preparation Time (GAFSP and Supervising Entity Average for Agriculture Projects as of December 2012)

	GAFSP projects (number)	Country	Actual time from GAFSP award to first disbursement (months)	Estimated time from GAFSP award to disbursement (months)	Supervising Entity average for agriculture projects (months)*
ADB	2	Cambodia EFAP	18	-	31-34
		Cambodia CRRC-SDP	(19 and counting)	28	
AfDB	5	Niger	20.2	-	24 - 27
		Liberia	(19 and counting)	20	
		The Gambia	(8 and counting)	12	
		Malawi	(8 and counting)	16	
		Senegal	(8 and counting)	14	
IDB	1	Haiti	(31 and counting)	34	8-36 (Haiti)
IFAD	3	Sierra Leone	17.6	-	26.5
		Togo	22.7	-	
		Burundi	(8 and counting)	19	
World Bank	10	Bangladesh	20.6	-	30-32
		Haiti	25.7	-	
		Rwanda	14.6	-	
		Togo	21.2	-	
		Ethiopia	18.4	-	
		Mongolia	(26 and counting)	29	
		Nepal	(19 and counting)	21	
		Tajikistan	(19 and counting)	21	
		Kyrgyz Rep.	(8 and counting)	14	
		Tanzania	(8 and counting)	13	
FAO	4	Bangladesh	16.6	-	11-16 (for projects in the range of 1-3.5 million)
		Ethiopia	27	-	
		Mongolia	19.2	-	
		The Gambia	(8 and counting)	10	
Supervising Entity average (excluding FAO)					28.8
GAFSP average (actual)				20.2	
GAFSP average (incl. estimates)				19.4	
GAFSP average (actual, investment only excluding FAO)				19.9	

Results Reporting

27. The GAFSP M&E plan lists a menu of common results indicators clustered by thematic area. Projects include at least one relevant indicator for each GAFSP component that it is involved in into their project results framework. The distribution of indicators being used is a reflection of the current funding allocation centered on raising agricultural productivity, which comprises 64 percent of total GAFSP awards to date. If projects are co-funded by other sources, then the project funds are pooled in order to improve donor harmonization. In these cases, the targets reported are prorated by the share of GAFSP financing of the overall project cost as reported by the Supervising Entity in their latest project update. The aggregated target values for some commonly selected core indicators by GAFSP financed projects include (targets by end of project¹¹) the following:¹²

- Support **361,085 farmers** in adopting improved technologies (in Bangladesh, Cambodia, Ethiopia, Haiti, Nepal and Togo)
- Support the adoption of improved technologies on **21,208 ha of farmland** (in Ethiopia, Haiti, Liberia, Niger, and Togo)
- Develop, improve, or rehabilitate irrigation and drainage services on **140,812 ha of farmland** (in Bangladesh, Ethiopia, Liberia, Niger, Rwanda, Sierra Leone, and Tajikistan)
- Provide **471,275** water users with new, improved, or rehabilitated irrigation and drainage services (Tajikistan and Ethiopia)
- Support **60,442 farmers** in forming or joining associations including producer associations, cooperatives, water user associations, and so forth, of which approximately 30 percent are expected to be women (in Ethiopia and Togo)
- Construct **104 rural markets or market centers** (in Ethiopia, Liberia, and Sierra Leone) and construct or rehabilitate **853 km of rural roads** (in Cambodia, Ethiopia, Liberia, Niger, and Togo)

Impact Evaluation

28. The DIME Impact Evaluations (IE) have started in six countries - Bangladesh, Haiti, Mongolia, Nepal, Niger, and Rwanda. In Bangladesh and Rwanda baseline data has been collected and evaluations of both overall investment impact and project mechanisms are underway; in Haiti and Mongolia, evaluation plans are in place, but the baseline surveys have not yet taken place due to delays in project implementation; and in Nepal, the latest country to be added to the DIME-GAFSP portfolio, the evaluation is still in the design phase. Due to security concerns in Niger, particularly in the Maradi region where the GAFSP project team is located, the Steering Committee has approved DIME's suggestion to suspend the evaluation of the project in November 2012 until further notice (re-evaluating the situation every 2-3 months). The DIME Progress reports (available online at <http://www.gafspfund.org/content/monitoring-and-evaluation>) go into further details about the goals, plans, and progress.

