



June 30, 2016

Global Agriculture and Food Security Program (GAFSP)

Administered by the International Bank for Reconstruction and Development as Trustee

World Bank Reference: TF069015

**Independent Auditors' Report and Statements of Receipts,
Disbursements and Fund Balance**

The World Bank Group

Trust Funds Division, Accounting and Business Services Department
Finance and Accounting Vice Presidency

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KPMG LLP
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Independent Auditors' Report

International Bank for Reconstruction and Development;
As Trustee of the Global Agriculture and Food Security Program – TF069015:

We have audited the accompanying statement of receipts, disbursements, and fund balance (the Statement) of the Global Agriculture and Food Security Program – TF069015 (the Trust Fund) under administration by the International Bank for Reconstruction and Development (the Trustee) for the period from July 1, 2013 to June 30, 2016, and for the period from April 21, 2010 (date of inception) to June 30, 2016, and the related notes to the Statement.

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the Statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the receipts, disbursements, and fund balance of the Trust Fund for the period from July 1, 2013 to June 30, 2016, and for the period from April 21, 2010 (date of inception) to June 30, 2016, in accordance with the modified cash basis of accounting described in Note 2.



Basis of Accounting

We draw attention to Note 2 to the Statement, which describes the basis of accounting. The Statement is prepared on the modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles or International Financial Reporting Standards. Our opinion is not modified with respect to this matter.

KPMG LLP

Washington, District of Columbia
October 14, 2016

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Expressed in U.S. dollars

	Note	July 1, 2013 to June 30, 2016	April 21, 2010 (date of inception) to June 30, 2016
Contributions	3		
Australia		\$ -	\$ 98,382,550
Bill and Melinda Gates Foundation		10,000,000	70,000,000
Canada		-	201,527,776
Germany		30,941,954	30,941,954
Ireland		1,367,000	1,999,850
Republic of Korea		30,000,000	83,852,014
Spain		-	94,199,000
United Kingdom		31,839,250	51,908,000
United States		144,021,957	588,187,447
Total contributions		248,170,161	1,220,998,591
Net investment income	5	7,341,900	11,490,188
Total receipts		255,512,061	1,232,488,779
Project disbursements	6	345,569,698	521,392,001
Project supervision fees	7	17,871,000	49,034,124
Administrative budget disbursements, net	8	19,405,042	28,905,516
Total disbursements		382,845,740	599,331,641
Excess of (disbursements over receipts)/receipts over disbursements		(127,333,679)	633,157,138
Fund balance:			
Beginning of period		760,490,817	-
End of period		\$ 633,157,138	\$ 633,157,138
Fund balance consists of:			
Trust Fund's share of the cash and investments in the Pool	4	\$ 633,157,138	\$ 633,157,138

The accompanying notes are an integral part of this Statement of Receipts, Disbursements and Fund Balance.

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Note 1 - Organization

The Global Agriculture and Food Security Program (GAFSP) was established as a mechanism to manage the G-20's increased support to agriculture and food security following pledges made by the G8+ at L'Aquila, Italy in July 2009, and in response to the explicit request from the G20 in Pittsburgh, PA in September 2009. GAFSP aims to improve the income and food security of poor people in developing countries through improved public and private sector investment in agriculture and rural sectors that is country owned and led; by filling existing financing gaps in ongoing bilateral and multilateral assistance.

GAFSP operates through two windows: the public sector window and the private sector window. The public sector window focuses on supporting proposals designed and led by recipient countries to increase agricultural productivity, food security, and income. The private sector window provides long and short term loans, credit guarantees, and equity to support private sector activities to improve agricultural development and food security.

A multi donor trust fund (the Global Agriculture and Food Security Program Trust Fund, or the Trust Fund) was funded by several donors (Donors) and established on April 21, 2010 (date of inception, herein after referred to as 'Inception') for the activities of the public sector window to be administered by the International Bank for Reconstruction and Development (IBRD) as Trustee. The activities of the private sector window are managed by the International Finance Corporation (IFC) and do not form part of the Trust Fund.

The Trust Fund is under the authority and oversight of an external steering committee (Steering Committee) that oversees the operations and activities of the GAFSP and acts as the decision-making body of the GAFSP. The Steering Committee is advised by an external Technical Advisory Committee (TAC) which provides technical inputs for decisions to be taken by the Steering Committee. Further, a Coordinating Unit (CU) located within the Agriculture and Rural Development Department of IBRD, but distinct from IBRD's role as Trustee, has been established to support the work of the Steering Committee and the TAC. In addition, IBRD carries out in-depth impact evaluations for GAFSP-financed investment projects.

The Trust Fund's activities are executed by several supervising entities (the Entities), selected by the Steering Committee (refer to Note 6, for the listing of the Entities). In addition to its role as Trustee, IBRD acts as one of the Entities. The Trust Fund holds funds and then disburses them to the Entities for executing the projects as instructed by the Steering Committee. The Trustee has no fiduciary responsibility subsequent to transferring

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2016

All amounts expressed in U.S. dollars unless otherwise noted

funds to the recipient. The Trustee also manages the investments of the Trust Fund balances and provides accounting and financial reporting services for the Trust Fund.

