



# Global Agriculture and Food Security Program Trust Fund

## Public Sector Window

### Financial Report

Prepared by the Trustee

*As of September 30, 2022*



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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, 2022.



## GAFSP Trust Fund Financial Summary as of September 30, 2022

### ***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, 2022, contributions and pledges to the Public Sector Window of the Trust Fund totaled USDeq. 1,951.8 million. Of this amount, USD 1,798.8 million has been received by the Trustee in cash.

### ***Investment Income:***

As of September 30, 2022, the Trust Fund earned investment income of approximately USD 58.2 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, 2022, totaled USD 1,722.8 million, of which USD 1,590.3 million represents allocations for projects, USD 73.0 million for Supervising Entity fees, USD 40.3 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 1,269.7 million up to September 30, 2022, including USD 1,142.2 million related to projects.

### ***Funds Held in Trust:***

*Funds Held in Trust*<sup>1</sup> reflect contributions paid-in from contributors, and investment income earned less cash transfers. Funds Held in Trust as of September 30, 2022, amounted to USD 587.4 million.

### ***Funds Available for Steering Committee Funding Decisions:***

Funds available to support Steering Committee funding decisions amounted to USD 134.2 million as of September 30, 2022.

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<sup>1</sup> 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, 2022

In USD millions

	Total	% of Total
<b><u>Donor Pledges and Contributions</u></b>		
Contributions	1,880.2	96.3%
Pledges	71.5	3.7%
<b>Total Pledges and Contributions</b>	<b>1,951.8</b>	<b>100.0%</b>

<b><u>Cumulative Resources</u></b>		
<b><u>Resources received</u></b>		
Cash Receipts	1,798.8	89.5%
Unencashed Promissory Notes	-	0.0%
Investment Income earned a/	58.2	2.9%
<b>Total Resources Received</b>	<b>1,857.1</b>	<b>92.4%</b>
<b><u>Resources not yet received</u></b>		
Contributions not yet paid	81.4	4.1%
Pledges	71.5	3.6%
<b>Total resources not yet received</b>	<b>153.0</b>	<b>7.6%</b>
<b>Total Potential Resources (A) (in USD millions)</b>	<b>2,010.0</b>	<b>100.0%</b>

<b><u>Cumulative Funding Decisions</u></b>		
Projects	1,590.3	92.3%
Fees	73.0	4.2%
Trustee and Coordination Unit Budget	40.3	2.3%
Monitoring and Evaluation Budget	19.2	1.1%
<b>Total Funding Decisions Net of Cancellations (B)</b>	<b>1,722.8</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>287.2</b>	

<b><u>Funds Available</u></b>		
Funds Held in Trust	587.4	
Approved Amounts Pending Cash Transfers	453.2	
<b>Total Funds Available to Support GAFSP Steering Committee Decisions</b>	<b>134.2</b>	

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, 2022 (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	80.0	80.0	-	-	80.0
Germany	EUR	316.0	241.5	74.5	72.7	281.6
Ireland	EUR	1.5	1.5	-	-	2.0
Korea	USD	83.9	83.9	-	-	83.9
Norway	NOK	462.3	367.8	94.5	8.7	41.6
Spain	EUR	75.0	75.0	-	-	99.9
United Kingdom	GBP	42.5	42.5	-	-	62.2
United Kingdom a/	USD	38.0	38.0	-	-	38.0
United States	USD	798.2	798.2	-	-	798.2
<b>Total</b>					<b>81.4</b>	<b>1,798.8</b>

a/ Represents Promissory Note contribution

b/ Valued on the basis of exchange rates as of September 30, 2022

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, 2022 TO SEPTEMBER 30, 2022:

- Under the contribution agreement signed with the United States in June 2022, USD 155 million was deposited into the Trust Fund.
- Under the multi-year contribution agreement signed with Norway in 2020, NOK 57.6 million (equivalent to USD 5.7 million) was received during the period.
- Pledges from the Bill and Melinda Gates Foundation and Germany in the amount of USD 7.5 million and EUR 60.6 million (equivalent to USD 59.1 million based on September 30, 2022 exchange rates) respectively, were received.

