



Global Agriculture and Food Security Program Trust Fund

Public Sector Window

Financial Report

Prepared by the Trustee

As of September 30, 2020



Table of Contents

Table of Contents

Introduction	3
GAFSP Trust Fund Financial Summary as of September 30, 2020	4
1. GAFSP Trust Fund Summary – Inception through September 30, 2020.....	5
2. Contributions	6
3. Asset Mix and Investment Income.....	7
4. Cumulative Funding Decisions as of September 30, 2020.....	9
5. Funds Available	12
Glossary.....	13



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, 2020.



GAFSP Trust Fund Financial Summary as of September 30, 2020

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, 2020, donor contributions to the Public Sector Window of the Trust Fund totaled USDeq. 1,505.1 million. Of this amount, USD 1,427.6 million has been received by the Trustee in cash.

Investment Income:

As of September 30, 2020, the Trust Fund earned investment income of approximately USD 51 million on the liquid balances of the Trust Fund and investment income received from Supervising Entities is USD 10.3 million.

Funding Approvals:

The cumulative funding decisions made by the GAFSP Steering Committee ("Steering Committee") through September 30, 2020 totaled USD 1,481.4 million, of which USD 1,364.6 million represents allocations for projects, USD 63.4 million for Supervising Entity fees, USD 35.5 million for Trustee and Coordination Unit administrative budget, and USD 17.9 million for monitoring and evaluation.

Cash Transfers:

The Trustee has transferred a total of USD 1,124.4 million up to September 30, 2020, including USD 1,012.2 million related to projects.

Funds Held in Trust:

Funds Held in Trust¹ reflect contributions paid-in from contributors, and investment income earned less cash transfers. Funds Held in Trust as of September 30, 2020 amounted to USD 364.5 million.

Funds Available for Steering Committee Funding Decisions:

Funds available to support Steering Committee funding decisions amounted to USD 7.4 million as of September 30, 2020.

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, 2020

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	1,505.1	100.0%
Pledges	-	0.0%
Total Pledges and Contributions	1,505.1	100.0%

<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	1,427.6	91.1%
Unencashed Promissory Notes	-	0.0%
Investment Income earned	51.0	3.3%
Investment Income received from SEs	10.3	0.7%
Total Resources Received	1,488.9	95.1%
<u>Resources not yet received</u>		
Contributions not yet paid	77.5	4.9%
Pledges	-	0.0%
Total resources not yet received	77.5	4.9%
Total Potential Resources (A) (in USD millions)	1,566.4	100.0%

<u>Cumulative Funding Decisions</u>		
Projects	1,364.6	92.1%
Fees	63.4	4.3%
Trustee and Coordination Unit Budget	35.5	2.4%
Monitoring and Evaluation Budget	17.9	1.2%
Total Funding Decisions Net of Cancellations (B)	1,481.4	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	84.9	

<u>Funds Available</u>		
Funds Held in Trust	364.5	
Approved Amounts Pending Cash Transfers	357.1	
Total Funds Available to Support GAFSP Steering Committee Decisions	7.4	

Note: totals may not add up due to rounding



2. Contributions

Contributions to the Public Sector Window as of September 30, 2020 (in millions)

Contributor	Currency	Effective (or signed) Contributions in Currency of Contribution	Cash Receipts in Currency of Contribution	Outstanding Contributions in Currency of Contribution	Unencashed Promissory Notes in USDeq.	Outstanding Contributions in USDeq. b/	Receipts in USD c/ d/
Australia	AUD	106.0	106.0	-	-	-	102.6
Canada	CAD	205.0	205.0	-	-	-	201.5
Gates Foundation	USD	70.0	70.0	-	-	-	70.0
Germany	EUR	174.0	107.8	66.2	-	77.5	122.9
Ireland	EUR	1.5	1.5	-	-	-	2.0
Korea	USD	83.9	83.9	-	-	-	83.9
Norway	NOK	62.3	62.3	-	-	-	7.1
Spain	EUR	70.0	70.0	-	-	-	94.2
United Kingdom	GBP	42.5	42.5	-	-	-	62.2
United Kingdom a/	USD	38.0	38.0	-	-	-	38.0
United States	USD	643.2	643.2	-	-	-	643.2
Total					-	77.5	1,427.6