Project IE Progress Update July 1, 2012 – December 30, 2012¹³:

29. **In Bangladesh**, DIME is working with the government to assess how novel approaches to crop demonstration can increase technology adoption. There have been a number of visits to Bangladesh in FY13 by DIME staff and affiliates. The research NGO Innovations for Poverty Action (IPA, with an

¹¹ Most GAFSP projects have a project duration of about 5 years.

¹² Since June 30, 2012 two addition projects have completed preparation (Nepal and Tajikistan), and thus their targets have been added to the aggregated target values.

¹³ This section has been updated with information as of Mar 5, 2013.

experienced team based in Dhaka) was selected to conduct the baseline survey (completed in October 2012) and provide field supervision for the demonstration plot evaluation. Data entry of the baseline survey is proceeding and an initial baseline report should be circulated in May 2013.

30. **In Rwanda**, the government has asked that DIME's evaluation provides actionable results in two areas: rural finance, and private agricultural extension. The LWH team financed a baseline survey to measure the overall impact of the project, which was completed in July 2012. DIME visited Rwanda in September 2012 to present preliminary baseline data to the LWH team and returned in January 2013 to participate in the mid-term review. The Rwanda concept note review was held in February 2013, and the baseline report will be circulated by late March 2013.

31. **In Haiti**, the Technology Transfer to Small Farmers (PTTA) intervention is demand-driven; participants can only be identified after they have expressed interest in the program and the baseline survey can't begin until the participants have been identified. Based on current estimates, this will only begin by July 2013. DIME held a mission to Haiti in October 2012 to solidify the evaluation plan and meet with the new IDB Task Team Leader and regional project coordinator.

32. **In Mongolia**, the project implementation has been delayed, but it is expected to become effective in January 2013. Although treatment and control areas have been decided, the baseline could not take place until project targeting was formalized. A sampling strategy has now been developed, and the baseline procurement is underway. DIME expects the baseline to begin late March 2013, and the baseline report is expected in July 2013.

33. **In Nepal**, the basic framework for the impact evaluation has been agreed with the government during the first IE mission (Sept/Oct 2012). The government also plans to use impact evaluation to manage for results and understand how supply-side nutritional interventions (kitchen gardens, livestock, etc) can be most effectively combined with demand side interventions (behavioral change communication, nutritional education, etc.). The Nepal baseline survey will begin once the project areas are determined by the local agricultural development councils (anticipated in July 2013). A field coordinator has been hired, and has begun work in Nepal from February 2013.

34. **The IE in Niger** is on hold until further notice due to security concerns in the Maradi region (project area and project team location) which have prevented the DIME-GAFSP team from making progress in placing a field coordinator and starting field work preparations for the baseline. Before the security events hindered the work, the intervention sites had been decided and detailed feasibility studies were underway for the first half of FY13 for all project sites. These studies were commissioned to guide beneficiary targeting, and the baseline survey would have started after their completion.

