



Global Agriculture and Food Security Program Trust Fund

Public Sector Window

Financial Report

Prepared by the Trustee

As of September 30, 2023



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Introduction

The GAFSP Trust Fund (“Trust Fund”) was established as a Financial Intermediary Fund (FIF) in April 2010 in the World Bank. The GAFSP is a multilateral mechanism to assist in the implementation of pledges made by the G20 in Pittsburgh in September 2009. The objective is to address the underfunding of country and regional agriculture and food security strategic investment plans already being developed by countries in consultation with contributors and other stakeholders at the country-level. The GAFSP operates through two windows: Public Sector Window and Private Sector Window. The Public Sector Window is managed under the Trust Fund while the Private Sector Window is managed by the IFC. This report covers only the Public Sector Window.

The report is produced by the Trustee in accordance with the Trustee’s role in the GAFSP Governance Document as set forth under Section 5, which states:

“The Trustee will provide to the Steering Committee regular reports on the financial status of the Trust Fund, as set forth in the Contribution Agreements.”

Section 9 of the Standard Provisions in the Contribution Agreements for the Public Sector Window states as follows:

“The Trustee shall maintain separate records and ledger accounts in respect of the Trust Fund funds deposited in the Trust Fund and disbursements made therefrom. The Trustee shall report to the Steering Committee annually unless otherwise agreed between the Trustee and the Steering Committee, on the status of Allocations of funding recorded by the Trustee, commitments and transfers from the Trust Fund and receipts of funds in the Trust Fund.”

This report covers the financial status of the GAFSP Trust Fund as of September 30, 2023.



GAFSP Trust Fund Financial Summary as of September 30, 2023

Pledges and Contributions:

A pledge represents a contributor's expression of intent to make a contribution. Contributors finalize their pledges by way of a countersigned Contribution Agreement/Arrangement.

As of September 30, 2023, contributions and pledges to the Public Sector Window of the Trust Fund totaled USDeq. 2,139.8 million. Of this amount, USD 2,099.5 million has been received by the Trustee in cash.

Investment Income:

As of September 30, 2023, the Trust Fund earned investment income of approximately USD 97.4 million on the liquid balances of the Trust Fund and investment income received from Supervising Entities.

Funding Approvals:

The cumulative funding decisions made by the GAFSP Steering Committee ("Steering Committee") through September 30, 2023, totaled USD 2,039.3 million, of which USD 1,890.4 million represents allocations for projects, USD 88.5 million for Supervising Entity fees, USD 41.1 million for Trustee and Coordination Unit administrative budget, and USD 19.2 million for monitoring and evaluation.

Cash Transfers:

The Trustee has transferred a total of USD 1,357.1 million up to September 30, 2023, including USD 1,214.8 million related to projects.

Funds Held in Trust:

*Funds Held in Trust*¹ reflect contributions paid-in from contributors, and investment income earned less cash transfers. Funds Held in Trust as of September 30, 2023, amounted to USD 839.7 million.

Funds Available for Steering Committee Funding Decisions:

Funds available to support Steering Committee funding decisions amounted to USD 157.6 million as of September 30, 2023.

¹ Funds Held in Trust represents balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.

1. GAFSP Trust Fund Summary – Inception through September 30, 2023

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	2,129.2	99.5%
Pledges	10.6	0.5%
Total Pledges and Contributions	2,139.8	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	2,099.5	93.8%
Unencashed Promissory Notes	-	0.0%
Investment Income earned a/	97.4	4.4%
Total Resources Received	2,196.8	98.2%
<u>Resources not yet received</u>		
Contributions not yet paid	29.7	1.3%
Pledges	10.6	0.5%
Total resources not yet received	40.3	1.8%
Total Potential Resources (A) (in USD millions)	2,237.2	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	1,890.4	92.7%
Fees	88.5	4.3%
Trustee and Coordination Unit Budget	41.1	2.0%
Monitoring and Evaluation Budget	19.2	0.9%
Total Funding Decisions Net of Cancellations (B)	2,039.3	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	197.9	
<u>Funds Available</u>		
Funds Held in Trust	839.7	
Approved Amounts Pending Cash Transfers	682.2	
Total Funds Available to Support GAFSP Steering Committee Decisions	157.6	

a/ Represents investment income earned on the liquid balances of the GAFSP Trust Fund and investment income received from SEs