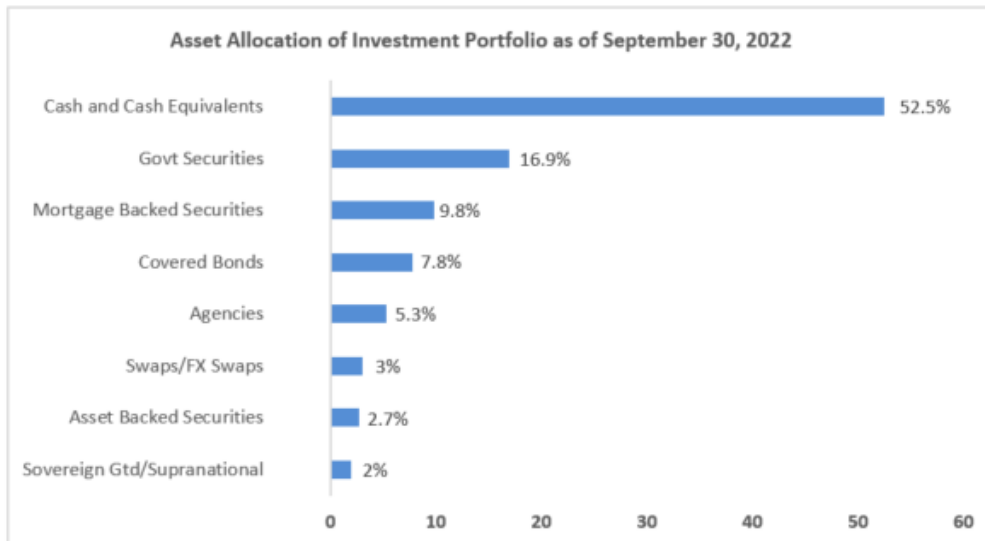
### 3. Asset Mix and Investment Income

#### 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.

The Trust Fund balance is currently invested across three of the Pool’s investment model portfolios (“Model Portfolio 0” (MP0) with an investment horizon of up to three months, “Model Portfolio 1” (MP1) with an investment horizon of one year, and “Model Portfolio 2” (MP2) with an investment horizon of three years). While MP0 has the objective of ensuring timely availability of funds to meet the short-term cash flow needs, MP1 and MP2 aim to enhance returns subject to capital preservation with a high degree of confidence (based on statistical models) over the respective investment horizons. Preservation of capital is the primary investment objective. Consequently, the Trust Funds investment portfolios are managed to conservative overall risk tolerance parameters.<sup>2</sup>

The Trust Fund assets are invested in high grade fixed income and money market instruments. Currently, these instruments include high quality securities that are issued by sovereign governments, government agencies, as well as multilateral and other official institutions. In addition, eligible instruments include asset-backed and agency-guaranteed mortgage-backed securities, as well as swaps and a range of other derivative instruments related to investments, which are used to manage the interest rate risk. Figure 1 below presents the portfolio allocation by asset class as of September 30, 2022.

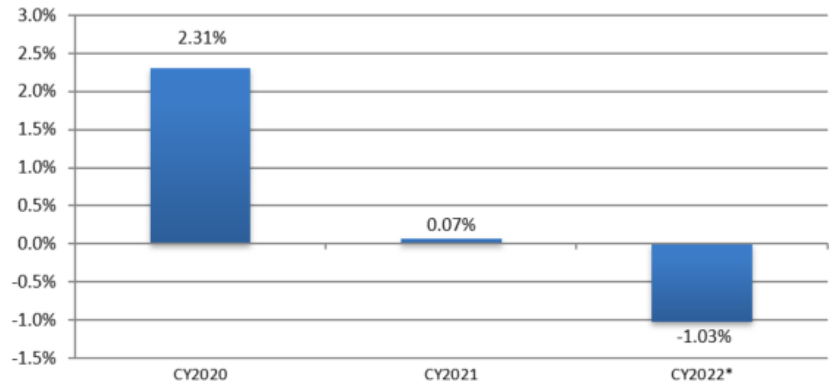


<sup>2</sup> Generating enhanced investment returns while adhering to the investment objective of capital preservation and ensuring sufficient liquidity to meet foreseeable cash flow needs is undertaken within a conservative risk management framework which limits the estimated average loss to the portfolio in the worst 1% of loss events. The Conditional Value-at-Risk (CVaR) measure is the primary risk constraint used in the management of trust fund model portfolios. MP1 and MP2 have 99% CVaR measures of no greater than -0.25% and -1.00%, respectively.