a/ Represents Promissory Note contribution

b/ Valued on the basis of exchange rates as of September 30, 2020

c/ Represents actual USD receipts

d/ Includes cash receipts and encashed promissory notes

Note: totals may not add up due to rounding



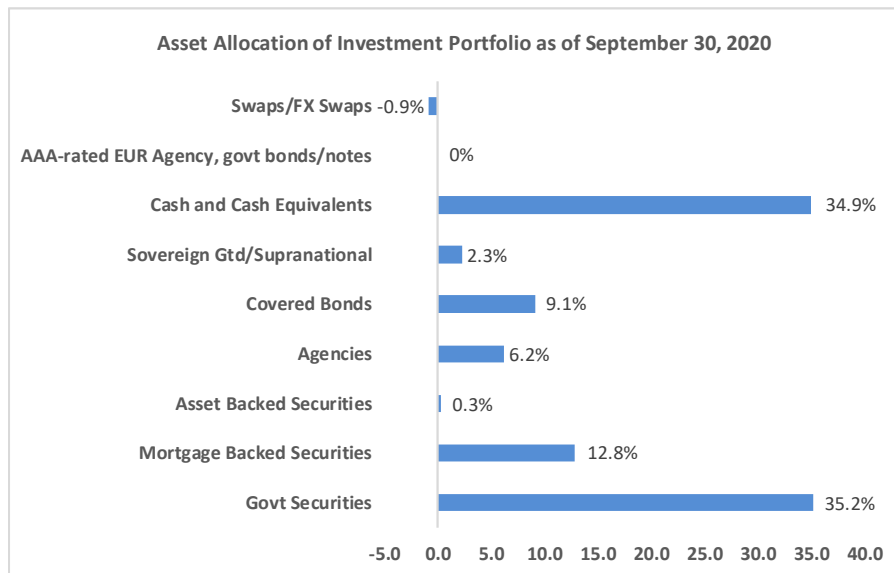
3. Asset Mix and Investment Income

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.²

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 and which are used to manage the interest rate risk. Figure 1 below presents the portfolio allocation by asset class as of September 30, 2020.



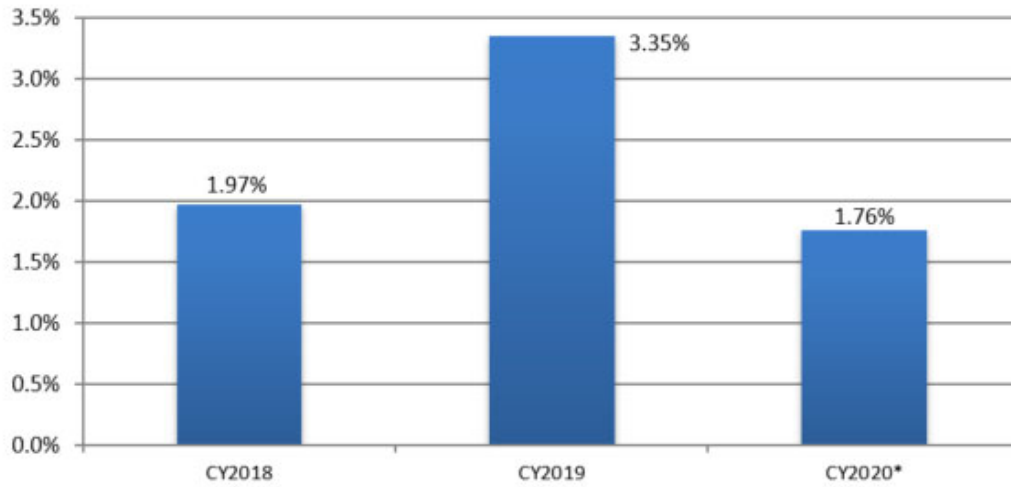
Note: The negative position in swaps is primarily due to changes in foreign currency exchange (FX) rates in cross currency basis swaps. Such swap instruments are used to implement currency hedges on bond positions within the portfolio. These hedges remain in place.

² 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 (which totaled approximately USD 364.5 million at end-September 2020) earned approximately USD 51 million in investment income since inception. The portfolio returns through September of calendar year 2020 was about 1.76% non-annualized.



