



December 31, 2016

Consultative Group on International Agricultural Research (CGIAR) Fund

Administered by the International Bank for Reconstruction and Development as
Trustee

World Bank Reference: TF069018

**Independent Auditors' Report and Statement of Receipts,
Disbursements and Fund Balance**

The World Bank Group

Trust Funds Division, Trust Funds and Loans Department
Finance & Accounting Vice Presidency

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Independent Auditors' Report

International Bank for Reconstruction and Development,
as Trustee of the Consultative Group on International Agricultural Research (CGIAR) Fund—TF069018:

We have audited the accompanying statement of receipts, disbursements and fund balance (the Statement) of the Consultative Group on International Agricultural Research (CGIAR) Fund—TF069018 (the Trust Fund) under administration by the International Bank for Reconstruction and Development as Trustee (the Trustee) for the year ended December 31, 2016, and for the period from December 1, 2010 (date of inception) to December 31, 2016, and the related notes to the Statement.

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the Statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or to error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the receipts, disbursements and fund balance of the Trust Fund for the year ended December 31, 2016, and for the period from December 1, 2010 (date of inception) to December 31, 2016, in accordance with the modified cash basis of accounting described in Note 2.



Basis of Accounting

We draw attention to Note 2 of the Statement, which describes the basis of accounting. The Statement is prepared on the modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles or International Financial Reporting Standards. Our opinion is not modified with respect to this matter.

KPMG LLP

Washington, District of Columbia
March 31, 2017

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2016

All amounts expressed in U.S. dollars unless otherwise noted

	Notes	For the fiscal year ended December 31, 2016	December 1, 2010 (date of inception) to December 31, 2016
Contributions	4	\$463,764,773	\$3,120,750,195
Net investment income	5	171,817	1,634,623
Total receipts		<u>463,936,590</u>	<u>3,122,384,818</u>
Disbursements to CGIAR Centers	6	516,454,661	3,021,223,170
Administrative budget disbursements, net	7	11,513,328	93,031,697
Total disbursements		<u>527,967,989</u>	<u>3,114,254,867</u>
Excess of receipts over disbursements/(disbursements over receipts) before foreign currency adjustment		(64,031,399)	8,129,951
Foreign currency adjustment	2	<u>(2,337)</u>	<u>632,668</u>
Excess of receipts over disbursements/(disbursements over receipts) after foreign currency adjustment		(64,033,736)	8,762,619
Fund Balance:			
Beginning of period		72,796,355	-
End of period		<u>\$ 8,762,619</u>	<u>\$ 8,762,619</u>
Fund balance consists of:			
Trust Fund's share of the cash and investments in the Pool of which,			
Unrestricted		5,312,643	5,312,643
Restricted	8	3,449,976	3,449,976
	3	<u>\$ 8,762,619</u>	<u>\$ 8,762,619</u>

The accompanying notes are an integral part of this Statement of Receipts, Disbursements and Fund Balance.

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Note 1 - Organization

The Consultative Group on International Agricultural Research (CGIAR), established in 1971, is a global partnership of organizations engaged in scientific research and other research related activities in the fields of agriculture, forestry, fisheries and natural resources and their funders, with the vision of reducing poverty and hunger, improving human health and nutrition and enhancing ecosystem resilience.

The funders include developing and industrialized country governments, foundations, and international and regional organizations. The research itself is carried out by the 15 independent member centers (CGIAR Centers) of the Consortium of International Agricultural Research Centers, in close collaboration with hundreds of partner organizations, including national and regional research institutes, civil society organizations, academia, and the private sector. In November 2016, the legal name of the Consortium officially changed to CGIAR System Organization.

The CGIAR Fund (Trust Fund) is a multi-donor trust fund administered by the International Bank for Reconstruction and Development (IBRD) as Trustee. The Trust Fund is governed by the CGIAR System Council, which replaced the former Fund Council effective July 2016. The CGIAR System Council is a representative body of the Trust Fund donors and other stakeholders and is the decision-making body of the Trust Fund. In July 2016, CGIAR transitioned to a new governance model consisting of the CGIAR System Council, System Organization, General Assembly of Centers, Advisory Bodies and the Partnership Forum. The System Council approves research programs based on the advice provided by Independent Science and Partnership Council (ISPC), a panel of leading scientific experts. The System Organization, distinct from IBRD's role as Trustee, provides support to the System Council and liaises with other CGIAR participants. The Independent Evaluation Arrangement (IEA) is an independent unit which supports the CGIAR in the pursuit of its objectives. The IEA manages and supports external evaluations that aim to provide accountability, support to decision making, and lessons for improving quality and effectiveness of agricultural research for development outcomes.