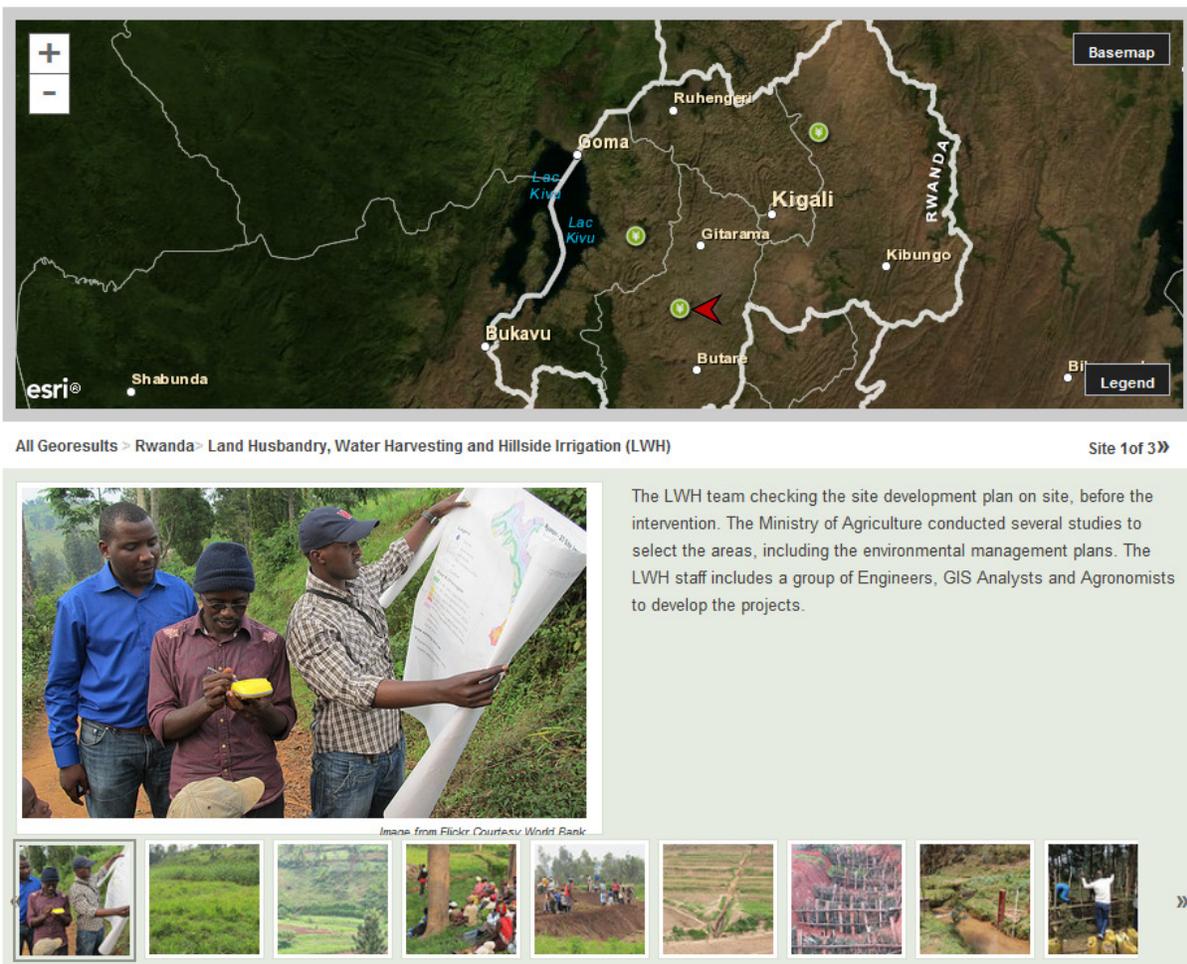
Georeferencing of GAFSP project activities

35. Work continued to create interactive maps displayed on the GAFSP website that overlay project data with key development and agriculture indicators, enabling it to offer coherent visual graphic contents to better showcase results. During the reporting period, maps of GAFSP funded projects were created and updated, and development continued on an interactive, user friendly mapping platform specifically designed for the GAFSP website that would integrate all GAFSP project maps onto one common platform. During this period information was collected, cleaned, and analyzed to generate the interactive maps for GAFSP projects in Liberia, Sierra Leone, Mongolia, and Togo. Some of the existing maps, generated during the first semester, as in the case of Haiti, were updated with information from the GAFSP semiannual reports and information from the project teams in the countries.

36. The platform will be launched in the first quarter of 2013 and will contain an interactive global overview map as dashboard to visualize information at global and regional level, as well as individual country maps, with geographic information of financed activities at sub-national level and relevant indicator data, such as population density, poverty or malnutrition. All of the maps created in 2012 will be migrated to the new platform before its launch.

37. Additionally, the new platform includes a feature called “GAFSP stories” that enriches the user experience with relevant multimedia content such as photos and video to enhance communication with all program stakeholders. The first “GAFSP story”, which will be launched alongside the new platform, was created in strong collaboration with the project team for the Rwanda LWH. The story presents detailed information from three project locations: Karonyi 12, Gatsibo 8, and Nyanza 23 that were visited in May 2012. Users will be able to click on each site and then scroll through images and stories captured at that specific location (Figure 5).

Figure 5: Screenshot from GAFSP Stories Rwanda (to be launched First Quarter 2013)



Private Sector Window

38. The GAFSP Private Sector Window addresses the need for more private sector investment in agriculture and related sectors to improve the income and food security of poor and vulnerable people in low-income countries. GAFSP Private Sector Window funding is helping IFC channel investment into higher risk projects with potential for high development impact. GAFSP Private Sector Window seeks projects that raise agricultural productivity, link farmers to markets, reduce risks and vulnerabilities, and promote rural incomes.

