

Global Concessional Financing Facility
Extraordinary Steering Committee Meeting on the Ukraine Refugee Situation
March 29, 2022, by Video Conference

Key Decisions

- *The Steering Committee endorsed the Note on the GCFF Eligibility Process as a suitable basis for initiating the determination of eligibility of countries hosting refugees from Ukraine. Furthermore, in view of the urgency of the needs of refugee hosting countries and the speed with which ISAs were preparing possible operations, as well as the sufficient indications of forthcoming support from Supporting Countries, the Steering Committee decided to initiate the process for determining eligibility and including possible new Benefiting Countries to the GCFF, beginning with Moldova with further consideration to be given for non-ODA eligible countries.*
- *The Steering Committee agreed as an immediate next step the preparation of a communication to the Government of Moldova inviting their expression of interest to join the GCFF as a Benefiting Country. This communication will be prepared by the Steering Committee Co-Chairs, with review by the Steering Committee.*

Summary of Meeting

1. Introductory Remarks

The two co-chairs of the meeting, Ms. **Karen Cristina Rodriguez Zapata**, Head of Multilateral and Bilateral Financing, Ministry of Finance, Representative of Colombia, and Mr. **Richard Teuten**, Foreign, Commonwealth & Development Office (FCDO), Representative of the United Kingdom, welcomed all participants to extraordinary GCFF Steering Committee. Mr. Teuten turned to **Ms. Soukeyna Kane**, Director of the Fragility, Conflict and Violence Group, World Bank, for the roll call and introductory remarks.

Ms. Kane welcomed participants and noted that the extraordinary meeting of the GCFF Steering Committee was convened on the determination by Supporting Countries that the GCFF could provide valuable support to countries hosting refugees from Ukraine. Ms. Kane indicated that several ISA projects are under discussion to help refugee hosting governments expand immediate support to refugees, including access to essential services, food and shelter. The extension of the GCFF to these countries could help leverage and enable provision of significant financing on concessional terms to address refugee needs, while also providing a platform for dialogue and support on key policy issues. Ms. Kane emphasized that this is the type of scenario that the GCFF was designed to address. Ms. Kane thanked the Supporting Countries for their pro-activeness in calling this meeting, as well as the three ISAs who quickly responded to the call to provide indications of possible projects that could benefit from GCFF support, and for liaising with the refugee hosting governments in advance of this meeting.

2. Items for Presentation

Update on the Ukraine Refugee Situation

Ms. Angela Li Rosi, Deputy Director of the UNHCR Europe Bureau, provided the Steering Committee with a detailed update of the current refugee situation resulting from the ongoing war in Ukraine. As of 29 March, the war has generated an estimated 3.9 million refugees, the majority of which are currently in Poland. 1.1 million refugees have moved to secondary reception countries, including Germany, Austria, Spain and Italy where they benefit from the EU's temporary protection directive. The majority of the refugees are women and children who require specialized support. While refugee hosting countries are providing essential support to address needs, additional support from the international community is required from both humanitarian and development sources. UNHCR is actively providing support in all refugee hosting countries through its regional coordination model that brings together UN agencies and is co-led by host governments. Moldova in particular is in need of urgent international assistance, including humanitarian assistance (including cash and in-kind support for WASH, SGBV support, shelter and access to social services) and development support over the medium term (such as access to housing and access to primary, secondary and tertiary education). UNHCR stands ready to support the work of the GCFF should it be extended to support countries hosting refugees from Ukraine.

Presentation by ISAs on potential support to countries hosting refugees from Ukraine

European Bank for Reconstruction and Development (EBRD). On behalf of the EBRD, **Ms. Susan Goeransson, Head of Infrastructure for Europe**, provided an overview of the refugee situation, with specific focus on the situation in Poland and needed actions to provide support over the short to medium term. The EBRD Board of Directors approved a “War on Ukraine – EBRD Resilience Package”, initially sized at EUR 2 billion, which sets out how EBRD can assist Ukraine and affected countries. This package comprises an immediate Resilience and Livelihoods program covering the areas of energy security, municipal services, trade finance support and liquidity for SMEs and beyond. Specific projects which could be brought to the GCFF for support include liquidity support to municipalities and cities to safeguard livelihoods and essential services for displaced persons as well as their host communities; financing support for temporary housing and access to education and medical services for refugees; and support to private sector companies and SMEs operating in the region who will be impacted by the disruption in financial and trade/export markets accessing financing in the form of loans intermediated by PBs and/or working capital. **Please refer to the attached presentation for further details.**

