

Global Concessional Financing Facility
Steering Committee Meeting
July 6, 2022, by Video Conference

Key Decisions

- *The Steering Committee approved the Technical Note on Exceptional Grant Operations (with the additional clarifications provided during the meeting) as an addendum to the GCFF Operations Manual, in order to complement existing provisions relating to GCFF financing for exceptional grant operations and inform the preparation, review and decision on associated funding requests. The Steering Committee agreed that the additional criteria for Exceptional Grant Operations contained in the Technical Note would be reviewed after the first two funding requests approved under this modality.*
- *The Steering Committee approves the GCFF Trustee and Coordination Unit Budget for the 2023 Fiscal Year.*

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 the GCFF Steering Committee, including the new representative of Japan.

Ms. Nabila Assaf, Manager of the Fragility, Conflict and Violence Group, World Bank, welcomed participants and provided an overview of the items on the agenda for the meeting. Ms. Assaf provided an overview of the work of the GCFF over the past 12 months, during which US\$ 124 million was allocated towards seven projects in Jordan, Colombia, Lebanon and Moldova, and which enabled provision of over US\$ 1.46 billion in loans on concessional terms. Ms. Assaf noted that the ability of the GCFF to respond to Benefiting Country requests for support was made possible by the strong engagement of Supporting Countries. Over the past 12 months, receipts to the GCFF amounted to US\$ 68.5 million, with contributions received from the United States, Norway, Canada, and the Netherlands. Increased GCFF support has been accompanied by improvements in the facility's operation, including the revision of the GCFF results framework; increased engagement by UNHCR, including through the new Refugee Policy and Protection Review; the expansion of funding modalities; and the development of synergies and collaboration on refugee / migration issues between ISAs. Ms. Assaf expressed the hope that the GCFF Funding Plan under preparation will result in a strengthening of the strategic value of the GCFF in addressing refugee and host community needs, as well as more predictable and flexible financing support from Supporting Countries.

2. Item for Presentation

Update on the implementation of the GCFE Jordan Private Sector Guarantee Facility

Mr. Rodriguez gave the floor to the representatives from the EIB to provide an update on the *Jordan Private Sector Guarantee Facility*, which has received funding from the GCFE (under the Private Sector Operations Modality) pursuant to the decision of the GCFE Steering Committee at its meeting on October 1, 2021,

Mr. Andreas Berkhoff, EIB, provided a brief presentation on the implementation status of the *Jordan Private Sector Guarantee Facility*. **(Please find copy of the EIB presentation in attachment).**

Ms. Rodriguez invited the Steering Committee to ask questions and comment on the presentation.

The United Kingdom thanked the EIB for the update, acknowledged the challenge of offering incentives to private banks to specifically support refugee-related firms, and asked whether it was correct to assume that the former understand the project and what is expected, and that no major changes are expected to the project. **Mr. Berkhoff** replied that some banks have opted out of the project in favor of broader schemes, but that those participating understand the project. He also confirmed that no major changes to the project are expected, and that EIB expects implementation will proceed as planned.

The United States noted that project implementation appears to be proceeding slowly, and while the EIB response on uptake by private banks and other financial intermediaries was clear, asked whether calibration to the project was needed. **Mr. Berkhoff** replied that the engagement with project stakeholders and beneficiaries is an ongoing process, and that the refugee focus adds a new dimension to conversations. This, in EIB's view, is already an important result, insofar as it is generating important dialogue on inclusion of refugees.

3. Item for Presentation

Update on the GCFE Funding Plan

Mr. Teuten introduced the agenda item, reminding Members of the roadmap agreed during the last Steering Committee on the preparation of the GCFE Funding Plan.