39. One of the differentiating features of GAFSP Private Sector funding is its catalytic role in creating opportunity for innovative investments with a higher risk profile, which is achieved through the availability of investment funding under concessional terms. By deploying and blending concessional funding alongside IFC investments, GAFSP Private Sector Window allows “de-risking” agribusiness projects and facilitating commercial financing where it is scarce due to real or perceived risks, or other market barriers. Early results from GAFSP Private Sector Window investments show evidence of the powerful role of GAFSP investments leveraging private investments, mobilizing in the case of Root Capital as much as eight dollars of financing to SME and small-hold farmers for each dollar of GAFSP investment.

40. As can be seen in Table 5, USD 30.0 million of GAFSP investments approved to date will allow IFC to support additional USD 58 million in commercial financing for high-development projects in IDA countries. Further, it is expected that this financing will permit leveraging approximately USD 200 million in private sector investments.

Table 5: GAFSP Investment Mobilization (in USD million)

Project	Type of Instrument	GAFSP Investment (USD million)	IFC Investment (USD million)	Project Size (USD million)	Mobilization Multiple
PRAN Group	Senior loan	5.0	10.0	25.0	5.0x
Global Warehouse Finance Program (GWFP)	Credit lines, and funded or unfunded risk-sharing facilities	20.0	43.0	136.0	6.8x
Root Capital	Senior loan	5.0	5.0	40.0	8.0x

Disbursements

41. During the second half of 2012, the Private Sector Window approved and committed to two investments: the Global Warehouse Finance Program (GWFP) and Root Capital. These two projects were the result of extensive business development activities throughout the year and follow the investment strategy developed at GAFSP Private Sector Window Annual Plan for FY 2013. With the approval of these projects, GAFSP Private Sector Window investments increased from USD 5 million in June 2012 to USD 30 million as of December 31, 2012, representing approximately 20 percent of the paid-in capital as of end of calendar year (Table 6).

Table 6: Total Private Sector Project Allocations and Disbursement as of December 31, 2012 (USD million)¹⁴

Project	Country	Approval Date	Approved Amount (USD million)	Committed Amount (USD million)	Disbursed Amount (USD million)
PRAN	Bangladesh	Mar-12	5.0	5.0	3.3
GWFP	World Region	Dec-12	20.0	20.0	-
Root Capital ¹⁵	Africa Region	Dec-12	5.0	-	-

42. The Secretariat of GAFSP Private Sector Window expects that committed undisbursed amounts for PRAN Group and Root Capital will be disbursed during the first half of 2013. Due to the short-term nature and in some cases unfunded characteristics of the financing instruments provided under GWFP, the Secretariat anticipates partial and recurring disbursements for this project, according to the harvest cycles of the crops produced by farmers under the facility.

Private Sector Window Projects

43. GAFSP Private Sector Window committed its first investment in the PRAN Group, a food processing company in Bangladesh in April 2012. In December 2012, IFC's Board of Executive Directors approved two additional projects that will include GAFSP funding, loans to social lender Root Capital and an extension of IFC's existing Global Warehouse Finance Program (GWFP), which enables small-hold and SME farmers to get credit from banks secured by their harvested crops.

The PRAN Group

44. GAFSP Private Sector Window investment in PRAN Group consisted of a USD 5 million loan to Natore Agro, a subsidiary of food processing group PRAN. The Private Sector Window loan was concurrent with IFC's loan investment of USD 10 million, and allowed the company to expand production capacity, create rural jobs and integrate small farmers into retail supply chains. As part of the project, the company will source fruits, vegetables and other inputs directly from over 1,700 small farmers, positively impacting livelihoods of small-holders in rural communities.

45. As of December, 2012, project implementation for PRAN has evolved as anticipated in the investment proposal. Production capacity expansion is under way and engagement with small farmers that supply raw materials has continued as planned. First disbursement of GAFSP investment took place in August 2012, and the GAFSP Private Sector Window Secretariat expects the Second disbursement to take place during the First Quarter of 2013.

Root Capital

46. Root Capital is a social development financier dedicated to providing finance, training, and facilitating market access to small and growing agricultural businesses in more than 30 countries, mainly

¹⁴ As of December 31, 2012, no GAFSP advisory services projects were approved. The first advisory services project, USD 617,270 to support productivity and quality improvements and training for coffee farmers in Kenya, was approved on January 17, 2013.