Note: totals may not add up due to rounding



2. Contributions

Contributions to the Public Sector Window as of September 30, 2023 (in millions)

Contributor	Currency	Effective (or signed) Contributions in Currency of Contribution	Cash Receipts in Currency of Contribution	Outstanding Contributions in Currency of Contribution	Outstanding Contributions in USDeq. b/	Receipts in USDeq. c/ d/
Australia	AUD	116.0	116.0	-	-	110.0
Canada	CAD	205.0	205.0	-	-	201.5
Bill and Melinda Gates Foundation	USD	87.5	87.5	-	-	87.5
Germany	EUR	524.8	496.8	28.0	29.7	550.6
Ireland	EUR	1.5	1.5	-	-	2.0
Korea	USD	83.9	83.9	-	-	83.9
Norway	NOK	462.3	462.3	-	-	50.3
Spain	EUR	80.0	80.0	-	-	105.2
United Kingdom	GBP	42.5	42.5	-	-	62.2
United Kingdom a/	USD	38.0	38.0	-	-	38.0
United States	USD	808.2	808.2	-	-	808.2
Total					29.7	2,099.5

a/ Represents Promissory Note contribution

b/ Valued on the basis of exchange rates as of September 30, 2023

c/ Represents actual USD receipts

d/ Includes cash receipts and encashed promissory notes

Note: totals may not add up due to rounding

HIGHLIGHTS FOR THE PERIOD JULY 1, 2023 TO SEPTEMBER 30, 2023:

- Under existing multi-year contribution agreements with Germany, funds totaling EUR 21.5 million were deposited into the Trust Fund.



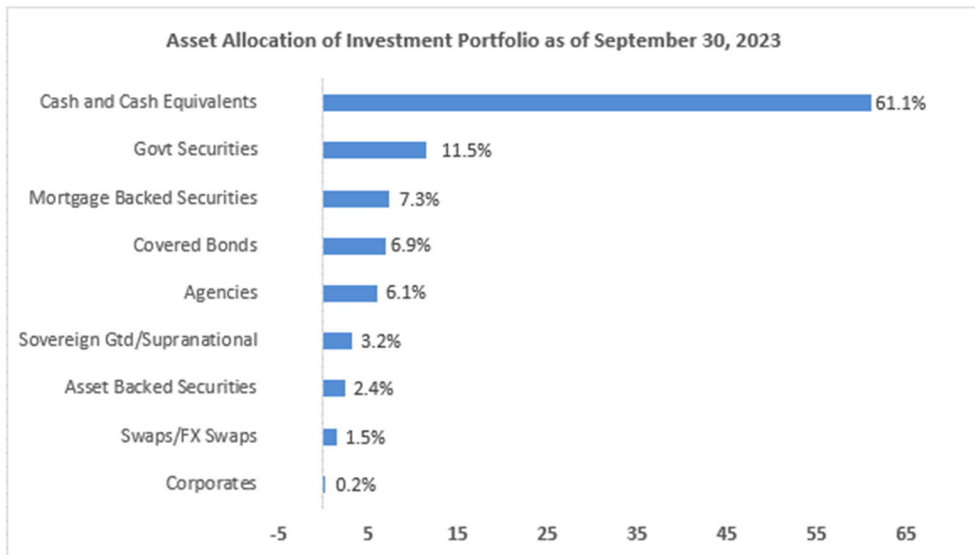
3. Asset Mix and Investment Income

ASSET MIX

Cash assets held in trust by the World Bank (as the Trustee) are maintained in a commingled investment portfolio (the “Pool”) for all trust funds administered by the World Bank. The assets in the Pool are managed in accordance with the investment strategy established for all trust funds administered by the World Bank.