*non-annualized



4. Cumulative Funding Decisions as of September 30, 2020

In USD millions

Projects	Supervising Entity	Amount	% of Total Projects by Country
Bangladesh	IBRD	42.9	3%
	FAO	3.7	0%
Benin	AFDB	24.0	2%
Bhutan	IBRD	12.6	1%
Burkina Faso	IBRD	37.1	3%
Burundi	IFAD	30.0	2%
Cambodia	ADB	42.9	3%
Ethiopia	IBRD	50.0	4%
	FAO	1.5	0%
Ethiopia	IBRD	32.0	2%
	FAO	4.0	0%
The Gambia	AFDB	26.6	2%
	FAO	1.4	0%
Haiti	IBRD	10.0	1%
	IDB	25.0	2%
Haiti	IDB	14.3	1%
Honduras	IBRD	35.0	3%
	AFDB	22.8	2%
Kenya	FAO	1.2	0%
	IBRD	38.0	3%
Kyrgyz Republic	IFAD	25.5	2%
	WFP	8.3	1%
Liberia	AFDB	46.5	3%
Malawi	AFDB	39.6	3%
Mali	AFDB	37.2	3%
Mongolia	IBRD	11.0	1%
	FAO	1.5	0%
Myanmar	ADB	22.0	2%
	FAO	5.0	0%
Nepal	IBRD	40.6	3%
Nepal	IBRD	b/	2%
Nicaragua	IBRD	33.9	2%
Niger	AFDB	33.0	2%
Rwanda	IBRD	50.0	4%
Senegal	AFDB	44.4	3%
Sierra Leone	IFAD	50.0	4%
Tajikistan	IBRD	27.9	2%
Tanzania	IBRD	22.9	2%
Tanzania	AfDB	b/	1%
Timor Leste	IBRD	21.0	2%
Togo	IBRD	18.2	1%
	IFAD	16.5	1%
Uganda	IBRD	34.6	3%
Zambia	AFDB	32.5	2%
Yemen	IBRD	43.0	3%
Multi-Country	FAO	c/ d/	0%
	WFP	d/	0%



<u>Projects</u>	<u>Supervising Entity</u>	<u>Amount</u>	<u>% of Total Projects by Country</u>
<i>(continued)</i>			
Missing Middle - Mali	IFAD	3.6	0%
Missing Middle - Mali	WFP	3.6	0%
Missing Middle - East Africa	IFAD	3.0	0%
Missing Middle - Bangladesh	FAO	3.7	0%
Missing Middle - Senegal	FAO	2.7	0%
Rwanda	IBRD	30.8	2%
	FAO	a/ 1.5	0%
Burkina Faso	IBRD	a/ b/ 24.0	2%
Pacific Islands	IFAD	a/ b/ 11.0	1%
	FAO	a/ 1.0	0%
Afghanistan	ADB/FAO	a/ 15.0	1%
Central African Republic	AFDB/FAO	a/ 15.4	1%
Democratic Rep of Congo	IBRD/FAO	a/ 15.0	1%
Cote d'Ivoire	AFDB	a/ 12.0	1%
Haiti	IDB/FAO	a/ 14.0	1%
Liberia	AFDB/FAO	a/ 8.2	1%
Yemen	IBRD/FAO	a/ 20.0	1%
The Gambia	AFDB/WFP	a/ 16.0	1%
		1,364.6	100%
			% of Total Fees by SE
Fees			
ADB		2.1	3%
AfDB		16.7	26%
FAO		1.2	2%
IBRD		32.9	52%
IDB		1.9	3%
IFAD		7.9	13%
WFP		0.6	1%
		63.4	100%
Administrative Budget			
DIME		6.4	12%
Coordination Unit - Core	e/	30.3	57%
Coordination Unit - M&E		5.8	11%
Trustee		5.3	10%
Project Impact Evaluation		5.7	11%
		53.4	100%
Total Funding Decisions		1,481.4	
a/ Subject to Steering Committee's no-objection approval of complete project 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			