¹⁵ Committed on January 11, 2013

in Latin America and Africa. Root Capital's clients are farmers' cooperatives and small and medium-sized agribusinesses which are too large for microfinance and too small for traditional banks. In 2011, the company reached about 200,000 farmers engaged in exporting products like coffee, cocoa, nuts, fresh fruits and vegetables.

47. Root Capital extends small loans to small, rural clients and then supports them as they grow and return for larger loans. The majority of these loans employ a form of value-chain financing whereby Root Capital lends against signed purchase agreements between clients and their buyers. Borrowers instruct their purchasers to send all payments to Root Capital, which deducts interest and principal payments due on the loan. The company doesn't take traditional collateral and has found that risk of default on its loans is low.

48. In January 2013, IFC and GAFSP signed an agreement with Root Capital to each provide USD 5 million in loans to support its expansion into Africa, particularly: Benin, Burkina Faso, Cameroon, Ghana, Kenya, Liberia, Mali, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Uganda, and Zambia. Root Capital is not currently a profitable business and depends on grants and philanthropic funding to fill its financing gap. Growth should enable Root Capital to achieve economies of scale and help it become self-sustaining. In addition to financing, IFC will contribute knowledge, experience and commercial discipline that will support the company as it makes the transition from non-profit to financially sustainable financial institution.

49. The USD 10 million total investment is expected to help Root Capital reach 300,000 more farmers, out of which 140,000 will be female farmers. It is also expected to demonstrate the business case for sustainable agriculture in difficult environments.

Global Warehouse Finance Program (GWFP)

50. GWFP helps banks increase access to finance for small and medium enterprises and small farmers in developing countries by providing them with funding, risk mitigation instruments, and training to implement a specific model of inventory financing called "warehouse financing." Warehouse financing is a lending technique that allows farmers get credit secured by their harvested commodities deposited in warehouses. This financing model makes it possible for banks to reach small-scale farmers that would otherwise be hard to support.

51. GWFP supports food security by increasing food availability through reduced food storage losses, supporting farmers' income, reducing income instability and increasing market access to producers. Furthermore, GAFSP support to GWFP represents a very effective mechanism for addressing some of the hardest challenges with agricultural lending. According to a recent study by IFC, agricultural lending typically involves systemic, covariate risks which are intensified for short term finance, particularly to SME and small-hold farmers. Since these risks are systemic and affect all creditors' activities, the inclusion of risk mitigating instruments from GAFSP represents a unique and effective mechanism to manage some of these systemic risks, thus removing blocks to financing agriculture in IDA-only countries.

52. GWFP was originally approved by IFC board in September 2010 for up to USD 200 million and due to the great demand observed it was subsequently increased to USD 500 million in May, 2012. In December, the board approved an additional USD 20 million, funded by GAFSP, to support projects

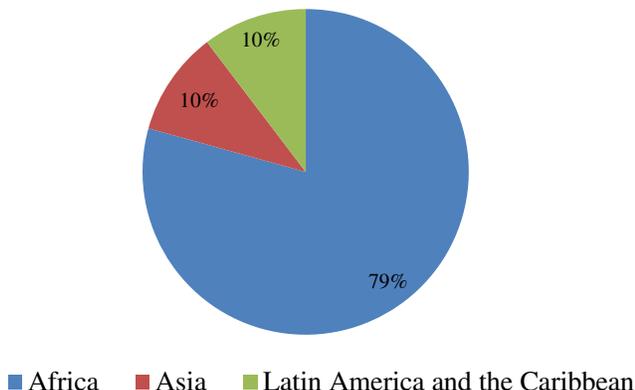
under the program where IFC would be unable to support on its own due to the higher risk profile of these transactions. This includes transactions with more challenging crops, difficult business environments, or transactions with local banks in GAFSP-eligible countries.

53. By drawing in private investment, GWFP helps overcome market barriers and provides a demonstration effect for other financiers to increase lending in the poorest countries through warehouse-financing mechanisms. It is estimated that the GAFSP support will lead to over USD 135 million annually in new financing to farmers in low-income countries. Key African markets for new GWFP business include Burkina Faso, Ethiopia, Ghana, Guinea Bissau, Kenya, Malawi, Senegal, Tanzania and Uganda.