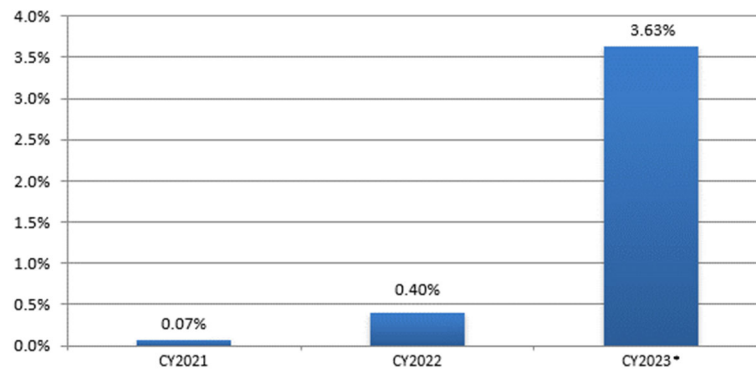
GAFSP Trust Fund assets are invested across three of the World Bank Trust Fund’s investment model portfolios, (“Model Portfolio 0” for short-term working capital needs, “Model Portfolio 1” with an investment horizon of one year, and “Model Portfolio 2” with a broader investment universe and an investment horizon of three years).

Overall, the GAFSP Trust Fund cumulative returns have been driven by its investment in longer-term model portfolios, which may be exposed to higher volatility in returns over shorter periods but are expected to have higher returns over longer periods. By asset class, the largest allocations as of September 30, 2023, are to cash and equivalents followed by government securities.





INVESTMENT RETURNS



*non-annualized

The Trust Fund liquid portfolio earned approximately USD 97.4 million² in investment income since inception. The portfolio returns during the three quarters of calendar year 2023 were 3.63%, non-annualized.

Portfolio performance during the period was driven by the interest rate path dictated by the US Federal Reserve Bank decisions that signaled that the monetary policy rates will remain “higher for longer” until inflation returns to target. Expectation of higher interest rates was underpinned by strong economic data. As a result, global real interest rates rose during the period and the long end of the yield curve steepened as both 10-year and 30-year yields increased significantly. Portfolio positioning continues to be duration neutral.

ESG SUMMARY REPORT – GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM INVESTMENT PORTFOLIO

As per the investment management strategy implemented by the World Bank, the funds held in trust benefit from the approach to Sustainable and Responsible Investment (SRI), which considers and incorporates Environmental, Social, and Governance (ESG) factors into the Trustee’s investment processes. The implementation of ESG Integration falls within the purview of existing authorizations by the World Bank Board. Based on the endorsement by World Bank management, starting from July 2019, the Trustee has applied ESG Integration as the default SRI approach for all portfolios managed by the World Bank, including the GAFSP Trust Fund assets.