The Trustee established the Trust Fund on December 1, 2010 (date of inception, hereinafter referred to as "Inception"), to hold and subsequently disburse funds for programs and other activities approved by the System Council, upon appropriate disbursement requests from the System Organization, or under the instructions from the donors, as applicable. The Trustee has no fiduciary responsibility subsequent to transferring funds to the recipient. The Trustee also manages the investment of the Trust Fund's assets, and provides accounting and financial reporting services for the Trust Fund. Donors to the Trust Fund may designate their contribution for disbursement to any of the specific CGIAR Centers or CGIAR Research Programs (CRPs) carried out by these CGIAR Centers in accordance with the respective donor agreements (the Agreements) (see Note 8).

The Statement of Receipts, Disbursements and Fund Balance (the Statement) reports solely upon the receipts, disbursements and fund balance of the Trust Fund, and does not include the activities or financial position of the System Council, the System Organization or any of the recipients.

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Note 2 - Significant accounting policies

Basis of preparation

The Statement has been prepared on the cash receipts and disbursements basis of accounting, modified to record the Trust Fund's share in the pooled cash and investments at fair value (modified cash basis of accounting). Accordingly, net investment income includes the Trust Fund's share of realized and unrealized investment income/loss (see Note 3).

The modified cash basis of accounting is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (U.S. GAAP) or International Financial Reporting Standards (IFRS); therefore, the Statement is not intended to be a presentation in conformity with U.S. GAAP or IFRS. Receipts, with the exception of net investment income, as described above and in Note 5, are reported when collected (i.e., when credited to the Trust Fund) rather than when pledged/earned, and disbursements are reported when paid (i.e., when debited to the Trust Fund) rather than when incurred. For example, the following transactions may be incurred in one period and reported in a different period: (1) contributions not credited to the Trust Fund at the period end date due to timing or other reasons, (2) disbursements, including approved grant payments, not debited to the Trust Fund at period end due to timing or other reasons; and (3) any refunds of previous disbursements deemed by the Trustee, to be ineligible in accordance with the Agreements.

Treatment of foreign currency transactions

The Statement is presented in U.S. dollars, which is the Trust Fund's functional and reporting currency. Transactions in currencies other than U.S. dollars are reported as follows:

- i) Contributions received by the Trust Fund in various currencies are converted into U.S. dollars by IBRD, as Trustee, upon receipt of funds and receipt of countersigned contribution agreements. Foreign currency transaction gains or losses, if any, on conversion of the contributions are borne by the Trust Fund and are reported under contributions in the Statement.
- ii) Disbursements to CGIAR centers in currencies other than U.S. dollars, if any, are reported at the rates of exchange prevailing on the date of transaction and hence do not result in any exchange gain/loss to the Trust Fund.
- iii) At the end of each reporting period, fund balances that are not denominated in U.S. dollars, if any, are revalued at the market rate of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes are recognized as foreign currency adjustment in the Statement.

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Use of estimates

The preparation of the Statement requires management to make estimates and assumptions based upon information available as of the date of the Statement. Actual results could differ from these estimates. Areas in which management makes estimates and assumptions in determining the amounts to be recorded include the fair value of the Trust Fund's share of the pooled cash and investments. (See Notes 3 and 5)

Note 3 - Trust Fund's share of the cash and investments in the Pool

Amounts paid into the Trust Fund but not yet disbursed are managed by IBRD, which maintains an investment portfolio (the Pool) for all of the trust funds administered by IBRD, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes (collectively, the World Bank Group). IBRD, on behalf of the World Bank Group, maintains all trust fund assets separate and apart from the funds of the World Bank Group.

The Pool is a trading portfolio and is reported at fair value, with realized and unrealized gains/losses included in net investment income. The share in pooled cash and investments represents the Trust Fund's share of the Pool's fair value at the end of each reporting period. The Trust Fund's share in the Pool is not traded in any market; however, the underlying assets within the Pool are traded, and reported at fair value. All investment decisions are made and performance is monitored at the Pool level.

Generally, the Pool includes cash and liquid financial instruments such as government and agency obligations, time deposits, money market securities, and asset-backed securities. Additionally, the Pool includes equity securities, derivative contracts such as currency forward contracts, currency swaps, interest rate swaps, and contracts to purchase or sell mortgage-backed securities to-be-announced (TBAs). Payables and receivables associated with the investment activities are also included in the Pool. The Pool may also include securities pledged as collateral under repurchase agreements, receivables from resale agreements and derivatives for which it has accepted collateral.