Current Pipeline of Projects under GAFSP Private Sector Window

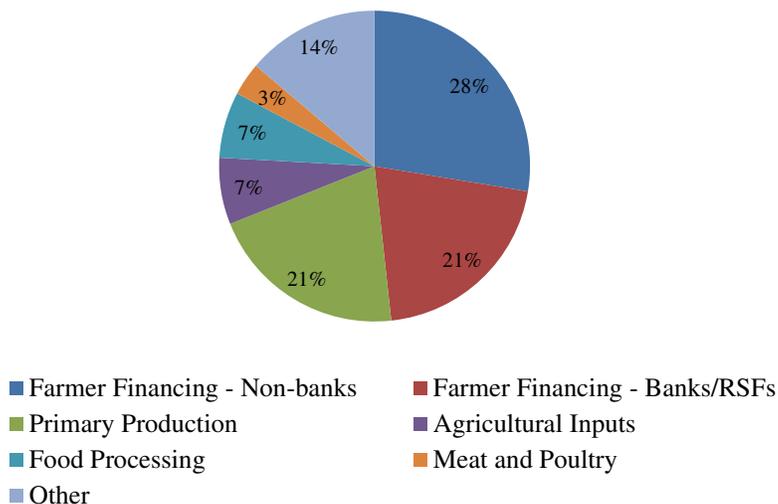
54. As of January 2013, the Private Sector Window of GAFSP has more than USD 80 million in GAFSP investments under consideration. This includes projects at different stages of the investment cycle, such as initial review, internal approval process, or pending commitment with client; it does not include potential projects originated from the Second Call for Proposals, pending final review. Due to the intrinsic challenges from pipeline building with private sector projects, these figures may change over time depending on client factors, market conditions, or other external variables.

Figure 6: Private Sector Pipeline Regional Distribution



55. As can be seen in Figure 6 almost 80 percent of the pipeline under consideration consists of projects based in Africa, in line with the strategic priorities defined at the GAFSP Private Sector Window Annual Plan for FY13. The remaining portion is evenly distributed between Asia and Latin America and the Caribbean. Approximately 28 percent of the projects under consideration correspond to financing to farmers through programmatic projects, 21 percent to financing to farmers through financial institutions and 21 percent to primary production (Figure 7). In terms of size, existing pipeline is evenly distributed among project sizes, including small and medium projects and a number of programmatic, larger projects.

Figure 7: Private Sector Pipeline Business Area Distribution



Second Public Call for Proposals of the Private Sector Window

56. On October 29, 2012 the Secretariat of the Private Sector Window launched the Second Public Call for Proposals under this Window. The launching event took place at the Africa Works Conference in Zeist, Netherlands, and counted with the presence of private sponsors, development finance institutions, academia, civil society and other key stakeholders active in Africa and low-income countries around the World.

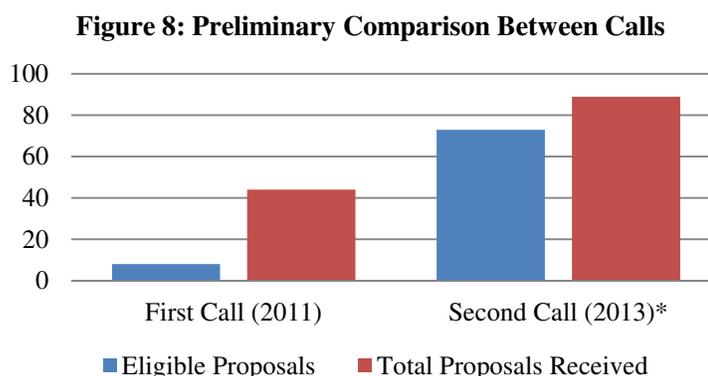
57. Based on the experience and lessons learned from the previous Call launched in July 2011, the GAFSP Private Sector Window Secretariat introduced several changes aimed at increasing the number of eligible investment proposals received and increasing the potential of sourcing GAFSP investments from the Call. These changes included: i) clarified and simpler eligibility criteria; ii) minimum project size of USD 5 million, to streamline the evaluation process and set a benchmark for commercially viable projects; iii) relaxation of the three-year demonstrated profitability for projects that sufficiently meet all other criteria; iv) extended period for application under the Call; and v) requirement of investment to be located exclusively in IDA-only countries (lowest income countries).

58. Prior and during the period of the Call for Proposals, the Secretariat of the Private Sector Window, with the support from the Coordination Unit, engaged in extensive communications with prospective applicants, private sector players in agribusiness in low income countries, financial institutions, multilateral development banks, governments, development institutions, civil society and other key stakeholders to raise awareness on the Call and clarify objectives and conditions of participation for the Call. Outreach efforts included presentations at IFC and external events, communication to local media sources, direct outreach to intermediaries or prospective project sponsors, and communication campaigns through social media.