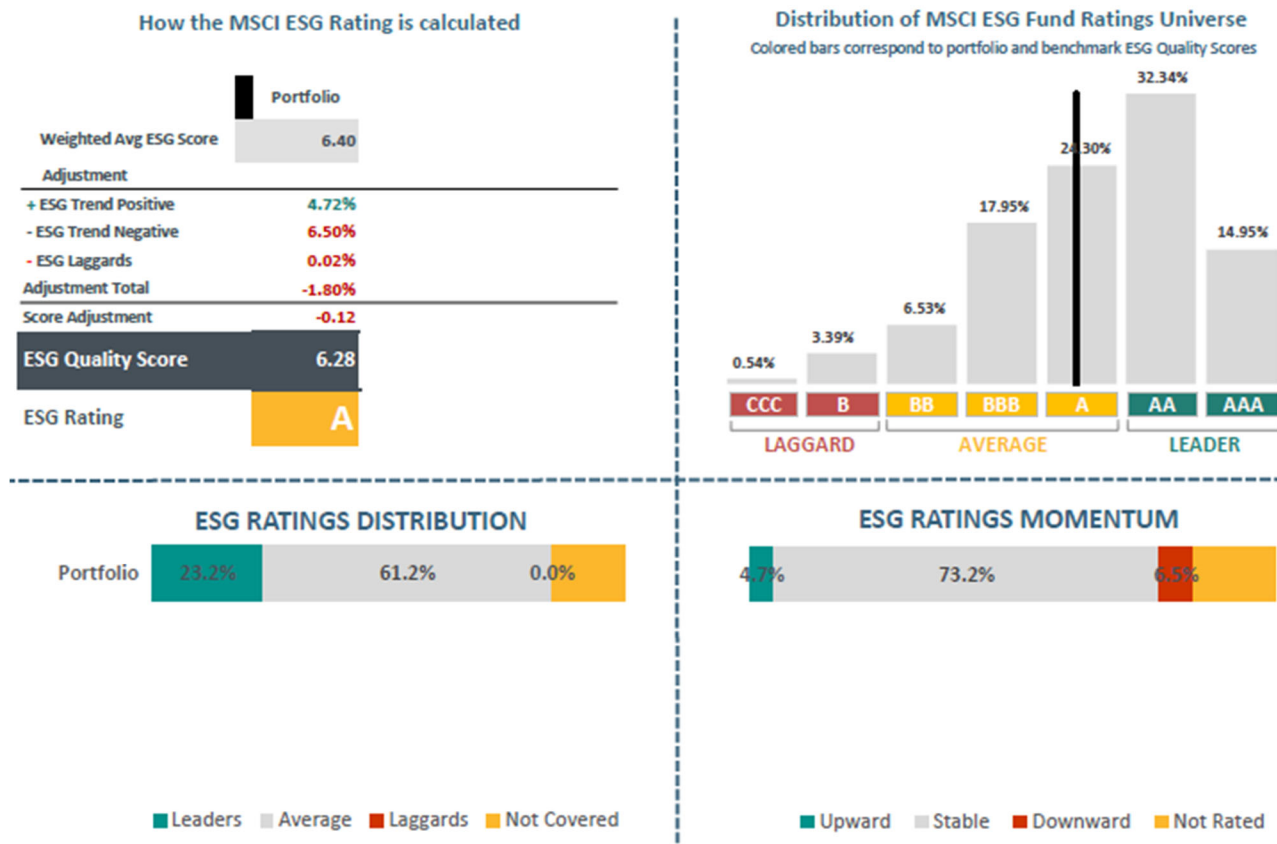
Considering and incorporating ESG factors into investment processes should, all things being equal, lead to portfolios that have stronger ESG profiles compared to portfolios that do not explicitly consider these ESG issues. ESG Integration has become part of the existing investment processes and is intended to help fulfil the existing investment objectives. The application of ESG Integration as part of the investment process would not involve any changes to the current investment objectives or risk limits for the GAFSP Trust Fund portfolio.

² Includes investment income received from SEs



The GAFSP investment portfolio is primarily comprised of short-term high-grade fixed-income securities (sovereign, supranational and agency securities, and bank deposits), and as of September 30, 2023, the portfolio has an ESG Quality Score* of 6.28 and an ESG Rating* of A. Based on its ESG positioning in the MSCI ESG Fund Ratings Universe (upper right of Figure 1), which is deemed to be the more consistent reference indicator, GAFSP’s investment portfolio falls in the average decile of the ratings universe. This reflects the capability of GAFSP portfolio’s holdings in terms of managing key medium to long term risks and opportunities arising from Environmental, Social and Governance factors.

Figure 1: MSCI ESG Portfolio Summary – Global Agriculture and Food Security Program Trust Fund



* *Note:* ESG Quality Score is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best) following a rule-based methodology. ESG Ratings Momentum represents the percentage of a portfolio’s market value coming from holdings that have had an ESG Ratings upgrade, and those with a downgrade, since their previous ESG Rating assessment. The ESG Quality Score is calculated as a weighted average of ESG scores of individual holdings adjusted by ESG Ratings Momentum and ESG laggards (if any). The weight applied to the individual ESG scores is determined by the portfolio weight of individual holdings as of the reporting date. Based on the above, the ESG Quality Score, which is subject to potential skewing effect from any factor in the calculation, could slightly vary between different reporting dates along with changes in individual holdings and their portfolio weights as well as changes in ESG Ratings Momentum. Please see details on MSCI ESG Ratings Methodology [here](#).