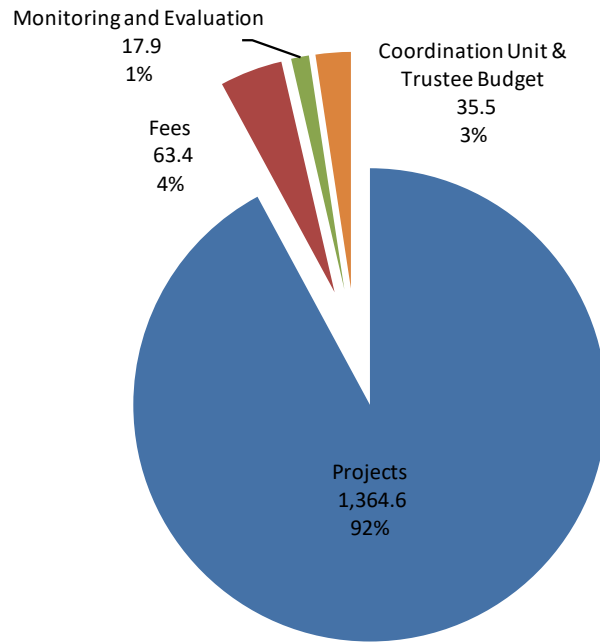
Note: sub-totals may not add up due to rounding



In USD millions

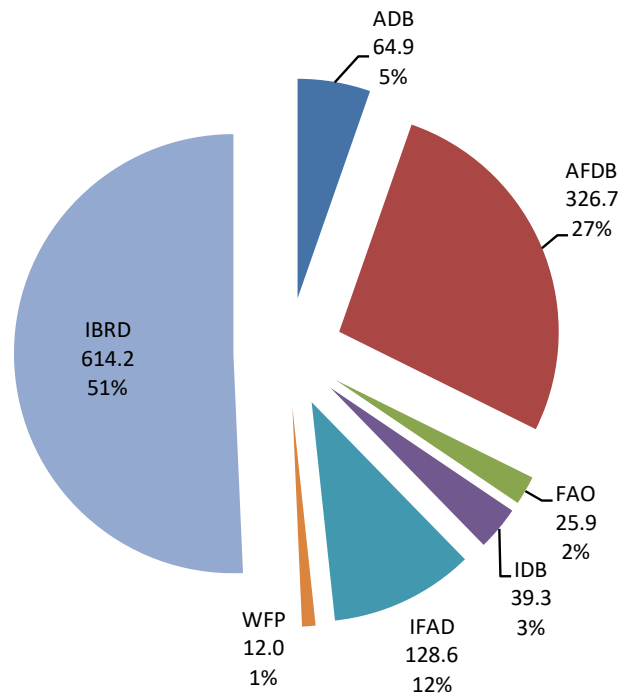
CUMULATIVE FUNDING DECISIONS

Since inception to September 30, 2020 funding approvals made by the Steering Committee totaled USD 1,481.4 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

	As of September 30, 2020 (a)	As of June 30, 2020 (b)	Changes since last report (a) - (b)
1. Cumulative Receipts	1,488.9	1,452.3	36.5
a. Cash receipts from Contributors	1,427.6	1,389.4	38.1
b. Unencashed Promissory Notes	-	3.5	(3.5)
c. Investment Income earned	51.0	50.4	0.6
d. Investment Income received from SEs	10.3	9.0	1.3
2. Cumulative Cash Transfer	1,124.4	1,116.6	7.8
a. Projects	1,012.2	1,008.5	3.7
b. Fees	60.3	57.7	2.6
c. Administrative Budget	51.9	50.4	1.5
3. Funds held in Trust	364.5	335.8	28.7
Consisting of:			
a. Cash and Investments	364.5	332.3	32.2
b. Promissory Notes	-	3.5	(3.5)
4. Funding Decisions pending Cash Transfer	357.1	301.5	55.5
5. Funds available to support SC funding decisions	7.4	34.2	(26.8)

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

HIGHLIGHTS FOR THE PERIOD JULY 1, 2020 THROUGH SEPTEMBER 30, 2020:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD 364.5 million as of September 30, 2020. Funds Held in Trust increased by USD 28.7 million due to:
 - Cash receipts from contributors, including promissory note encashments, totaling USD 38.1 million and additional investment income of approximately USD 1.9 million during the third quarter of calendar year 2020
 - Offset by a reduction in unencashed promissory notes by USD 3.5 million and cash transfers of USD 7.8 million
- **Funding Availability** decreased by USD 26.8 million over the prior reporting period due to:
 - New funding decisions of USD 63.3 million
 - Offset by cash receipts from contributors and additional investment income during the period totaling USD 36.5 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