59. Originally announced for 45 days, the GAFSP Private Sector Window Secretariat extended the Call for Proposals until January 31, 2013 in light of the significant number of inquiries and requests for additional preparation time. The Secretariat has initiated the reviewing process for the proposals received and plans to communicate a decision to participant within six to eight weeks from the Call due date.

60. Based on initial results, the Second Call has evidenced a strong response from private sector project sponsors, considerably higher than in the First Call. During the approximately 90 days of the Call, a total of 89 proposals were received, which represents approximately twice the number of projects received during the previous process (see Figure 8). In terms of fit project alignment with the objectives of the Call, the number of proposals meeting basic eligibility criteria totaled 72, comparing to eight eligible proposals received during the First Call. Even though further analysis will be required to evaluate the potential for GAFSP investments within this pool of proposals, the Call proved to be successful in providing a significant number of valuable investment projects for the Private Sector Window.

61. As can be seen on Figures 9-12, 88 percent of the proposals received correspond to projects in Africa, followed by Latin America and the Caribbean with 7 percent of proposals and Asia with 5 percent of proposals. Approximately 10 percent of projects are located in Ghana, followed by Ethiopia with 9 percent and Tanzania with 8 percent. Proposals included a whole array of subsectors



within the agribusiness value chain, including rural financing and funds (10 percent), agricultural inputs (9 percent) and meat and poultry production and processing (8 percent). In terms of project size, approximately 16 percent of the proposals correspond to projects of USD 50 million or more, 16 percent to projects of USD 20 to USD 50 million, 19 percent to projects of USD 5 to USD 10 million and 39 percent to projects between USD 5 and USD 10 million.

Figure 9: Breakdown of Investment Proposals Received

Figure 9a: Regional Breakdown

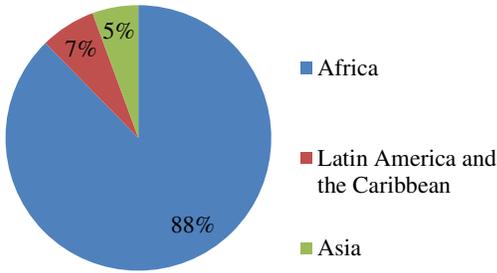


Figure 9b: Sector Breakdown

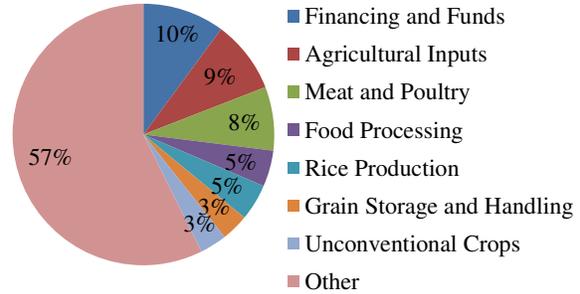


Figure 9c: Country Breakdown

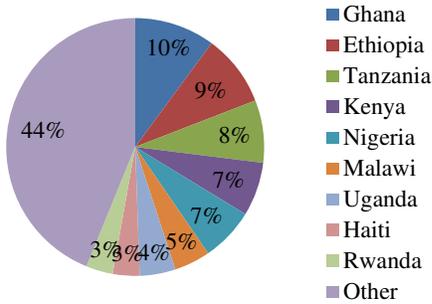
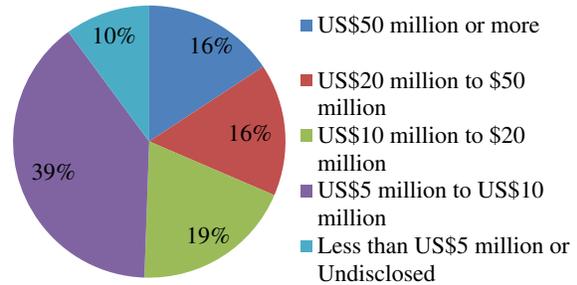


Figure 9d: Project Size Distribution



Partnerships and Events

62. During the second half of 2012, the GAFSP Private Sector Window engaged in a number of outreach activities with the objective of fundraising, increasing visibility of GAFSP, promoting the Second Call for Proposal, supporting project implementation, and exchanging knowledge and experiences with stakeholders, key institutions, and other organizations in the field.