4. Cumulative Funding Decisions³ as of September 30, 2023

In USD millions

<u>Projects</u>	<u>Supervising Entity</u>	<u>Amount</u>
Bangladesh	IBRD	42.9
	FAO	11.0
	IFAD	16.0
Benin	AFDB	24.0
Bhutan	IBRD	12.6
	IFAD	10.4
	WFP	2.6
Burkina Faso	IBRD	61.1
Burundi	IFAD	32.3
Cambodia	ADB	42.9
	WFP	1.8
Central African Republic	AFDB	13.9
	FAO	1.5
Cote d'Ivoire	AFDB	12.0
	IFAD	1.7
Democratic Rep of Congo	IBRD	9.0
	FAO	6.0
	IBRD	82.0
Ethiopia	FAO	5.3
	AFDB	42.6
The Gambia	FAO	1.4
	IBRD	9.9
	IDB	60.3
Honduras	WFP	3.0
	IBRD	43.5
	IDB	2.1
Kenya	AFDB	22.8
	FAO	1.2
Kyrgyz Republic	IBRD	38.0
	IFAD	37.5
Laos	WFP	20.3
	ADB	10.0
	IFAD	8.5
Lesotho	AFDB	51.8
Liberia	AFDB	39.6
Malawi	IBRD	15.0
	AFDB	37.2
Mali	IBRD	11.0
Mongolia	FAO	1.5
	ADB	22.0
Myanmar	FAO	5.0
	IBRD	83.3
Nepal	ADB	9.0
	WFP	3.0
		b/

³ Does not include the proposed USD 75 million allocation for the Business Investment Financing Track (BIFT) pilot. The BIFT pilot package will be presented to the Steering Committee for approval in 2024.



Projects	Supervising Entity		Amount
<i>(continued)</i>			
Nicaragua	IBRD		48.8
Niger	AFDB		32.9
Pacific Islands	IFAD	b/	11.6
	FAO		0.4
Rwanda	IBRD		50.0
Senegal	AFDB		44.4
	IFAD		2.3
Sierra Leone	IFAD		50.0
	IBRD		25.0
South Sudan	IFAD		20.0
Tajikistan	IBRD		27.9
Tanzania	IBRD		22.9
	AFDB	b/	22.5
Timor Leste	IBRD		21.0
Togo	IBRD		38.2
	IFAD		16.5
Uganda	IBRD		37.0
Zambia	AFDB		32.5
Yemen	IBRD		63.0
Multi-Country	FAO	c/ d/	1.2
	WFP	d/	0.1
Missing Middle - Mali	IFAD		3.6
Missing Middle - Mali	WFP		3.6
Missing Middle - East Africa	IFAD		3.0
Missing Middle - Bangladesh	FAO		3.7
Missing Middle - Senegal	FAO		2.7
Rwanda	IBRD		30.8
	FAO	a/	1.5
Afghanistan	FAO		3.0
	ADB	a/	12.0
Cambodia	IBRD	a/	20.0
Honduras	IFAD	a/	18.0
Kyrgyz Republic	IBRD/FAO	a/	5.0
Maldives	FAO	a/	2.6
Mauritania	AFDB	a/	17.0
Nicaragua	FAO	a/	3.2
Niger	FAO	a/	2.7
Senegal	AFDB	a/	20.0
Solomon Islands/Vanuatu	IFAD	a/	12.2
	FAO	a/	2.8



Projects	Supervising Entity		Amount
<i>(continued)</i>			
Somalia	IFAD	a/	16.0
Burkina Faso	IFAD	a/	15.0
The Gambia	AFDB	a/	12.0
Ghana	AFDB/WFP	a/	20.0
Guinea Bissau	AFDB/WFP	a/	10.0
Liberia	AFDB	a/	10.0
Madagascar	IBRD/WFP	a/	20.0
Rwanda	IBRD	a/	20.0
South Sudan	IFAD	a/	14.5
Yemen	IFAD	a/	15.0
Bangladesh	FAO	a/	1.5
Chad	IFAD	a/	2.3
Guinea Bissau	FAO	a/	1.9
Kyrgyz Rep	IFAD	a/	2.5
Kyrgyz Rep	WFP	a/	1.6
Laos	WFP	a/	2.8
Nepal	FAO	a/	2.5
Nicaragua	IDB	a/	2.0
Nicaragua	WFP	a/	2.8
Niger	IFAD	a/	2.4
Rwanda	IFAD	a/	2.0
Samoa	FAO	a/	2.0
Somalia	WFP	a/	2.5
Tanzania	AfDB	a/	2.9
Togo	IFAD	a/	2.4
			1,890.4
<u>Fees</u>			
ADB			3.7
AfDB			20.0
FAO			2.8
IBRD			40.1
IDB			2.7
IFAD			17.5
WFP			1.8
			88.5
<u>Administrative Budget</u>			
DIME			6.4
Coordination Unit - Core		e/	35.2
Coordination Unit - M&E			6.3
Trustee			5.8
Project Impact Evaluation			6.5
			60.3
Total Funding Decisions			2,039.3
a/ Subject to Steering Committee approval of final project design document			
b/ Includes Project Preparation Grant			
c/ Includes CSO budget for Asian Farmers Association and ROPPA			
d/ Includes Proposal Preparation Assistance			
e/ Includes budgets for CSOs and Technical Advisory Committee			