World Bank. On behalf of the World Bank, **Ms. Xiaoqing Yu, Director of Strategy and Operations for East and Central Europe**, provided an overview of the World Bank's engagement to support countries hosting refugees from Ukraine. Building on its long-term country engagement, this response comprises provision of advisory services as well as IBRD financing options for the immediate (next 6 months) and medium term. Engagements in several countries hosting refugees from Ukraine (Moldova and Romania) are being considered as possible vehicles for GCFF support. For each country these include new budget support operations to support displaced populations and structural measures, as well as the identification of ongoing operations which could be restructuring to respond to emerging needs of refugees and host communities. Discussions are also underway with Poland and Bulgaria on possible World Bank technical and advisory assistance as well as a budget support operation that could be contemplated in the event

concessionality support from the GCFE is available. **Please refer to the attached presentation for further details.**

European Investment Bank (EIB). On behalf of the EIB, **Ms. Stella Renita, Senior Loan Officer**, provided an overview of current plans for supporting Moldova in addressing the Ukraine refugee crisis. Current challenges include both needs associated with the refugee influx, reduced output, trade and disruption of value chains, and threats to energy and food security and related major price increases. Current measures being considered by EIB to mitigate the ongoing and potential economic and social impact of the Ukrainian crisis on Moldova, are directed both to the public sector as well as the financial and private sectors. These include immediate responses comprised of upfront disbursement of existing operations, which can provide immediate liquidity responses, as well as the repurposing of approved operations with enlarged eligibility criteria for measures addressing the refugees. The EIB is also considering resilience responses which will include support measures developed in parallel with EU neighborhood region to strengthen resilience and reduce socioeconomic vulnerability. The Moldovan Government still sees existing EIB projects as a priority in order to provide stimulus to weakening economy. The addition of grants provided through the GCFE alongside these projects could provide extra stimulus to allow them to tackle the refugee crisis. **Please refer to the attached note from EIB for further details.**

Presentation by ISAs on potential support to countries hosting refugees from Ukraine

Mr. Richard Teuten, United Kingdom, provided an overview of the OECD DAC Reporting Directives and their applicability to the GCFE. The Reporting Directives allow for DAC members to support non-ODA eligible countries hosting refugees, directly or through an intermediary donor, with costs for their basic needs such as temporary sustenance, education up to secondary level and certain medical needs. Eligible expenditures are limited to the first twelve months of the stay of refugees. Expenditures for the integration of refugees and expenditures beyond twelve months are not eligible. The Directives do not place exclusions to supporting refugee host countries via a multi-donor fund such as the GCFE. Countries receiving funding from the GCFE would have to agree with the relevant ISA how they would ensure support received is spent on eligible expenditures as per the directives.

Following the presentation, **Ms. Soukeyna Kane, World Bank**, provided two written comments: First, the OECD DAC directives have important implications for GCFE support to the countries hosting refugees from Ukraine, the operational implications of which need to be further assessed. Second, while it is imperative to ensure ODA channeled as GCFE support is in compliance with relevant OECD DAC rules, the Steering Committee is also encouraged to consider whether there would be ways in which support can be provided through non-ODA instruments (i.e as Other Official Flows in DAC terminology) to the GCFE for countries such as Poland and Romania—which are not ODA eligible. This is particularly important if the current refugee situation stemming from the war in Ukraine becomes protracted.

3. Item for Discussion

Indication of support for extension of the GCFE to countries hosting refugees from Ukraine

Mr. Teuten introduced the discussion item, noting that any extension of the GCFF needs to be based on a decision of the Steering Committee and on a determination that there will be sufficient support forthcoming from Supporting Countries. **Mr. Teuten** invited Supporting Countries present at the meeting to take the floor to briefly state their position on the extension of the GCFF to countries hosting refugees, and to indicate—if possible—the support they intend to make available for this purpose.

