

# U.S. DEPARTMENT OF THE TREASURY

## Press Center



### Remarks by Assistant Secretary Marisa Lago to the Partnership to End Hunger and Poverty in Africa's Annual Forum

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***As Prepared for Delivery***

Secretary Glickman, thank you so much for the kind introduction. I am extremely pleased to be here today to address a group that is so committed to improved food security in Africa.

This year's Forum could not be more timely. Global food prices are again on the rise, creating new vulnerabilities for developing countries, undermining stability and increasing poverty. Just last week, the World Bank estimated that, as a result of the increase in food prices since June 2010, 44 million people have fallen into extreme poverty in low and middle income countries. With nearly one billion people already suffering from chronic hunger in the world today, and with the related challenges of climate change, water shortages and land scarcity, greater long-term investments in agriculture are critical to promote economic growth, strengthen stability and alleviate hunger.

There is some encouraging news, however. Unlike the last food price spike in 2007 and 2008, today there are mechanisms in place that can help mitigate the short-run impacts of higher food prices, and also address the need for longer-term investments in agriculture that can boost supply and improve the resiliency of low-income countries.

In 2009, thanks to U.S. leadership, the leaders of the G-8 countries and other heads of state pledged \$22 billion for agricultural development in poor countries at the L'Aquila Summit. The United States pledged \$3.5 billion and we are making progress against that pledge. USAID Deputy Administrator (Donald) Steinberg already talked about one part of the U.S. approach this morning – the Feed the Future initiative. And Under Secretary Bartuska just provided us with a great overview of U.S. and multilateral efforts on agricultural research.

I'll round out the picture by talking about another key facet of the Administration's Feed the Future initiative – the Global Agriculture and Food Security Program or GAFSP. A key theme of the Obama Administration has been the importance of partnering with others in multilateral efforts to address global problems. Tackling global food security requires collective action. At a time when many donors, including the United States, face resource constraints, leveraging those resources and strengthening international cooperation is vital. GAFSP provides the mechanism for partnering with others in the global community – development partners, developing countries, multilateral institutions, civil society and the private sector. GAFSP brings us together to make tangible progress in reducing hunger and poverty in some of the world's poorest countries.

What is GAFSP? It's a multi-donor trust fund that provides financing for the comprehensive agriculture development strategies of low-income countries. GAFSP was established in 2010 following a call by G-20 leaders to set up a multilateral mechanism that could help implement some of the L'Aquila pledges. The United States, Canada, Spain, South Korea and the Gates Foundation were the founding contributors to GAFSP, and spearheaded its creation. At its launch in April 2010, the founding donors pledged nearly \$900 million to the fund, which is housed at the World Bank. The United States made the largest pledge, promising to contribute \$475 million. The Treasury Department manages the U.S. relationship with GAFSP, as part of our oversight responsibility for the multilateral development banks.

Less than a year has gone by since GAFSP was established, but it has already had significant success in demonstrating its value in addressing global food insecurity. Grants totaling \$337 million have been awarded to countries in Latin America, Africa and Asia to help them address rural infrastructure needs, provide smallholder farmers with access to higher-yielding technologies, and better manage scarce water resources.

I'd like to highlight a few key features of GAFSP. First, GAFSP awards grants through an open, competitive, transparent process that prioritizes funding for countries that have comprehensive, country-owned agricultural development strategies, high levels of poverty and hunger, and robust, evidence-based proposals that require financing. An independent group of recognized experts in agriculture and development – the Technical Advisory Group – assesses country proposals, insulating the award process from political pressure. Twenty-five countries applied for financing in 2010 and eight received grants.

Implementation of grant awards has been rapid. Multilateral institutions such as the International Fund for Agricultural Development, the World Bank, and the African Development Bank help countries to implement the grants. Two of the five grants awarded in June 2010, to Rwanda and Togo, are already beginning implementation, and the other three grants are likely to begin implementation in the first half of this year. In Rwanda, GAFSP is financing a portion of the government's ambitious hillside terracing program, which will both boost yields and reduce erosion. This is important in a country where 90% of the farmland is on hillsides. In Togo, GAFSP financing is building critical rural infrastructure and supporting the adoption of improved crop varieties to both boost yields and reduce post-harvest losses.