Mr. Spyros Demetriou, GCFE Coordination Unit, provided a brief presentation on the Funding Plan. Based on ongoing consultations with GCFE stakeholders and the roadmap agreed by the Steering Committee, consensus is emerging on the key elements that will form the basis of the Funding Plan. These include: a) Benefiting Country project pipelines and corresponding GCFE funding needs (to be developed and reviewed by September); b) GCFE funding targets for each window, calculated initially for CY 2022-2023 with projects for the full period (2022-2026); and c) adjustments to GCFE funding and governance modalities to enable more strategic and upstream GCFE support. Mr. Demetriou noted that good progress is being made in the preparation of project

pipelines for each Benefiting Country and that excellent suggestions have been received from SC members on adjustments to be made to the GCFF, including strengthening of country level GCFF coordination and evolution to a regional window structure for the facility. Mr. Demetriou concluded by saying that preparation of the Funding Plan remains on track in relation to the roadmap agreed in May (with submission of a first draft to the Steering Committee in September), although the timing and hosting of the High-Level meeting of the GCFF to endorse the Funding Plan remains to be decided.

(Please find attached the presentation delivered with additional details on the update)

The United States stated its appreciation for the continued collaboration and discussion on the Funding Plan, which looks good from its perspective. The US agrees with the regional window approach but is in favor of also retaining the global window to retain flexibility to respond to unforeseen situations. The US also queried whether timelines for project pipeline preparation and replenishment could be brought forward by several months in order to align with SC budget cycles. **The United Kingdom** noted the good practice on country level GCFF coordination and agreed with the suggestion on moving to a regional window model while retaining the global window. The UK also noted its agreement to formalize the ad hoc project review meetings. **Canada** noted its agreement to move to a regional window configuration (including a window for LAC) and enhance efficiency of the SC. **Nabila Assaf and Spyros Demetriou** thanked SC members for their feedback and suggestions, which will be incorporated into the Funding Plan.

Mr. Teuten summarized the exchange, noting that further work on the GCFF project pipelines will be shared at the end of July [exact timing to be confirmed by the GCFF Coordination Unit], as well as the emerging consensus on establishing regional windows for the GCFF.

4. Item for Decision

Technical Note on Exceptional Grant Operations

Ms. Rodriguez introduced the agenda item, noting that the draft Technical Note on Exceptional Grant Operations was prepared at the request of the Steering Committee by the Coordination Unit and submitted for review on June 23. Based on comments received during the Review Meeting organized on June 29, a revised version was circulated for final review and approval by the Steering Committee at this meeting.

Following a brief introduction and overview of the draft Technical Note by **Ms. Nabila Assaf** and **Mr. Spyros Demetriou**, **Ms. Rodriguez** opened the floor for comments. Overall, Steering Committee members felt the draft reflected the outcomes of the review meeting but required more specific language on several issues. In response to SC comments, it was agreed the following revisions would be made:

- Clarify that grant operations funded through the grant-only modality must directly support refugees (United Kingdom, United States, Germany and Japan);

- Clarify that the exceptional grant modality would be reviewed after the first two grants supported through the GCFE (United States, Germany);
- Clarify explicitly that the exceptional grant modality cannot be used to support project preparation (Germany)
- Provide more specificity on the types of priorities and activities that would be financed through the grant only modality.

The Steering Committee agreed to approve the Technical Note on Exceptional Grant Operations subject to the inclusion of the revisions outlined above. Ms. Rodriguez read the text of the decision:

Decision: *The Steering Committee approved the Technical Note on Exceptional Grant Operations (with the additional revisions agreed during the meeting) as an addendum to the GCFE Operations Manual, in order to complement existing provisions relating to GCFE financing for exceptional grant operations and inform the preparation, review and decision on associated funding requests. The Steering Committee agreed that the additional criteria for Exceptional Grant Operations contained in the Technical Note would be reviewed after the first two funding requests approved under this modality.*

5. Item for Decision

GCFE Trustee and Coordination Unit Budget

Ms. Nabila Assaf briefly introduced the GCFE Budget for the 2023 Fiscal Year and gave the floor to **Ms. Jane Mwebi** and **Mr. Spyros Demetriou** for more detailed presentations. The proposed budget for FY 2023 as previously circulated to the Steering Committee amounts to US\$ 961,000, split between the Trustee (US\$ 400,000) and the Coordination Unit (US\$ 561,000). While the Trustee budget has decreased relative to the previous year, the Coordination Unit budget has increased due to the increased cost recovery fee charged by the World Bank for direct costs, inflation-related salary increases; and a higher anticipated workload for FY23.

