



Global Agriculture and Food Security Program Trust Fund

Public Sector Window

Financial Report

Prepared by the Trustee

*As of June 30, 2017*



The World Bank Group  
Financial Intermediary Funds

**GAFSP**  
Trust Fund





## GAFSP Trust Fund Financial Summary as of June 30, 2017

### *Pledges and Contributions*

A pledge represents a contributor's expression of intent to m pr



## 1. GAFSP Trust Fund Summary – Inception through June 30, 2017

*In USD millions*

Contributions	1,298.8	97.4%
Pledges	34.2	2.6%
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<u>Resources received</u>		
Cash Receipts	1,278.0	94.5%
Investment Income earned	19.0	1.4%
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<u>Resources not yet received</u>		
Contributions not yet paid	20.8	1.5%
Pledges	34.2	2.5%
Total resources not yet received	55.0	4.1%
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<i>(in USD millions)</i>		
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Projects	1,194.5	93.6%
Fees	51.0	4.0%
Trustee and Coordination Unit Budget	18.6	1.5%
Monitoring and Evaluation Budget	12.4	1.0%
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Funds Held in Trust with no restrictions	633.0	
Approved Amounts Pending Cash Transfers	612.5	

Note: sub totals may not add up due to rounding



## 2. Contributions

*Contributions to the Public Sector Windows as of June 30, 2017 (in millions)*

- x EUR 8 million (USDeq. 8.6 million) from Germany, representing the final installment payment under the December 2015 contribution agreement, was received by the Trustee in March 2017.
- x Germany made a pledge of EUR 30 million (USDeq. 34.2 million valued as of June 30, 2017), with anticipated payment schedule from 2018 to 2022.
- x The United States contribution of USD 31.9 million was paid into the Trust Fund in March 2017.

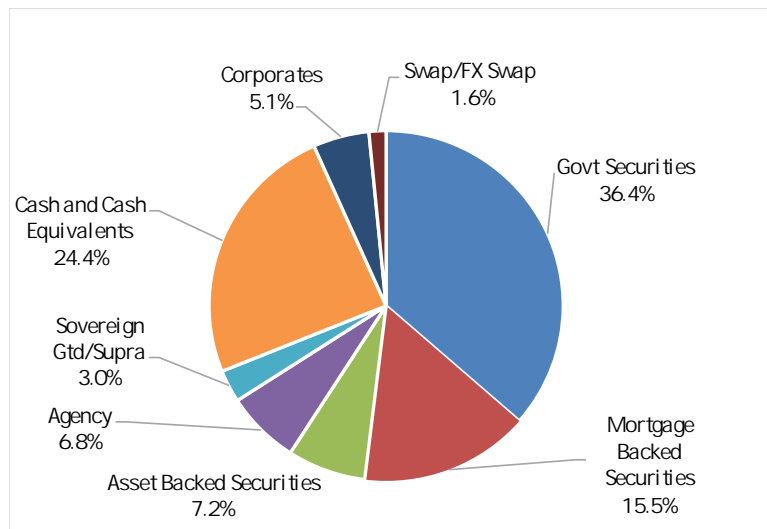


### 3. Asset Mix and Investment Income

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.

Following the Joint Steering Committee and Donor Committee meeting in January 2016, the Trust Fund investments have been included in the Pool’s longer term model portfolios. The Trust Fund balance is currently invested across three of the Pool’s investment model portfolios (“Model Portfolio 0” (MPO) 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 MPO 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 seen as 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 and which are used to manage the interest rate risk. Figure 1 below presents the portfolio allocation by asset class as of June 30, 2017.

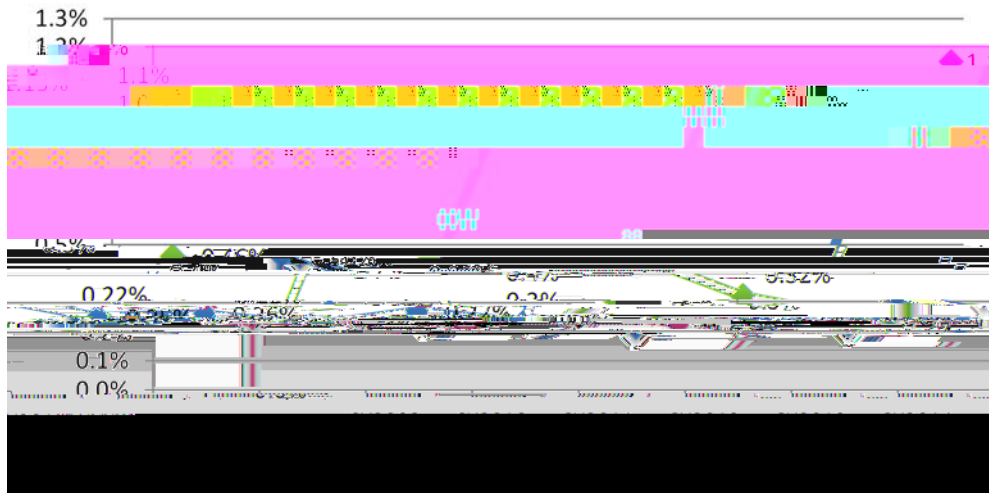


*Note: The negative position in swaps is primarily due to changes in foreign currency exchange (FX) rates in cross currency basis swaps. Such swap instruments are used to implement currency hedges on bond positions within the portfolio. These hedges remain in place.*

<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.



The Trust Fund liquid portfolio (which totaled approximately USD 633 million at end June 2017) earned approximately USD 19 million in investment income since inception. The portfolio return during calendar year 2016 was about 1.15%, or approximately USD 5.1 million, and was driven primarily by investments in longer term tranches. The return during the first two quarters of 2017 was about 0.80%, or approximately USD 5.6 million.







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## 4. Cumulative Funding Decisions

*In USD millions*





## 5. Funds Available

*In USD millions*

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- x ***Funds Held in Trust*** represent cumulative receipts less cumulative cash transfers, and amount to USD 633 million as of June 30, 2017. Funds Held in Trust increased by USD 22 million due to:
    - o Cash transfers totaling USD 22.3 million during the period;
    - o Offset by cash receipts from contributors of USD 40.6 million and additional investment income of approximately USD 3.7 million earned during the first two quarters of calendar year 2017.
  
  - x ***New Funding Decisions*** increased by USD 160.9 million
  
  - x ***Funding Availability*** decreased by USD 116.5 million as a result of the factors outlined above.