## INVESTMENT RETURNS

The Trust Fund liquid portfolio earned approximately USD 58.2 million<sup>3</sup> in investment income since inception. The portfolio returns during the three quarters of calendar year 2022 was negative 1.03%, non-annualized. In the context of extended inflationary pressures and tightening liquidity environment, continued rising yields and heightened volatilities across asset classes have kept prices down for fixed income assets with longer durations, in particular mortgage-backed securities.



\*non-annualized

## 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.

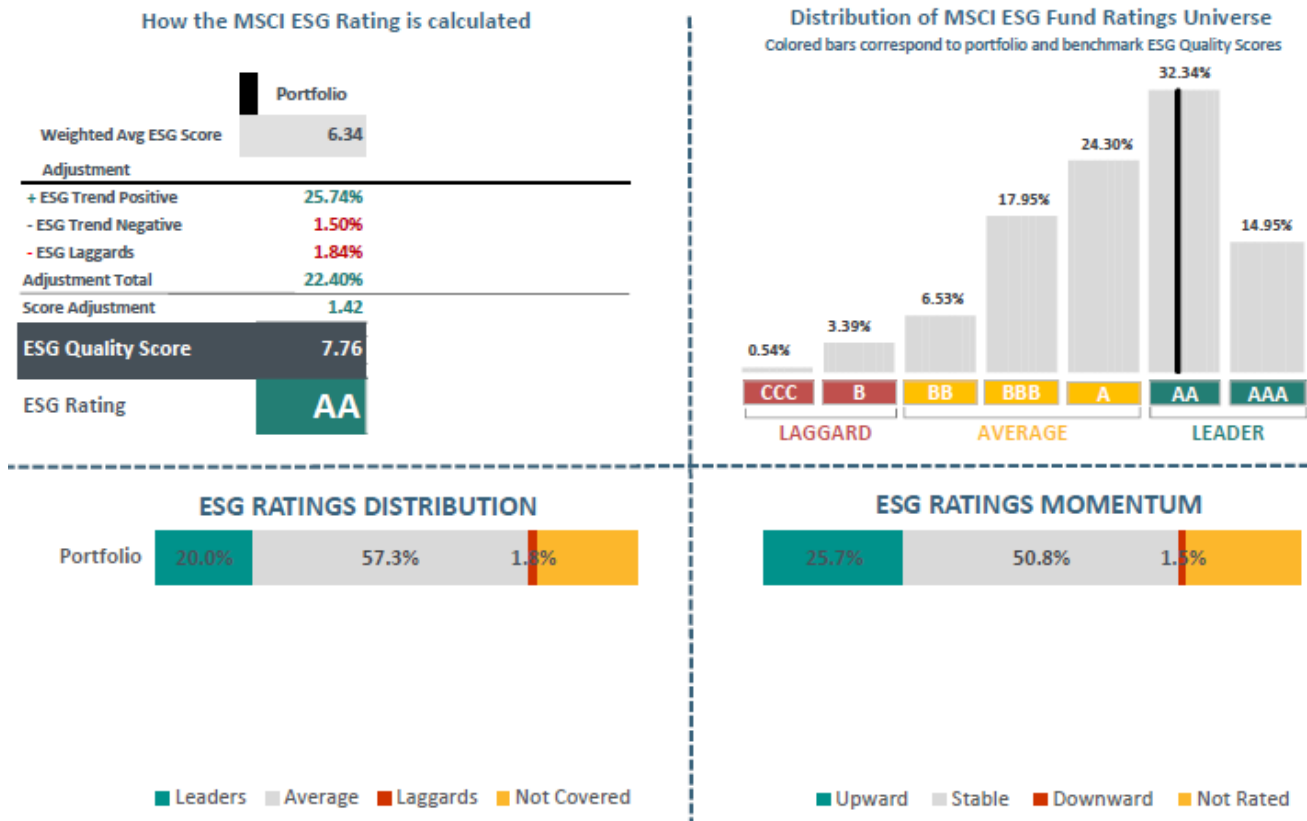
The GAFSP investment portfolio is primarily comprised of short-term high-grade fixed-income securities (sovereign, supranational and agency securities, and bank deposits), and as of September 30, 2022, the portfolio has an ESG Quality Score\* of 7.76 and an ESG Rating\* of AA. Based on its ESG positioning 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 top decile of the ratings universe. This reflects high 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.

