



Global Agriculture and Food Security Program Trust Fund

Public Sector Window

Financial Report

Prepared by the Trustee

As of March 31, 2013



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Introduction

The GAFSP 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 donors 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 GAFSP 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."



Update on Trustee Activity

The FY13 approved budget included the FIF Information Technology Systems Special Initiative which aims to develop an IT system to integrate secretariat and trustee processes, including those of the GAFSP. The total projected cost for this project is approximately USD 4 million, of which the amount provided by the GAFSP Trust Fund is USD 75,000. The initial phase of this project focuses on building a database in the financial accounting system (SAP) used to store and manage project/program information.

This database will be used by the GAFSP Coordination Unit and will be fully integrated with the Trustee database. The development of a shared database contributes to a standardized platform for FIFs in order to ensure data integrity, eliminate costly reconciliations including those required due to audit findings, and provide a single source of data for management and decision making. In addition, since SAP is the World Bank's Enterprise Resource Planning system, all hardware and software licenses and upgrades are supported by the World Bank's technology teams. SAP is secure, supports full audit trails, and benefits from the protection of the World Bank's firewalls. The data is backed up and is protected in the case of server faults or the need for contingency operations.

To date, key project outputs are:

- a) Current state business operations and technology functions of all of the in-house FIF secretariats analyzed, gaps and opportunities identified, and tools created to assist in the development of the business requirements and automated workflow designs for the FIF platform. The GAFSP Coordination Unit staff participated in these consultations and provided information on their current business operations and future state requirements.
- b) Business and functional requirements developed for the initial phase of the IT system (data requirements, customization requirements, screens, workflow design, etc.). The initial phase of this project will address some of the key issues identified during the consultations with the GAFSP Coordination Unit such as storage of data on multiple spreadsheets and lack of a single source of data for reporting.
- c) A pilot secure external interface was developed, in collaboration with UNIDO, to exchange project information such as activations, disbursements, cancellations, and operational and financial closures. The data exchange pilot was successful and will be rolled out to other implementing agencies such as UNDP. As a requirement to support the GAFSP, a solution(s) for smaller agencies that may not have the resources to implement the data exchange is being explored.

Development and testing of the FIF SAP database is targeted for completion at the end of Q1 of FY14. The GAFSP Coordination Unit will be participating in early testing and rollout and will also engage with the Trustee in identifying reporting requirements.



GAFSP Trust Fund Financial Summary as of March 31, 2013

Pledges and Contributions:

A pledge represents a donor's expression of intent to make a contribution. Pledges are converted to Contributions by way of a countersigned Contribution Agreement/Arrangement. The pledges and contributions to the Public Sector Window of the GAFSP Trust Fund total USD eq. 982 million, valued on the basis of exchange rates on March 31, 2013.

Of this amount, as of March 31, 2013, donors have paid USD eq. 783 million.

Investment Income:

As of March 31, 2013, the GAFSP Trust Fund earned investment income of approximately USD 4 million on the undisbursed balance of the Trust Fund. The GAFSP Trust Fund liquid portfolio has returned 0.06%¹ through the calendar year to March 31, 2013. The GAFSP Trust Fund balance is allocated to a highly liquid short term investment portfolio.

Funding Approvals:

The cumulative funding decisions made by the GAFSP Steering Committee through March 31, 2013 totaled USD 702 million, an increase of USD 187 million since the last report. Of the total amount approved, USD 658 million represents project approvals. Of this amount, USD 549 million has been committed by the Trustee to the respective Supervising Entities based on the approval of their complete project documents, and USD 109 million has been set aside pending no-objection approval by the Steering Committee of the complete project documents.

Cash Transfers:

Based on GAFSP Steering Committee decisions, the Trustee has transferred a total of USD 196 million up to March 31, 2013, including USD 155 million related to projects.

Funds Held in Trust and Funds Available for GAFSP Steering Committee Funding Decisions

Funds Held in Trust² reflect contributions paid-in from donors, investment income and cash transfers. Funds Held in Trust as of March 31, 2013 amounted to USD eq. 591 million.

Funds available to support GAFSP Steering Committee funding decisions amounted to USD 85 million as of March 31, 2013. This represents an increase of USD eq. 35 million over the prior reporting period.