The Pool is divided into sub-portfolios to which allocations are made based on fund-specific investment horizons, risk tolerances and/or other eligibility requirements for trust funds with common characteristics as determined by IBRD, on behalf of the World Bank Group. An individual sub-portfolio may hold all or a portion of the types of financial instruments held by the Pool.

The Trust Fund's share of the cash and investments in the Pool has a fair value of \$8,762,619 as of December 31, 2016.

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Note 4 - Contributions

Amounts committed by donors and received by the Trust Fund during the fiscal year ended December 31, 2016 and for the period from Inception to December 31, 2016 are as follows:

Donor		Amounts committed	For the fiscal year ended December 31, 2016			December 1, 2010 (date of inception) to December 31, 2016	
			Amounts received	Amounts received in		Amounts received	Amounts received in USD
				USD			
Australia	A\$	176,171,926	A\$ 20,905,955	\$ 15,447,371	A\$ 168,781,708	\$ 150,468,064	
Austria	€	6,803,750	€ 1,800,000	2,027,880	€ 4,931,633	5,758,342	
Bangladesh	US\$	600,000	US\$ 100,000	100,000	US\$ 600,000	600,000	
Belgium	€	33,727,000	€ 4,000,000	4,260,800	€ 33,727,000	41,361,487	
Bilateral donors ¹	US\$	15,658,657	US\$ 4,513,320	4,513,320	US\$ 15,658,657	15,658,657	
Bill & Melinda Gates Foundation	US\$	392,878,139	US\$ 102,824,274	102,824,274	US\$ 392,282,354	392,282,355	
Canada	Can\$	113,103,000	Can\$ 12,450,000	9,711,388	Can\$ 103,103,000	95,753,913	
China	US\$	13,290,085	US\$ 2,890,085	2,890,085	US\$ 13,290,070	13,290,070	
Denmark	DKK	205,000,000	DKK -	-	DKK 135,000,000	24,298,115	
			US\$ -	-	US\$ 10,432,162	10,432,162	
European Community (EC)	€	58,017,714	€ 8,268,833	9,026,366	€ 52,301,405	65,980,789	
Finland	€	14,000,000	€ -	-	€ 14,000,000	17,594,700	
France	€	5,800,000	€ 1,200,000	1,289,880	€ 5,800,000	7,345,290	
IBRD	US\$	307,000,000	US\$ 30,000,000	30,000,000	US\$ 307,000,000	307,000,000	
International Fund for Agricultural Development (IFAD)	US\$	20,021,125	US\$ 5,370,652	5,370,652	US\$ 20,021,124	20,021,124	
India	₹	1,657,708,000	₹ 448,750,000	6,681,448	₹ 1,657,708,000	27,226,497	
Islamic Republic of Iran	US\$	1,500,000	¥ -	-	¥ 123,401,000	1,195,196	
Ireland	€	21,092,500	€ 3,200,000	3,546,560	€ 21,092,500	26,563,803	
Italy	€	2,197,205	€ -	-	€ 2,197,205	3,016,840	
Japan	US\$	35,716,206	US\$ 5,800,000	5,800,000	US\$ 35,716,206	35,716,206	
Korea	US\$	1,475,500	US\$ -	-	US\$ 1,475,500	1,475,500	
Luxembourg	€	2,600,000	€ -	-	€ 2,600,000	3,354,847	
Mexico	US\$	6,000,000	US\$ 1,000,000	1,000,000	US\$ 3,000,000	3,000,000	
Morocco	US\$	3,000,000	US\$ 500,000	500,000	US\$ 2,000,000	2,000,000	
Netherlands	€	4,000,000	€ -	-	€ 4,000,000	5,359,400	
	US\$	245,019,051	US\$ 35,786,077	35,786,077	US\$ 223,175,554	223,175,554	
New Zealand	NZ\$	24,000,000	NZ\$ 5,500,000	3,804,350	NZ\$ 24,000,000	18,895,450	
Nigeria	US\$	1,200,000	US\$ -	-	US\$ 853,042	853,042	
Norway	Nkr	612,536,636	Nkr 65,000,000	7,944,661	Nkr 612,536,636	96,360,751	
Portugal	€	1,800,000	€ -	-	€ 1,800,000	2,295,090	
Russian Federation	US\$	15,000,000	US\$ -	-	US\$ 15,000,000	15,000,000	
South Africa	US\$	3,000,000	US\$ 500,000	500,000	US\$ 3,000,000	3,000,000	
Spain	US\$	500,000	US\$ -	-	US\$ 500,000	500,000	
	€	515,102	€ -	-	€ 515,102	691,412	
Sudan	US\$	1,000,000	€ -	-	€ 912,653	1,003,723	
Sweden	Skr	1,194,500,000	Skr 133,000,000	14,868,415	Skr 1,137,500,000	160,709,801	
Switzerland	SwF	91,300,000	SwF 16,800,000	17,244,919	SwF 91,300,000	98,243,121	
Thailand	US\$	600,000	US\$ 100,000	100,000	US\$ 600,000	600,000	
Turkey	US\$	3,000,000	US\$ 1,000,000	1,000,000	US\$ 3,000,000	3,000,000	
United Arab Emirates	US\$	1,000,000	US\$ 500,000	500,000	US\$ 999,962	999,962	
United Kingdom	£	304,770,595	£ 35,117,907	43,227,341	£ 302,190,595	468,678,012	
	US\$	15,340,627	US\$ -	-	US\$ 15,340,627	15,340,627	
United States	US\$	817,862,601	US\$ 133,798,986	133,798,986	US\$ 734,650,293	734,650,293	
Total				\$463,764,773		\$3,120,750,195	