<sup>3</sup> Includes investment income received from SEs





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 Decisions as of September 30, 2022

In USD millions

<u>Projects</u>	<u>Supervising Entity</u>	<u>Amount</u>
Bangladesh	IBRD	42.9
	FAO	3.7
Benin	AFDB	24.0
Bhutan	IBRD	12.6
Burkina Faso	IBRD	61.1
Burundi	IFAD	30.0
Cambodia	ADB	42.9
Central African Republic	AFDB	13.9
	FAO	1.5
Cote d'Ivoire	AFDB	12.0
Ethiopia	IBRD	82.0
	FAO	5.5
The Gambia	AFDB	42.6
	FAO	1.4
Haiti	IBRD	9.9
	IDB	53.3
Honduras	IBRD	35.0
Kenya	AFDB	22.8
	FAO	1.2
Kyrgyz Republic	IBRD	38.0
Laos	IFAD	25.5
	WFP	8.3
Liberia	AFDB	54.7
Malawi	AFDB	39.6
Mali	AFDB	37.2
Mongolia	IBRD	11.0
	FAO	1.5
Myanmar	ADB	22.0
	FAO	5.0
Nepal	IBRD	b/ 63.3
Nicaragua	IBRD	33.8
Niger	AFDB	33.0
Pacific Islands	IFAD	b/ 11.6
	FAO	0.4
Rwanda	IBRD	50.0
Senegal	AFDB	44.4
Sierra Leone	IFAD	50.0
Tajikistan	IBRD	27.9
Tanzania	IBRD	22.9
Tanzania	AfDB	b/ 20.0
Timor Leste	IBRD	21.0
Togo	IBRD	18.2
	IFAD	16.5
Uganda	IBRD	34.6
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



<u>Projects</u>	<u>Supervising Entity</u>	<u>Amount</u>
<i>(continued)</i>		
Rwanda	IBRD	30.8
	FAO a/	1.5
Afghanistan	FAO	3.0
	ADB a/	12.0
Democratic Rep of Congo	IBRD	9.0
	FAO a/	6.0
Nepal	ADB	9.0
	WFP a/	3.0
Bangladesh	FAO a/	3.3
Bangladesh	IFAD a/	16.0
	FAO a/	4.0
Bhutan	IFAD a/	10.4
	WFP a/	2.6
Burundi	IFAD a/	2.3
Cambodia	WFP a/	1.8
Cambodia	IBRD a/	20.0
Democratic Rep of Congo	IFAD a/	1.7
Haiti	WFP a/	3.0
Honduras	FAO a/	2.1
Honduras	IFAD a/	18.0
Kyrgyz Republic	IBRD/FAO a/	5.0
Laos	IFAD a/	12.0
	WFP a/	8.0
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
	IFAD a/	2.3
Solomon Islands/Vanuatu	IFAD a/	12.2
	FAO a/	2.8
Somalia	IFAD a/	16.0
South Sudan	IFAD a/	20.0
Tanzania	AFDB a/	2.5
Uganda	IBRD a/	2.3
		<b>1,590.3</b>
<b>Fees</b>		
ADB		2.6
AfDB		18.0
FAO		2.8
IBRD		32.9
IDB		2.6
IFAD		12.4
WFP		1.8
		<b>73.0</b>
<b>Administrative Budget</b>		
DIME		6.4
Coordination Unit - Core	e/	34.5
Coordination Unit - M&E		6.3
Trustee		5.8
Project Impact Evaluation		6.5
		<b>59.6</b>
<b>Total Funding Decisions</b>		<b>1,722.8</b>
a/ Subject to Steering Committee's 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		