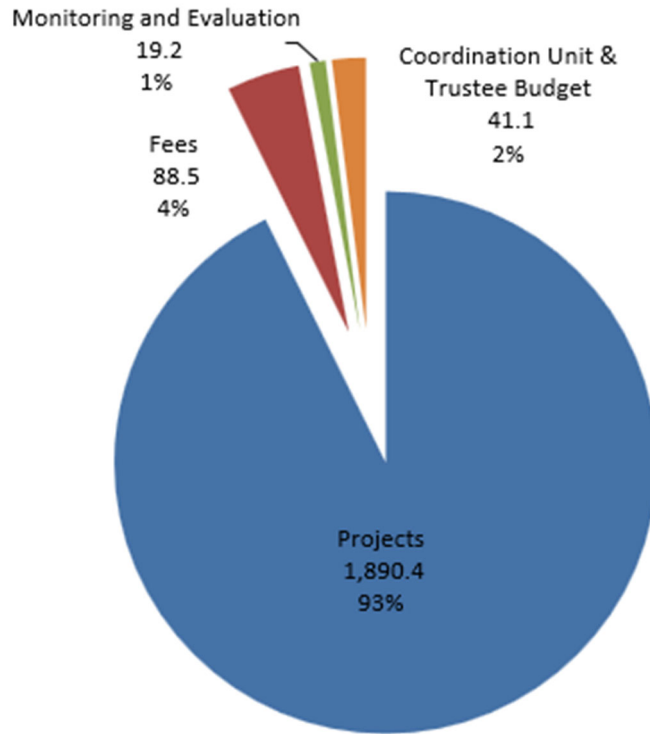
Note: sub-totals may not add up due to rounding



In USD millions

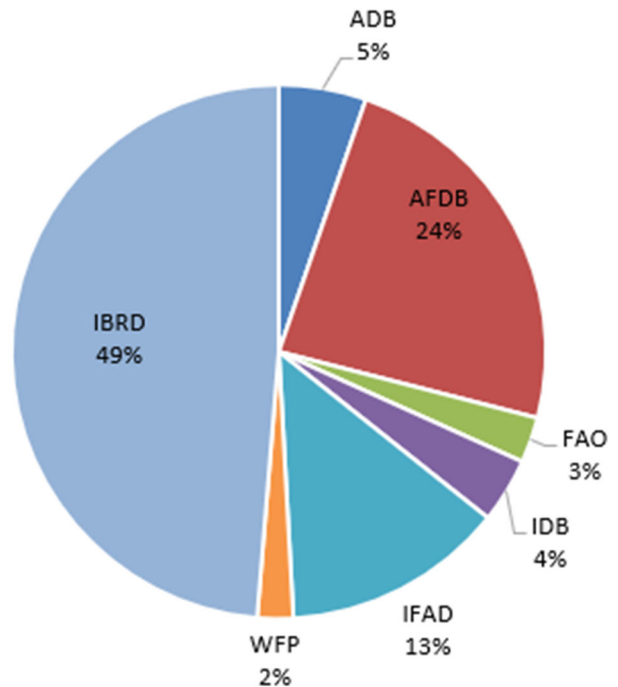
CUMULATIVE FUNDING DECISIONS

Since inception to September 30, 2023, funding approvals made by the Steering Committee totaled USD 2,039.2 million. Projects represent about 93% of total allocations, fees for Supervising Entities represent 4%, and administrative budgets for the GAFSP Coordination Unit, Technical Advisory Committee, Civil Society Organizations, Trustee, and M&E work program make up 3% of the total funding approvals.