¹ Represents share of administrative budget pertaining to funders contributing directly to the CGIAR Centers and received by the Trust Fund through the CGIAR System Organization.

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Note 5 - Net investment income

Net investment income consists of the Trust Fund's allocated share of the following: interest income earned by the Pool, realized gains/losses from sales of securities and unrealized gains/losses resulting from recording the assets held by the Pool at fair value.

Note 6 - Disbursements to CGIAR Centers

The Trust Fund made disbursements in the amount of \$516,454,661 and \$3,021,223,170 for the fiscal year ended December 31, 2016 and for the period from Inception to December 31, 2016, respectively. These amounts represent payments made by IBRD as Trustee, from the Trust Fund to the CGIAR Centers and are as follows:

CGIAR Center	For the fiscal year ended December 31, 2016	December 1, 2010 (date of Inception) to December 31, 2016
Center for International Forestry Research	\$ 26,367,846	\$ 184,014,295
International Center for Agricultural Research in the Dry Areas	10,945,904	90,189,733
International Center for Living Aquatic Resources Management	14,243,041	93,562,867
International Center for Research in Agroforestry	15,243,407	64,143,529
International Center for Tropical Agriculture	37,685,248	271,333,711
International Crops Research Institute for the Semi-arid Tropics	32,609,404	176,257,782
International Food Policy Research Institute	81,262,329	443,513,138
International Institute of Tropical Agriculture	39,253,532	199,115,093
International Livestock Research Institute	40,654,533	154,792,907
International Maize and Wheat Improvement Center	86,207,083	409,763,988
International Plant Genetic Resources Institute	24,038,851	265,364,339
International Potato Center	40,712,298	207,438,865
International Rice Research Institute	41,472,811	288,366,263
International Water Management Institute	19,169,392	140,541,164
West Africa Rice Development Association	6,588,982	32,825,496
Total	\$516,454,661	\$3,021,223,170

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

December 31, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Note 7 - Administrative budget disbursements, net

Upon approval by the System Council, administrative budget funds are transferred by the Trust Fund to the Trustee, the Independent Science and Partnership Council (ISPC), the Independent Evaluation Arrangement (IEA), the Global Forum on Agricultural Research (GFAR) and the System Organization to enable them to perform their functions under their respective terms and conditions. These disbursements are reported net of any unused funds returned to the Trust Fund.

The Trust Fund made net administrative budget disbursements in the amount of \$11,513,328 and \$93,031,697 for the fiscal year ended December 31, 2016 and for the period from Inception to December 31, 2016 as follows:

	For the fiscal year ended December 31, 2016	December 1, 2010 (date of inception) to December 31, 2016
System Organization	\$ 5,321,000	\$61,654,343
GFAR	-	1,250,000
IEA	1,664,720	9,674,026
ISPC	3,929,108	16,555,730
Trustee	598,500	3,897,598
Total	\$11,513,328	\$93,031,697

Note 8 - Restricted Funds

As discussed in Note 1 and in accordance with the Agreements, donors may designate their contributions for disbursement to specific CGIAR Centers or CRPs. Trust Fund's share of the cash and investment in the Pool includes an amount of \$3,449,976 that was restricted for disbursement to specified CGIAR Centers or CRPs as of December 31, 2016.

Note 9 - Subsequent events

Management has evaluated subsequent events through March 31, 2017, the date this Statement was available to be issued, and there are no subsequent events that would require adjustment to or disclosure in this Statement.