This Statement of Receipts, Disbursements and Fund Balance (Statement) reports solely upon the receipts, disbursements and fund balance of the Trust Fund, and does not include the activities or financial position of the Steering Committee, TAC, CU or the Entities.

In accordance with the donor agreements (the Agreements), the Trust Fund requires an audit at the end of every fiscal year. However, due to limited financial activity during the fiscal years ended June 30, 2010, 2011, and 2012, the Steering Committee, with the consent of the Donors waived the audit requirements for those years and the first Statement was prepared for the period from Inception to June 30, 2013. Subsequently, the Steering Committee, with the consent of the Donors waived the audit requirement for every fiscal year and agreed to conduct the audit every three years. Accordingly, this Statement is prepared for the period from July 1, 2013 to June 30, 2016.

Note 2 - Significant accounting policies

Basis of preparation

The Statement of Receipts, Disbursements and Fund Balance (the Statement) has been prepared on the cash receipts and disbursements basis of accounting, modified to record the Trust Fund's share of the pooled cash and investments at fair value (modified cash basis of accounting). Accordingly, net investment income includes the Trust Fund's share of realized and unrealized investment income/loss (see Notes 4 and 5).

The modified cash basis of accounting is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (U.S. GAAP) or International Financial Reporting Standards (IFRS); therefore, the Statement is not intended to be a presentation in conformity with U.S. GAAP or IFRS. Receipts, with the exception of net investment income, as described above and in Note 4, are reported when collected (i.e., when credited to the Trust Fund) rather than when pledged/earned, and disbursements are reported when paid (i.e., when debited to the Trust Fund) rather than when incurred. For example, the following transactions may be incurred in one period and reported in a different period: (1) contributions not credited to the Trust Fund at the period end date due to timing or other reasons, and (2) distributions, including approved grant payments, not debited to the Trust Fund at period end due to timing or other reasons; and (3) any refunds of previous disbursements deemed by the Trustee, to be ineligible in accordance with the relevant legal agreements with the donors.

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Treatment of foreign currency transactions

The Statement is presented in U.S. dollars, which is the Trust Fund's functional and presentation currency. Transactions in currencies other than U.S. dollars are reported as follows:

- (i) Contributions received by the Trust Fund in various currencies are converted into U.S. dollars by IBRD, as Trustee, upon receipt of funds and receipt of countersigned Agreements. Foreign currency transaction gains or losses, if any, on such conversion are borne by the Trust Fund and are reported under contributions.
- (ii) Disbursements in currencies other than U.S. dollars, if any, are reported at the rates of exchange prevailing on the date of the transaction and hence do not result in any exchange gain/loss to the Trust Fund.
- (iii) At the end of each reporting period, fund balances that are not denominated in U.S. dollars are revalued at the market rates of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is reported as a foreign currency adjustment. As of June 30, 2016, there are no currencies held other than the functional currency and hence does not result in any exchange gain/loss to the Trust Fund.

Use of estimates

The preparation of the Statement requires management to make estimates and assumptions based upon information available as of the date of the Statement. Actual results could differ from these estimates. Areas in which management makes estimates and assumptions in determining the amounts to be recorded include the fair value of Trust Fund's share of the pooled cash and investments (see Notes 4 and 5).

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Note 3 - Contributions

The amounts committed by the Donors and received by the Trust Fund for the period from July 1, 2013 to June 30, 2016 and for the period from Inception to June 30, 2016, are as follows:

Donor	April 21, 2010 (date of inception) to June 30, 2016		July 1, 2013 to June 30, 2016		April 21, 2010 (date of inception) to June 30, 2016	
	Amounts Committed	Amounts received	Amounts in US\$	Amounts received	Amounts in US\$	
Australia	A\$ 100,000,000	-	\$ -	A\$ 100,000,000	\$ 98,382,550	
Bill and Melinda Gates Foundation	US\$ 70,000,000	US\$ 10,000,000	10,000,000	US\$ 70,000,000	70,000,000	
Canada	Can\$ 205,000,000	-	-	Can\$ 205,000,000	201,527,776	
Germany	€ 35,000,000	€ 27,000,000	30,941,954	€ 27,000,000	30,941,954	
Ireland	€ 1,500,000	€ 1,000,000	1,367,000	€ 1,500,000	1,999,850	
Republic of Korea	₩ 57,414,400,000	-	-	US\$ 53,852,014 *	53,852,014	
	US\$ 30,000,000	US\$ 30,000,000	30,000,000	US\$ 30,000,000	30,000,000	
Spain	€ 70,000,000	-	-	€ 70,000,000	94,199,000	
United Kingdom	£ 42,500,000	£ 21,500,000	31,839,250	£ 34,000,000	51,908,000	
United States	US\$ 588,187,447	US\$ 144,021,957	144,021,957	US\$ 588,187,447	588,187,447	
Total			\$248,170,161		\$1,220,998,591	

* represents US\$ equivalent of ₩ 57,414,400,000.