- **IFAD Roundtable** (Rome, Italy, June 2012): Organized by IFAD, this conference served as an opportunity for international agencies, private sponsors, academics and other stakeholders to discuss the best approaches to attract financing from private investors. GAFSP Private Sector Window experience was shared and valuable insights were obtained from other participants.
- **USAID-IFC Working Day** (Washington, D.C., August 2012): Hosted by U.S. Agency for International Development, the event served as an opportunity for GAFSP Private Sector Secretariat to present the Program to USAID general staff and officers in the field and explore new avenues to raise awareness of GAFSP Private Sector Window in low-income countries.
- **African Green Revolution Forum** (Arusha, Tanzania, September 2012): This forum united some of the key development finance institutions, international organizations, think tanks and private companies for a week to discuss action plans for developing Africa's agricultural sector and support food security by empowering small-hold farmers.
- **CIDA-IFC Consultations** (Ottawa, Canada, September 2012): Hosted by the Canadian International Development Agency (CIDA), the event served as an opportunity for discussing current and future areas of collaboration as well as development results for private sector interventions, with GAFSP Private Sector Window as main theme.
- **Africa Works** (Zeist, the Netherlands, October 2012): Hosted by the Government of the Netherlands, the conference joined key stakeholders to discuss current challenges and opportunities for development through inclusive private sector investments. As part of this event, the GAFSP introduced the Second Public Call for Proposals for the Private Sector Window at the Plenary Session and at two breakout sessions.
- **MCC Agriculture College** (Washington, D.C., November 2012): Hosted by U.S. agency Millennium Challenge Corporation, the event united key development institutions and U.S. Government agencies to share lessons learnt and experiences and look for opportunities for better interventions in food security and agriculture projects.
- **Expanding Supply Chains through Small-hold Engagement Event** (Washington, D.C., December 2012): Organized by IFC, this two-day event congregated development finance institutions, international agencies, private companies and organizations engaged at different stages of the value chain to discuss new approaches and mechanisms to include small-hold farmers in global markets.

63. Additionally, the GAFSP Private Sector Window Secretariat continued discussions with other international organizations, specialized agencies, and think tanks to develop formal channels for cooperation to address the objectives of the program:

- On January 21, 2013, IFC signed an agreement with FAO to jointly promote private investment in agriculture in low-income countries. As part of this partnership, both organizations will work together to formulate business proposals for agricultural investments in selected low-income countries, and IFC will utilize FAO's technical expertise and knowledge networks as it implements its strategy for promoting food security and rural incomes. Also, the organizations will cooperate to further best practice guidelines such as the Principles for Responsible Agriculture Investment.
- The GAFSP Private Sector Window Secretariat engaged in discussions and exchanges with IFAD with the objective of developing new mechanisms to support common objectives of the organizations. As part of this collaboration, both organizations will exchange information on innovative proposals that reach small-hold farmers and where there is potential for private sector

investments. IFAD has successfully developed similar joint initiatives with IFC clients in the past and expects to further results by collaborating with GAFSP Private Sector Window.

Continuous Improvement Process

64. As noted in the 2012 GAFSP Annual Report, the Steering Committee launched the GAFSP “Continuous Improvement Process” in April 2012. The Meridian Institute, a non-profit organization that specializes in consensus building and collaborative problem solving, with extensive experience in international agricultural research and development was brought on board to design and implement the process. After carrying out an extensive interview process with Steering Committee members and other GAFSP stakeholders, the Meridian Institute produced a draft report reflecting its findings in December 2012. Using this document as a departure point, the Steering Committee will begin to focus their attention on key areas for improvement that have been identified in the interviews to capitalize on its successes and maximize its potential. This work will be facilitated by the Meridian Institution and will begin in the first quarter of 2013 through smaller working groups of the Steering Committee. The following areas will be the focus of the work to be undertaken:

- (i) The Coordination between the Public and Private Sector Windows
- (ii) Steering Committee membership, voting, and other governance issues
- (iii) Fundraising for the Public Sector
- (iv) Revisiting key issues in Country Guidelines, such as weighting, thematic issues, and streamlining implementation

65. The process is intended to ensure that GAFSP has the greatest possible impact increasing food security and reducing poverty at the country level, focuses on programmatic opportunities and working groups will be deliberated by the GAFSP Steering Committee as a whole, and will likely result in adjustments and refinements to existing procedures and process to improve the effectiveness of the program going forward.