In both of these countries, the GAFSP program has been characterized by very strong country ownership in the design and financing of the projects. For instance, Rwanda is contributing \$15 million in its own funds to match the GAFSP grant, while Togo is contributing \$17 million of its own funds.

A second key feature of GAFSP is the robust and innovative monitoring and evaluation framework that has been established, which will help us to learn from and account for GAFSP's investments. The framework includes common results indicators that will be used by all of the fund's implementing agencies, and in-depth impact evaluations for at least 30% of all projects. We view it as a very positive sign that half of all of the countries that have been awarded GAFSP grants have already committed to or inquired about participating in the in-depth impact evaluations.

GAFSP also places a premium on the transparency of its operations and making project information readily accessible. Project data and minutes of GAFSP's Steering Committee meetings are already available on the GAFSP website. Project status reports and evaluations will also be made available as projects are implemented. GAFSP is also using geo-code to take the exact GPS locations of its projects. With this geographic information, GAFSP will be able to create accurate and precise profiles of its projects, and capture precise snapshots of economic development as it occurs. These exact geographical coordinates will allow observation of micro-level changes in community outcomes, and thus a better ability to respond to specific needs across projects.

A third key feature of GAFSP is the central role of developing countries and civil society in the fund's governance, in many of its design features and in advocating for additional resources for the fund. Developing countries and contributing countries have equal voting power on the Steering Committee. Representatives from a number of civil society

organizations, including farmer groups in developing countries, sit on GAFSP's Steering Committee. The partnership that has developed among the various actors on the Steering Committee has been one of GAFSP's greatest successes in its first year.

Looking ahead to 2011, GAFSP aims to build upon its success, while addressing some key challenges. As GAFSP-financed projects begin implementation, we'll begin to draw some lessons from their activities and further increase our understanding of the efficacy of these interventions.

We'll also look to provide financing to additional countries. We have in hand proposals from 17 countries, with financing requests totaling approximately \$800 million. While not all of the proposals meet GAFSP's requirements for country readiness or proposal strength, many of these proposals are ready for financing now. Meeting these needs has only taken on more urgency with the increase in food prices.

Our biggest challenge is finding the donor funds to meet these financing needs. Since the majority of GAFSP's available resources have already been allocated, attracting new donors is a top priority in 2011. The United States is actively working to secure new contributions to the trust fund.

It is also critical that the United States meet its pledge to GAFSP, in order to maintain our leadership and our credibility on global food security issues. While we have already contributed \$67 million to the GAFSP trust fund, the Administration's request for an additional \$408 million in Fiscal year 2011 has been complicated by the lack of a full-year budget and the difficult fiscal situation facing the United States. We are continuing to work with our Congress to meet our pledge so that we can secure new donors for GAFSP and finance the many robust country proposals that are currently waiting for funding.

I want to end by noting that in the last year I have had the pleasure of traveling extensively in Africa. I've seen first-hand the benefits of greater investments in the agricultural sector in Ghana, Ethiopia and Tanzania: benefits such as higher incomes for smallholder farmers, better access to services in rural areas, and higher levels of agricultural productivity.

GAFSP is already playing a meaningful role in delivering these long-term investments to many African countries, and in 2011 it may be able to deliver even more. GAFSP could support small-scale irrigation schemes and improved access to high-yield seeds in Liberia. Or it could assist in the development of stronger linkages between smallholder farmers and agribusinesses in Ghana. But meeting these needs will depend on new financial resources from the United States and other donors. Rising food prices pose great risks to many in the developing world, but I'm hopeful that this unfortunate development will draw heightened attention to the issue of food security, helping to reinvigorate the financial promises made at L'Aquila two years ago. With more and better investments in agriculture through GAFSP, we can and will make a meaningful reduction in hunger in Africa. Thank you.