

## World Bank Launches \$1.2 Billion Fast-Track Facility for Food Crisis

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**WASHINGTON, May 29, 2008** – The World Bank Group announced today it would support global efforts to overcome the global food crisis with a new \$1.2 billion rapid financing facility to address immediate needs, including \$200 million in grants targeted at the vulnerable in the world's poorest countries.

Announcing several measures to address immediate to longer-term food challenges, the World Bank Group said it would boost its overall support for global agriculture and food to \$6 billion next year up from \$4 billion, and would launch risk management tools, and crop insurance to protect poor countries and small-holders.

*“As we go into the Rome meeting next week, it is crucial that we focus on specific action. Along with our partners, these initiatives will help address the immediate danger of hunger and malnutrition for the two billion people struggling to survive in the face of rising food prices, and contribute to a longer-term solution that must involve many countries and institutions,”* said World Bank Group President **Robert B. Zoellick**.

Grants for Djibouti (\$5 million), Haiti (\$10 million), and Liberia (\$10 million) are being approved today. Over the coming month, the World Bank expects to provide grant support to Togo, Yemen and Tajikistan. These countries have been identified as high priority based on rapid needs assessments undertaken in the field with the World Food Program, the Food and Agriculture Organization, and the International Fund for Agricultural Development. Rapid needs assessments have now been completed in more than 25 countries, with another 15 ongoing.

The \$1.2 billion facility, which is designed to address immediate needs, supports safety net programs such as food for work, conditional cash transfers, and school feeding programs for the most vulnerable. It provides support for food production – this year and beyond - by supplying seeds and fertilizer, improving irrigation for small-scale farmers, and providing budget support to offset tariff reductions for food and other unexpected costs.

As part of the new facility the World Bank is also establishing a Multi-Donor Trust Fund to facilitate policy and operational co-ordination among donors, and leverage financial support for the rapid delivery of seeds and fertilizer to small farmers for the upcoming planting season.

The new rapid response facility stands alongside other efforts by the World Bank Group to address the global food crisis. The World Bank Board of Executive Directors is considering initiatives to provide risk management tools to poor countries faced by drought and other catastrophes.

*“We’re working with our Board to deploy index-related hedges and insurance products to protect poor farmers and countries from weather and supply shocks,”* said **Zoellick**.

Under a proposal being discussed by the Bank’s Board in June, Malawi could be the first of several

countries to use the World Bank as an intermediary to access weather derivatives. Should Malawi suffer a drought, then it would be protected against a rise in the price of imported maize. IFC, the World Bank Group member that promotes private sector investment, is proposing to support crop and livestock insurance for small-holders in developing countries.

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