¹ Represents non-annualized rate of return

² 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 March 31, 2013

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	833.3	84.9%
Pledges	148.6	15.1%
Total Pledges and Contributions	981.9	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	782.7	79.4%
Investment Income earned	3.8	0.4%
Total Resources Received	786.5	79.8%
<u>Resources not yet received</u>		
Contributions not yet paid	50.6	5.1%
Pledges	148.6	15.1%
Total resources not yet received	199.2	20.2%
Total Potential Resources (A) (in USD millions)	985.7	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	658.0	93.8%
Fees	32.5	4.6%
Administrative Budgets	11.2	1.6%
Total Funding Decisions Net of Cancellations (B)	701.7	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	284.0	
<u>Funds Available</u>		
Funds Held in Trust with no restrictions	590.9	
Approved Amounts Pending Cash Transfers	506.1	
Total Funds Available to Support GAFSP Steering Committee Decisions	84.8	



2. Pledges and Contributions

Pledges and Contributions to the Public Sector Window as of March 31, 2013 (in millions)

Contributors	Currency	Pledges Outstanding	Contributions Finalized	Total	Historical Value of Total in USD eq. a/ (1)	Current Value of Total in USD eq. b/ (2)	FX Changes (3) = (2) - (1)	Receipts in USD
Australia	AUD	-	100.0	100.0	92.6	101.4	8.8	75.4
Canada	CAD	-	205.0	205.0	204.8	201.7	(3.1)	177.1
Gates Foundation	USD	-	60.0	60.0	60.0	60.0	-	60.0
Ireland	EUR	-	0.5	0.5	0.7	0.6	(0.0)	0.6
Korea	USD	-	50.0	50.0	50.0	53.9	3.9	53.9
Spain	EUR	-	70.0	70.0	93.4	94.2	0.8	94.2
United Kingdom	GBP	-	12.5	12.5	19.3	20.1	0.8	20.1
United States	USD	148.6	301.4	450.0	450.0	450.0	-	301.4
					970.7	981.9	11.2	782.7

a/ Valued on the basis of exchange rates of April 22, 2010, the GAFSP official launch date.

b/ Represents realized amounts plus unrealized amounts valued on the basis of exchange rates as of March 31, 2013.

HIGHLIGHTS FOR THE PERIOD APRIL 1, 2012 THROUGH MARCH 31, 2013:

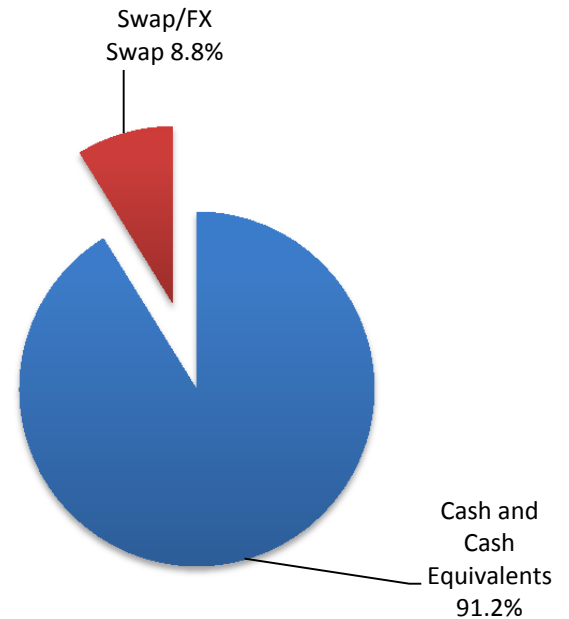
- The Trustee executed an Administration Arrangement with the United Kingdom for an amount of GBP 12.5 million and received this contribution in October 2012.
- The Gates Foundation provided an additional contribution of USD 30 million and Canada an additional CAD 25 million to the GAFSP Public Sector Window.
- As of March 31, 2013, the total receipts on contributions from donors amounted to USD eq. 783 million, an increase of USD eq. 220 million since March 31, 2012.



3. Asset Mix and Investment Income

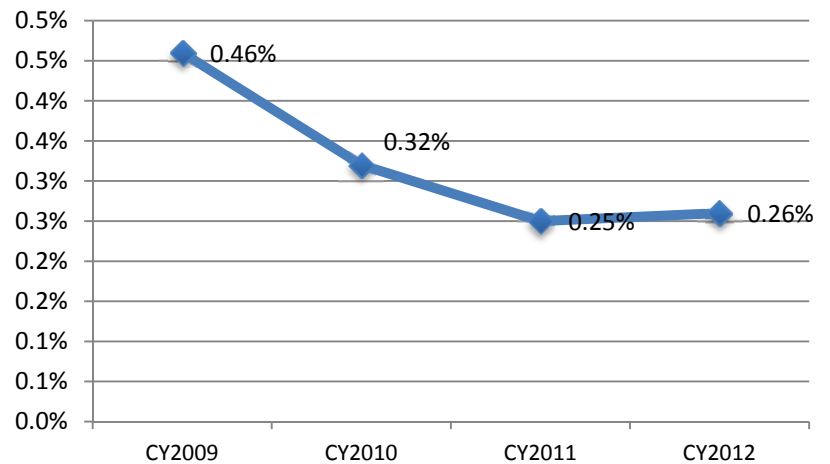
ASSET MIX

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 Pool is actively managed so that the probability of incurring negative returns is no more than 1% over the applicable investment horizon.