Note 4 - Trust Fund's share of the cash and investments in the Pool

Amounts paid into the Trust Fund but not yet disbursed, are managed by IBRD, which maintains an investment portfolio (the Pool) for all of the trust funds administered by IBRD, the International Development Association, IFC, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes (collectively, the World Bank Group). IBRD, on behalf of the World Bank Group, maintains all trust fund assets separate and apart from the funds of the World Bank Group.

The Pool is a trading portfolio and is reported at fair value, with realized and unrealized gains/losses included in net investment income. The share in the pooled cash and investments represents the Trust Fund's share of the Pool's fair value at the end of each reporting period. The Trust Fund's share in the Pool is not traded in any market; however, the underlying assets within the Pool are reported at fair value. All investment decisions are made, and performance is monitored, at the Pool level.

Generally, the Pool includes cash and liquid financial instruments such as government and agency obligations, time deposits, money market securities, and asset-backed securities. Additionally, the Pool includes equity securities, derivative contracts such as currency forward contracts, currency swaps, interest rate swaps, and contracts to purchase or sell mortgage-backed securities to-be-announced (TBAs). Payables and receivables

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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associated with the investment activities are also included in the Pool. The Pool may also include securities pledged as collateral under repurchase agreements, receivables from resale agreements and derivatives for which it has accepted collateral.

The Pool is divided into sub-portfolios to which allocations are made based on fund-specific investment horizons, risk tolerances and/or other eligibility requirements for trust funds with common characteristics as determined by IBRD, on behalf of the World Bank Group. An individual sub-portfolio may hold all or a portion of the types of financial instruments held by the Pool.

The Trust Fund's share of the cash and investments in the Pool has a fair value of \$633,157,138 as of June 30, 2016.

Note 5 - Net investment income

Net investment income consists of the Trust Fund's allocated share of the following: interest income earned by the Pool, realized gains/losses from sales of securities, and unrealized gains/losses resulting from recording the assets held by the Pool at fair value.

Note 6 - Project disbursements

Project disbursements represent transfers made by IBRD as Trustee, from the Trust Fund to the Entities, for projects/programs/activities, upon approval by the Steering Committee. The transfers made to the Entities for the period from July 1, 2013 to June 30, 2016 the period from Inception to June 30, 2016, are as follows:

Entities	July 1, 2013 to June 30, 2016	April 21, 2010 (date of inception) to June 30, 2016
Asian Development Bank	\$ 12,531,781	\$ 28,691,781
African Development Bank Group	109,746,393	123,746,393
Food and Agriculture Organization of the United Nations	3,521,929	7,604,232
IBRD	163,130,000	279,210,000
International Fund for Agricultural Development	34,762,549	59,762,549
Inter-American Development Bank	21,877,046	22,377,046
Total	\$345,569,698	\$521,392,001

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

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Note 7 - Project management fees

Project management fees represents transfers made by IBRD as Trustee, from the Trust Fund to the Entities, for administrative and other costs, including but not limited to, cost of project preparation, project supervision, preparation of reports, incurred by the Entities in connection with management of the projects, upon approval by the Steering Committee. The approved amounts can be requested by the Entities at any time during the phase of the projects/programs/activities. The transfers made to the Entities for the period from July 1, 2013 to June 30, 2016 and for the period from Inception to June 30, 2016, are as follows:

Entities	July 1, 2013 to June 30, 2016	April 21, 2010 (date of inception) to June 30, 2016
Asian Development Bank	\$ 544,740	\$ 1,229,362
African Development Bank Group	4,938,710	13,817,796
Food and Agriculture Organization of the United Nations	76,800	410,666
IBRD	11,065,750	26,222,472
International Fund for Agricultural Development	1,245,000	6,160,000
Inter-American Development Bank	-	1,193,828
Total	\$17,871,000	\$49,034,124

Note 8 - Administrative budget disbursements, net

Upon approval by the Steering Committee, the Trust Fund transfers administrative budget to the CU, IBRD, TAC, and the Trustee, towards fees and expenses incurred in connection with administrative services, impact evaluation and other activities performed in support of the Trust Fund. The unspent funds, if any, are returned to the Trust Fund, and are recorded in the Trust Fund upon receipt. The administrative budget disbursements, net transferred for the period from July 1, 2013 to June 30, 2016 and for the period from Inception to June 30, 2016, are as follows:

	July 1, 2013 to June 30, 2016	April 21, 2010 (date of inception) to June 30, 2016
CU	\$13,460,264	\$18,996,527
IBRD impact evaluations	1,110,000	1,110,000
TAC	3,789,788	6,409,999
Trustee	1,044,990	2,388,990
Total	\$19,405,042	\$28,905,516

NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2016

All amounts expressed in U.S. dollars unless otherwise noted

Note 9 - Subsequent events

Management has evaluated subsequent events through October 14, 2016, the date this Statement was available to be issued, and there are no subsequent events that would require adjustment to or disclosure in this Statement.