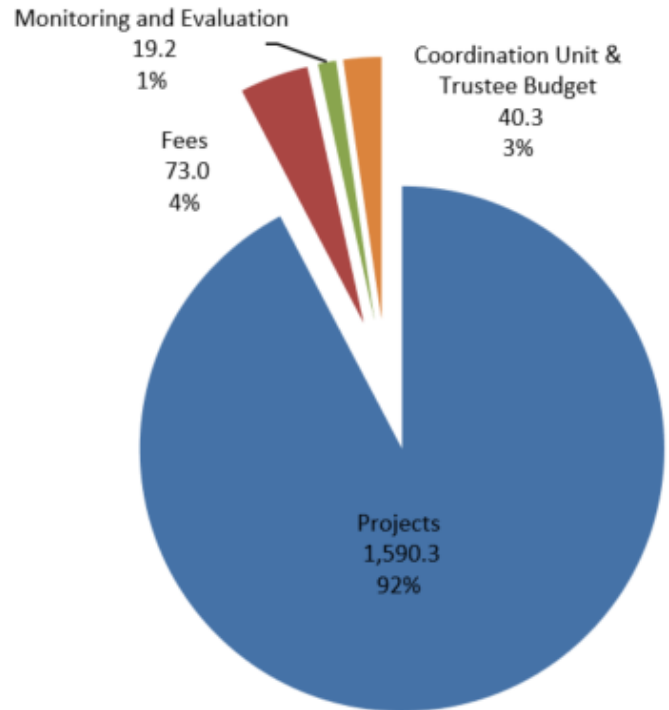
Note: sub-totals may not add up due to rounding



In USD millions

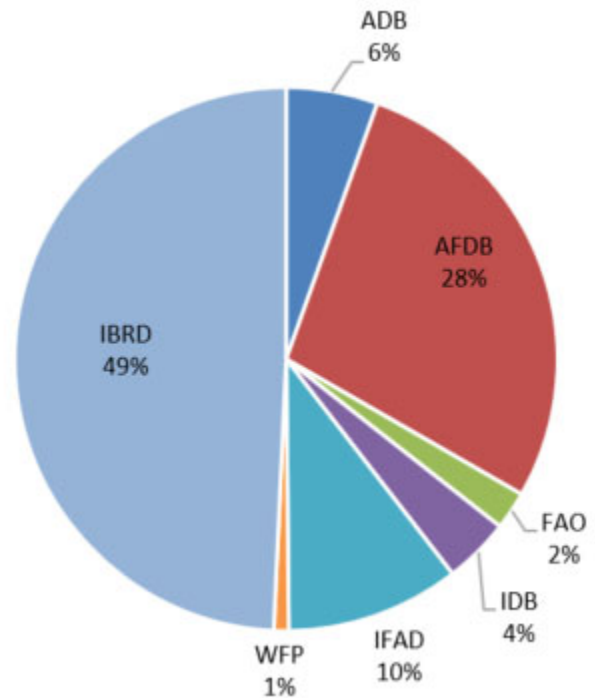
### CUMULATIVE FUNDING DECISIONS

Since inception to September 30, 2022 funding approvals made by the Steering Committee totaled USD 1,722.8 million. Projects represent about 92% 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 4% 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

	<u>As of September 30, 2022</u>	<u>As of June 30, 2022</u>	<u>Changes since last report</u>
	(a)	(b)	(a) - (b)
<b><u>1. Cumulative Receipts</u></b>	<b>1,857.1</b>	<b>1,696.5</b>	<b>160.6</b>
a. Cash receipts from Contributors	1,798.8	1,638.1	160.7
b. Unencashed Promissory Notes	-	-	-
c. Investment Income earned a/	58.2	58.4	(0.1)
<b><u>2. Cumulative Cash Transfer</u></b>	<b>1,269.7</b>	<b>1,257.0</b>	<b>12.6</b>
a. Projects	1,142.2	1,138.4	3.8
b. Fees	70.3	66.4	3.9
c. Administrative Budget	57.1	52.3	4.8
<b><u>3. Funds held in Trust</u></b>	<b>587.4</b>	<b>439.4</b>	<b>148.0</b>
<i>Consisting of:</i>			
a. Cash and Investments	587.4	439.4	148.0
b. Promissory Notes	-	-	-
<b><u>4. Funding Decisions pending Cash Transfer</u></b>	<b>453.2</b>	<b>389.0</b>	<b>64.2</b>
<b><u>5. Funds available to support SC funding decisions</u></b>	<b>134.2</b>	<b>50.5</b>	<b>83.8</b>

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, 2022 THROUGH SEPTEMBER 30, 2022:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD 587.4 million as of September 30, 2022. Funds Held in Trust increased by USD 148.0 million due to:
  - Cash receipts during the third quarter of calendar year 2022 totaling USD 160.6 million;
  - Offset by cash transfers of USD 12.6 million
- **Funding Availability** increased by USD 83.8 million over the prior reporting period due to:
  - New funding allocations totaling USD 76.8 million;
  - Offset by additional cash receipts of USD 160.6 million as mentioned above during the reporting quarter



## 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