INVESTMENT RETURNS

The GAFSP funds are invested in cash portfolio of the World Bank’s Trust Fund investment pool. This portfolio comprises bank deposits and investments in money market instruments with an investment horizon of less than 3 months. The GAFSP Trust Fund liquid portfolio (which totaled approximately USD 591 million at end-March 2013) earned approximately USD 4 million in investment income since inception.





4. Cumulative Funding Decisions

In USD millions

Activity		As of March 31, 2013	As of March 31, 2012
Projects	Bangladesh	50.0	50.0
	Haiti	35.0	35.0
	Rwanda	50.0	50.0
	Sierra Leone	50.0	50.0
	Togo	39.0	39.0
	Niger	33.0	33.0
	Liberia	46.5	46.5
	Ethiopia	51.5	51.5
	Tajikistan	27.9	27.9
	Mongolia	12.5	12.5
	Nepal	46.5	46.5
	Cambodia	39.1	39.1
	The Gambia	28.0	-
	Malawi	39.6	-
	Burundi	a/ 30.0	-
	Kyrgyz Republic	a/ 16.5	-
	Senegal	a/ 40.0	-
Tanzania	a/ 22.9	-	
	Sub-total	658.0	481.0
Fees	World Bank	15.1	12.6
	FAO	0.5	0.5
	IDB	1.2	1.2
	IFAD	4.9	3.4
	ADB	1.9	1.9
	AfDB	8.9	3.9
		Sub-total	32.5
Administrative Budgets	M&E Work Plan	6.0	6.0
	FY13 Coordination	b/ 1.4	-
	FY13 Trustee	0.4	-
	FY12 Coordination	b/ 0.9	1.3
	FY12 Trustee	0.3	0.3
	FY11 Coordination	b/ 1.2	1.2
	FY11 Trustee	0.5	0.5
	FY10 Coordination	0.4	0.4
	FY10 Trustee	0.2	0.2
	Sub-total	11.2	9.8
	Total	701.7	514.4

a/ Subject to the no-objection approval by the Steering Committee of the complete project document.

b/ Includes budgets for Civil Society Organizations and Technical Advisory Committee.

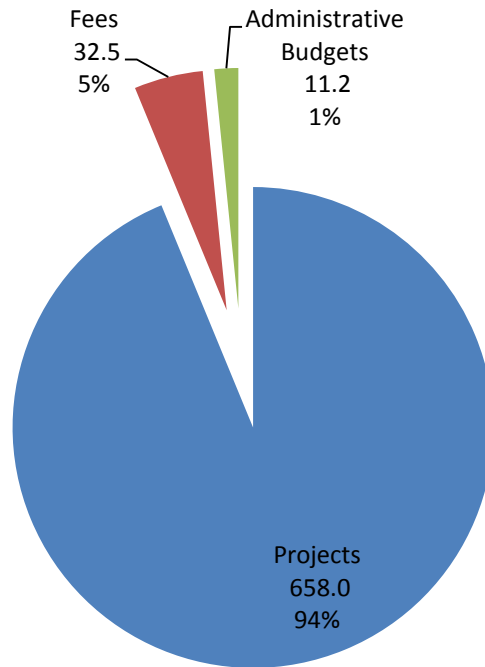
SNAPSHOT OF FUNDING DECISIONS:

- The cumulative funding decisions made by the GAFSP Steering Committee under the Public Sector Window up to March 31, 2013 amount to USD 702 million, an increase of USD 187 million since March 31, 2012.



