

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Global Agriculture and Food Security Program Partners Announce Second Round of Grants, Encourage Contributions from G-20 Counterparts

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**Three Countries to Receive \$97 Million to Help Small Farmers Increase Incomes and Improve Food Security**

**WASHINGTON** – Partners in the Global Agriculture and Food Security Program (GAFSP), a new fund to increase agriculture productivity and reduce poverty, announced this week that Ethiopia, Niger and Mongolia will receive the fund's second round of grants totaling \$97 million. The grants will help each country increase food security, raise rural incomes and reduce poverty by enabling small holder farmers to grow more crops and earn more.

"Today's announcement demonstrates the promise of the Global Agriculture and Food Security Program," said Treasury Secretary Tim Geithner. "These investments will improve access to better seeds and soil, build rural infrastructure and connect farmers to markets. While three countries have been granted funding, many more compelling proposals were not financed due to lack of resources. In order to sustain this fund, we urge our G-20 colleagues to join us in this endeavor."

Twenty developing countries from regions including Africa, Asia, the Middle East and Latin America applied for the fund's second round of grants, with a total request of nearly \$1 billion. At the forthcoming G-20 Leaders Summit in Seoul, heads of state will discuss progress on global food security.

Launched in April 2010, GAFSP is supported by the United States, Canada, South Korea, Spain, and The Bill & Melinda Gates Foundation. Australia has recently joined the fund with a \$50 million contribution. The fund represents a global effort to revive the agriculture sector in poor countries, and is a key element of the Obama Administration's initiative to enhance global food security. In the fund's first six months of existence, it has supported a total of eight countries and allocated \$321 million.

"Last year, the G-20 pledged \$22 billion to reverse decades of neglect of small farmers in the developing world," said Bill Gates, co-chair of the Bill & Melinda Gates Foundation. "It's time to follow through on those promises. The overwhelming demand for this fund proves it's a smart and effective way to support countries that are prioritizing agriculture. Helping family farmers be more productive and profitable will have a massive impact on hunger and poverty."

The winning countries were selected based on the recommendations of an independent review conducted by global agriculture experts. In addition to having strong needs, the successful proposals demonstrated a comprehensive national agriculture strategy, technically sound interventions to increase agricultural productivity and a commitment to invest their own resources in the agriculture sector.

"Korea is committed to working with developing countries to strengthen their agriculture sectors. As G-20 countries gather in Seoul this week, these grants send a powerful message: we are fulfilling our promises to end chronic hunger," said Korean Finance Minister Yoon. "The Global Agriculture and Food Security Program is a critical partner for developing countries. We urge new G-20 donors to contribute to this fund."

The fund granted awards to:

- **Ethiopia (\$51.5million):** The fund will bolster agricultural production by increasing agricultural productivity and reducing soil degradation. GAFSP will also accelerate agricultural commercialization and agro-industrial development, improving nutrition and food security and protecting vulnerable households from natural disasters.
- **Niger (\$33 million):** The fund will finance the construction of new irrigation and water-harnessing infrastructure aimed at improving crop productivity.
- **Mongolia (\$12.5 million):** The fund will assist in linking farmers to markets, raising livestock productivity and quality, and providing technical assistance, allowing herders to more easily market their livestock.

It is estimated that the sudden increase in food prices in 2008 drove 100 million people into poverty. Even before the food price spikes, 850 million people in poor countries were chronically malnourished. With the outlook for future food prices still uncertain, GAFSP seeks to improve food security and reduce poverty by delivering rapid and predictable financing for the agriculture sector in low-income countries.

The fund was created in response to a call by G-20 Leaders in Pittsburgh last year for the World Bank Group to work with interested donors to set up a multi-donor trust fund to implement some of the \$22 billion in pledges made by G-8 Leaders at their meeting in L'Aquila.