The United States expressed its view that the GCFF is an appropriate instrument to help address the Ukraine refugee crisis and is supportive of efforts to determine how it can be used in this context. The need for a swift GCFF response needs to be balanced with engagements to date in situations of protracted displacement. The US inquired into the time frame for assessing the eligibility of refugee hosting countries, and in particular Moldova, keeping in mind the need to ensure that the UNHCR refugee policy and protection assessment meets the requirements agreed last year. The US also expressed its interest in the views of ISAs on how potential projects supported by the GCFF will reflect the new requirements for results frameworks and monitoring agreed last year. Donor support for GCFF extension to countries hosting refugees from Ukraine will be critical in situations where government interest in borrowing to address refugee needs is predicated on sufficient concessionality. The US indicated that they are considering how to support the GCFF as part of the substantial assistance package announced recently. Obtaining an early sense of the timelines for engaging the GCFF to support refugee hosting countries, GCFF funding needs, as well as additional details on planned ISA project pipelines, will be essential in this regard. The US is not necessarily bound to provide any support solely in the form of ODA.

Canada concurred with the US on the importance of maintaining the integrity of the refugee protection assessment. Canada indicated that at this point not able to provide financing to the GCFF to support countries hosting Ukraine refugees but will continue to assess their ability to provide support in the future. Canada is supportive of GCFF engagement to support countries hosting refugees from Ukraine. Canada noted the preference to focus on ODA-eligible countries.

Denmark stated that it fully supports the extension of the GCFF to countries hosting refugees from Ukraine. At present Denmark is not in a position to provide new commitments but does not rule out the possibility. Denmark is currently examining possibilities of utilizing guarantees as well as grant financing modalities. Denmark would like to be included in further discussions and common approaches to addressing the impacts of the war in Ukraine and stressed the importance of the GCFF in generating a coherent approach to the crisis over the medium term.

The Netherlands stated that it is examining how to support the GCFF for ODA eligible countries, and in principle are willing to commit funding specifically to Moldova. The position of Netherlands is that in view of significant EU funding to EU member states hosting refugees, additional financing through the GCFF should be directed towards countries not benefiting from these funds. The Netherlands expressed its interest in engaging in further discussions on extension of GCFF support and initiating the eligibility process.

The European Commission stated that it is deploying a wide range of instruments – including structural funds - in support of Poland, Romania and Bulgaria, as well as budget support and humanitarian aid for Ukraine and Moldova. The EC welcomes the extension of the GCFF to

countries hosting refugees from Ukraine, notably Moldova, and has no objection to the possible inclusion of Poland, Romania and Bulgaria. At present, the EC has not taken a decision on whether it can contribute to the GCFF.

Norway stated that it has no objection to extending the GCFF to countries hosting refugees from Ukraine. Norway's participation in the GCFF is primarily focused on the Syrian refugee crisis and Venezuela migration crisis and are not at present assessing possibilities of support through the GCFF for countries hosting refugees from Ukraine.

Japan stated that the GCFF could be very instrumental in addressing the needs of refugees from Ukraine and Japan is currently examining possible options to provide support through GCFF, together with JICA. Japan asked whether, if Moldova were hypothetically to be classified as an IDA country, this would have implications for GCFF support, including on its ability to reduce costs associated with IBRD borrowing. Japan indicated that it would be important to obtain more information on possible GCFF funding targets associated with support to countries hosting refugees from Ukraine. Japan expressed its interest in exploring how any non-ODA could be channeled through the GCFF and whether this would require any new GCFF window.

Sweden indicated that it is currently assessing how to channel available resources to address the impacts of the Ukraine crisis, and that it will revert to the Steering Committee once it has defined its position.

Germany joined the comments made by the US and supported the importance of ODA eligibility of the GCFF. Germany indicated that it supports the extension of the GCFF to countries hosting refugees from Ukraine, and in particular Moldova. Germany is currently exploring other instruments for channeling its assistance and does not at this point have clarity on whether additional funding can be provided to the GCFF.

The United Kingdom welcomes the extension of the GCFF and is considering the GCFF as a possible option for the use of part of the commitment it has made to countries hosting Ukrainian refugees, focusing on Moldova.

In his summary of the interventions by Supporting Countries, **Mr. Teuten** noted that no objections were raised to the expansion of the GCFF to countries receiving refugees from Ukraine. Mr. Teuten further noted that a range of views were expressed by Supporting Countries, with some providing positive indications of forthcoming support to the GCFF for this purpose, while others are not currently in a position to contribute to the GCFF in the immediate term. He also added the potential value of contributions from European countries to the GCFF in catalyzing contributions from others which in turn could make it possible for some host countries to borrow from ISAs.