PROJECT FUNDING DECISIONS BY SUPERVISING ENTITY

Funding decisions by Supervising Entity show the cumulative funding decisions related to projects that have been approved by the Steering Committee.



5. Funds Available

In USD millions

	As of September 30, 2023	As of June 30, 2023	Changes since last report
	(a)	(b)	(a) - (b)
1. Cumulative Receipts	2,196.8	2,164.3	32.6
a. Cash receipts from Contributors	2,099.5	2,076.7	22.8
b. Unencashed Promissory Notes	-	-	-
c. Investment Income earned a/	97.4	87.6	9.8
2. Cumulative Cash Transfer	1,357.1	1,351.9	5.2
a. Projects	1,214.8	1,211.8	3.0
b. Fees	83.9	81.7	2.2
c. Administrative Budget	58.3	58.3	-
3. Funds held in Trust	839.7	812.4	27.3
<i>Consisting of:</i>			
a. Cash and Investments	839.7	812.4	27.3
b. Promissory Notes	-	-	-
4. Funding Decisions pending Cash Transfer	682.2	651.3	30.8
5. Funds available to support SC funding decisions	157.6	161.1	(3.5)

a/ represents investment income earned on the liquid balances of the GAFSP Trust Fund and investment income received from SEs

Note: sub-totals may not add up due to rounding

HIGHLIGHTS FOR THE PERIOD JULY 1, 2023 THROUGH SEPTEMBER 30, 2023:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD 839.7 million as of September 30, 2023. There was a net increase in Funds Held in Trust of USD 27.3 million due to:
 - total cash receipts of USD 32.6 million, comprising of cash receipts from contributors amounting to USD 22.8 million and investment income of approximately USD 9.8 million during the third quarter of calendar year 2023;
 - offset by cash transfers of USD 5.2 million
- **Funding Availability** Net reduction of USD 3.5 million over the prior reporting period due to:
 - additional cash receipts of USD 32.6 million during the quarter, as mentioned above;
 - offset by new funding allocations, net of returned unused funds, totaling USD 36.1 million

Glossary

Term	Definition
ADB	Asian Development Bank
AfDB	African Development Bank
Cash and Investments	The Trust Fund's share in the co-mingled cash and investment pool.
Cash Contribution	Contribution or Installment provided in the form of cash, including promissory note encashments
Cash Transfer	Cash payment made to an Implementing Partner under a Financial Procedures Agreement
Contribution	The funds provided and to be provided by a Contributor to a Trust Fund, as specified in the Contribution Agreement/Arrangement, or in the Instrument of Commitment
Contribution Agreement/Arrangement	An agreement or arrangement between a World Bank entity, as Trustee, and a Contributor, setting forth specific terms for the receipt and use of a specific Contribution for a specific Trust Fund
Contribution Paid-In	Contribution or Installment provided in the form of cash, Promissory Note or other instruments acceptable to the Trustee
Contribution Receivable	Any portion of a Contribution that is not a Qualified Contribution to be received in the form of Cash or Promissory Note.
FAO	Food and Agriculture Organization of the United Nations
Financial Intermediary Fund (FIF)	Financial arrangements that leverage a variety of public and private resources in support of global development initiatives and partnership. These Funds involve financial engineering or complex finance schemes, or where the Bank provides a specified set of administrative, financial or operational services
Financial Procedures Agreement	An agreement or arrangement between a World Bank entity, as Trustee, and Partner Entity for the commitment and transfer of funds by the Trustee to the Partner Entity under terms that do not involve Bank responsibility post-transfer
Funding Availability	Assets available to support funding decisions, as calculated under a specific basis of commitment.
Funds Held in Trust	Cash and Investments plus unencashed Promissory Note balance
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
Investment Income	Returns (realized and unrealized) on cash and investments, allocated to individual Trust Funds
Pledge	A Contributor's expression of its intention to make a Contribution.
Promissory Note	A document consisting of a promise to pay that is non-interest bearing and payable on demand
Supervising Entity (SE)	Any agency receiving funds from a FIF, which is responsible for managing those funds for project activities as approved by the governing body
WFP	World Food Programme