Mr. Shanu Biswas, Director of the World Bank Budget, Strategy, Plan and Performance Review Office, provided additional details regarding the increase cost recovery fee. He explained that this increase is part of a phased approach across the World Bank to ensure financial sustainability for external funds. Considerable progress has been made in achieving greater budget sustainability across the Bank as a result of a strong efficiency and cost savings drive that started in FY16. In that context that Board requested greater financial sustainability for externally funded mechanisms. IDA and IBRD costs are fully recovered but shortfalls exist with respect to some externally funded mechanisms, including FIFs. A phased approach to rolling out a full cost recovery approach was adopted. Full cost recovery includes all direct costs as well the cost of services provided by the World Bank's Institutional and Administrative Units, including human resources, payroll/accounting, internal controls, corporate procurement, budgeting services, IT services, facilities and security.

Following the presentations, and in the absence of any comments, **Mr. Teuten** read the text of the decision:

Decision: *The Steering Committee approves the GCFF Trustee and Coordination Unit Budget for the 2023 Fiscal Year.*

6. Item for Presentation

Update on GCFF Financial Status.

Ms. Rodriguez introduced the presentation item and give the floor to **Ms. Jane Mwebi**, Trustee of the GCFF, to provide the Steering Committee with a detailed update of the financial status of the Facility.

Ms. Jane Mwebi, Trustee, presented the financial status of the GCFF FIF, as of June 30, 2022. To date:

- Contributions and outstanding Pledges to the GCFF Trust Fund totaled USD 841.68 million. Of this amount, USD 805.31 million has been deposited as cash into the GCFF Trust Fund.
- The GCFF Steering Committee has approved funding from the GCFF Trust Fund totaling USD 803.25 million to cover Concessionality amounts and ISA Costs, as well as Administrative Budget of the GCFF Coordination Unit and Trustee.
- The GCFF Trust Fund has earned investment income of approximately USD 24.11 million on the liquid balances in the GCFF Trust Fund and investment income received from Implementation Support Agencies (ISA).
- Cumulative cash transfers amount to USD 737.82 million.
- Funds Held in Trust amount to USD 91.60 million. Funds Held in Trust reflect contributions paid-in from Supporting Countries, plus investment income, less cash transfers.
- Funds available to support GCFF funding decisions amount to USD 26.17 million.

Ms. Jane Mwebi also informed the Steering Committee of the World Bank's intent to cancel the Greater Beirut Public Transport Project, to which the GCFF had allocated US\$ 69.80 million on the basis of the SC decision in January 2018. Notice of this cancellation, including the amounts to be reflowed to the respective GCFF windows, will be communicated to the GCFF Steering Committee in due course.

7. Conclusion and Closing Remarks

Mr. Teuten summarized the main outcomes of the meeting, which in his view well reflected the implementation of measures agreed last year. The SC was provided a useful update of the EIB pilot project which, while proceeding slowly, was proceeding well. The SC was also provided with a useful exposition on the Funding Plan, and looks forward to next steps in the development of country project pipelines as well as the next discussion during the September meeting of the SC. The SC furthermore agreed to minor changes to the technical note, which has been approved accordingly, and looks forward to project proposals on this basis. The SC also approved the 2023 Budget for the GCFF Trustee and Coordination Unit and took note of the update on the GCFF financial status.

Mr. Demetriou provided a confirmation of the official title of the underlying operation for Lebanon, with the World Bank as ISA, against which US\$ 2.05 million in GCFF concessional support was provided by decision of the SC on May 3, 2022. The title of the underlying operation is: “Strengthening Lebanon’s COVID-19 Response”.