4. Item for Decision

Eligibility process for countries hosting refugees from the war in the Ukraine

Ms. Rodriguez gave the floor to **Mr. Spyros Demetriou, GCFF Coordination Unit**, for a short presentation on the proposals for the eligibility process for adding new Benefiting Countries. Mr.

Demetriou noted that these proposals are derived from, and consistent with, the relevant provisions in the GCFF Operations Manual and the UNHCR refugee policy and protection review framework endorsed by the SC in December 2021. The proposed process outlines the trigger for initiating the eligibility process; the sequence of actions related to the invitation and nomination of countries to be added as Benefiting Countries; and suggests a staged approach to implementation of the UNHCR assessment with a focus on providing an upfront assessment of the refugee protection framework (Part 3 of the framework) to enable rapid SC decision on eligibility. Mr. Demetriou noted that this component of the assessment has already been completed for Moldova by UNHCR. The remainder of the assessment (namely Part 2 on review of refugee policies) would be undertaken subsequently, with a focus on informing priorities for GCFF support. Mr. Demetriou clarified that a staged approach to the UNHCR assessment would not be to the detriment of its integrity or comprehensiveness – the full assessment would be undertaken, albeit with different components undertaken and delivered to the SC at different points in time. Mr. Demetriou further proposed that this more expedited process for determining eligibility should not be limited to countries hosting refugees from Ukraine but extended to all countries being considered in similar circumstances.

Following the presentation **Ms. Rodriguez** proceeded to read the text of the decision, in the absence of any objections.

Decision. *The Steering Committee endorsed the Note on the GCFF Eligibility Process as a suitable basis for initiating the determination of eligibility of countries hosting refugees from Ukraine. Furthermore, in view of the urgency of the needs of refugee hosting countries and the speed with which ISAs were preparing possible operations, as well as the sufficient indications of forthcoming support from Supporting Countries, the Steering Committee decided to initiate the process for determining eligibility and including possible new Benefiting Countries to the GCFF, beginning with Moldova with further consideration to be given for non-ODA eligible countries.*

The Steering Committee agreed as an immediate next step the preparation of a communication to the Government of Moldova inviting their expression of interest to join the GCFF as a Benefiting Country. This communication will be prepared by the Steering Committee Co-Chairs, with review by the Steering Committee.

5. Conclusion

Mr. Teuten summarized the main outcomes of the discussion and decisions reached, as well as immediate next steps as agreed by the SC meeting:

- The Steering Committee was provided with an update on the Ukraine refugee situation by UNHCR; an overview of current ISA operations and other instruments currently being prepared and discussed with countries hosting refugees from Ukraine;
- Supporting Countries indicated sufficient interest and potential forthcoming financing for the extension of the GCFF to Moldova, as well as potentially other countries.

- ISAs will provide additional information to the GCFF Supporting Countries, including project pipelines and estimated concessionality financing needs, in order to inform decisions on possible contributions to the GCFF;
- The Steering Committee agreed to initiate the eligibility process for Moldova with the possibility of extending eligibility to other countries. The process of assessing Moldova's eligibility to join as a Benefiting Country will start immediately with a communication from the GCFF Co-Chairs to the government inviting their expression of interest in accessing the GCFF.
- While acknowledging the need for rapid engagement of the GCFF, the Steering Committee agreed that extension of GCFF support must remain consistent with the full application of the eligibility process and ensure reflection of the revised GCFF results framework agreed in December 2021.
- The urgency of proceeding quickly to mobilize requisite GCFF financing, formally add Benefiting Countries and preparing funding requests based on identified ISA projects was underscored, particularly in relation to those MDB projects being prepared on an emergency fast track basis (including notably Moldova). The GCFF Coordination Unit was requested to prepare timelines and ensure expedited coordination of the various processes.
- GCFF Supporting Countries were encouraged to use the occasion of the upcoming donor conference in Berlin on 5 April to identify contributions to be channeled through the GCFF, with particular focus on ISA lending operations to Moldova and other countries where concessional financing could constitute a precondition for borrowing to support refugee costs.