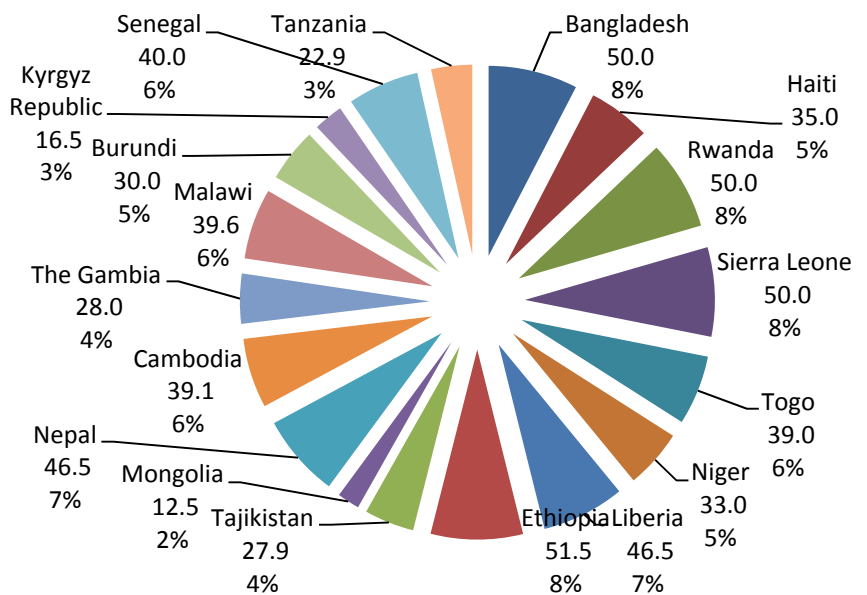
CUMULATIVE FUNDING DECISIONS

Since inception to March 31, 2013 funding approvals made by the GAFSP Steering Committee totaled USD 702 million. Projects represent about 94%, fees for Supervising Entities 5%, and administrative budgets for the GAFSP Coordination Unit, Technical Advisory Committee, Civil Society Organizations, Trustee, and M&E work program 1%.



FUNDING DECISIONS BY COUNTRY

The chart shows the funding decisions by recipient country. For the Public Sector Window, the Supervising Entity (IFAD and MDBs for investment operations and/or technical assistance; FAO and WFP for technical assistance only) can be proposed by countries or regional organizations, but are ultimately selected by the GAFSP Steering Committee.



5. Funds Available

In USD millions

	<u>As of March 31, 2013</u>	<u>As of March 31, 2012</u>	<u>Changes since last report</u>
	(a)	(b)	(a) - (b)
<u>1. Cumulative Receipts</u>	786.5	564.3	- 222.2
a. Cash receipts from Contributors	782.7	562.2	220.5
b. Investment Income earned on undisbursed balances of GAFSP Funds	3.8	2.1	1.7
<u>2. Cumulative Cash Transfer</u>	195.6	106.0	89.5
a. Projects	155.2	78.4	76.7
b. Fees	31.0	21.4	9.6
b. Administrative Budget	9.4	6.2	3.2
<u>3. Funds held in Trust (3 = 1 - 2)</u>	590.9	458.3	132.6
<u>4. Financial Reserve</u>	-	-	-
<u>5. Funds held in Trust with no Restrictions (5 = 3 - 4)</u>	590.9	458.3	132.6
<u>6. Funding Decisions pending Cash Transfer</u>	506.1	408.4	97.8
a. Projects	502.8	402.6	100.3
a. Fees	1.5	2.2	(0.7)
b. Administrative Budget	1.8	3.7	(1.8)
<u>7. Amounts pending Steering Committee Funding Decisions</u>	-	-	-
<u>8. Funds available to support Steering Committee Funding Decisions (8 = 5 - 6 - 7)</u>	84.8	49.9	34.8

HIGHLIGHTS FOR THE PERIOD APRIL 1, 2012 THROUGH MARCH 31, 2013:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD eq. 591 million as of March 31, 2013. Funds Held in Trust increased by USD eq. 133 million due to:
 - The receipt of additional contributions amounting to USD 221 million.
 - Investment Income earned during the period of March 31, 2012 to March 31, 2013 amounting to nearly USD 2 million.
 - Cash transfers during the period amounting to USD 90 million, including USD 77 million for projects.
- **Funding Decisions Pending Cash Transfer** arising from the GAFSP Steering Committee approvals amounting to USD 98 million.
- **Funding Availability** increased by USD eq. 35 million over the prior reporting period as a result of the factors outlined above.



Glossary

Term	Definition
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 Encashments.
Cash Transfer	Cash payment made to a Supervising Entity under a Transfer Agreement or a Financial Procedures Agreement.
Contribution	The funds provided and to be provided by a Donor 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 Donor, 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 instrument 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.
Financial Intermediary Fund (FIF)	Funds that involve financial engineering or complex finance schemes, or where the Bank provides a specified set of administrative, financial or operational services.
Funding Availability	Assets available to support funding decisions, as calculated under a specific basis of commitment.
Funds Held in Trust	Cash and Investments plus Promissory Notes Receivable.
Investment Income	Returns (realized and unrealized) on cash and investments, allocated to individual Trust Funds.
Pledge	A Donor'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.
Transfer Agreement / Arrangement	An agreement or arrangement between a World Bank entity, as Trustee, and a Supervising Entity for the commitment and transfer of funds by the Trustee to the Supervising Entity under terms that do not involve Bank responsibility post-transfer