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ANNUAL  
REPORT

GLOBAL  
CONCESSIONAL  
FINANCING  
FACILITY



Global Concessional Financing Facility





# Foreword: Ms. Kristalina Georgieva

CHIEF EXECUTIVE OFFICER  
WORLD BANK



Since the outbreak of war in 2011, more than eleven million Syrians have fled their homes. Over five million have become refugees. Half of Syria's pre-war population is now forcibly displaced.

The crisis has had an enormous impact on neighboring countries. More than two million Syrian refugees today live in Lebanon and Jordan. As a share of their populations, both countries have far more refugees than any other country on the planet.

But this generosity has come at a cost and placed enormous pressure on host communities. Basic public services – such as water, education, and electricity – have become strained, while housing, infrastructure, labor markets, and broader economic stability have all come under stress. The added costs of hosting so many refugees had caused acute financial pressure and sent debt rising to unsustainable levels.

At the request of both countries, the World Bank, working closely with the United Nations, the Islamic Development Bank Group, and other development partners, launched in April 2016 the Global Concessional Financing Facility. The Facility is an innovative financing initiative that brings down the cost of borrowing for middle-income countries (MICs) that are coping with a massive influx of refugees.

The Facility has made extraordinary progress in its first year, thanks to the support of donors and the commitment of participating multilateral development banks (MDBs) and UN agencies. In only twelve months, the Facility has approved funding for seven projects and unlocked more than \$1 billion in concessional financing for Lebanon and Jordan, a milestone I had the pleasure to announce at the recent World Bank Group-IMF Spring Meetings in Washington.

While these achievements are considerable, this report makes clear that the needs in Lebanon and Jordan are far greater still. As the conflict in Syria grinds on, refugees are unable to return home. This makes it critically important for the international community to follow through on the commitment to raise \$1 billion in grants for the Facility to use for Jordan and Lebanon, as well as a further \$500 million for other MICs over the course of five years. In year one, we have made an impressive start; but we must continue and accelerate the momentum as the Facility enters its second year.

At the UN General Assembly last September, the Facility was expanded to the global level. It has opened the door to using concessional financing in a new way, one that incentivizes countries to provide global public goods. For the first time, we now have a framework that will allow for a coordinated international response to help middle income countries address refugee crises wherever they occur.

I hope you find the enclosed report a useful source of ideas, and an inspiring case study of what we can achieve when we seek out innovative solutions to our most vexing global challenges.

## Foreword: H.E. Mr. Imad Fakhoury

MINISTER OF PLANNING AND INTERNATIONAL COOPERATION  
JORDAN



With the massive influx of Syrian refugees and surrounding unprecedented regional turbulence and conflicts, Jordan is facing a humanitarian crisis and an unprecedented development challenge. Today, nearly 21 percent of Jordan's population – or one in five people – is a Syrian refugee. While the implications of these numbers are difficult to wrap one's mind around, one can certainly appreciate the disruptive force such a large, sudden influx of people might have on the lives and communities of the Jordanian people and carrying capacity of our nation to remain resilient and continue hosting the refugees. This disruption has negatively impacted our development gains, national budget, and overall public services, and has depleted scarce natural resources.

Despite this tremendous pressure, the Government of Jordan and the Jordanian people have opened their hearts, their homes, and their borders to accommodate the victims of this tragic war. But, given the magnitude of the crisis, and in recognition that what Jordan is doing is a global public good, the international community has an historic and collective responsibility to help Jordan address and mitigate this daunting challenge as part of fair burden-sharing global responsibility.

As early as March 2015, I alerted the international community to the strains the refugee crisis was putting on our public and social services and the negative fiscal spiral that emerged as we continued to act in an honorable and ethical way with respect to hosted Syrian refugees. Equally critical, the immense costs of hosting refugees saw Jordan's debt-to-GDP ratio soar from just above 60 percent to more than 90 percent in a couple of years, reaching 95% by end of 2016. This was clearly putting the stability and future sustainability of our economy at risk. In light of these challenges, I called upon our global partners to rethink their approach to foreign assistance to help middle-income countries like Jordan better address the impact of major external shocks when neighboring a conflict and receiving tremendous waves of refugees.

As Minister of Planning & International Cooperation for Jordan, I relentlessly advocated for an extraordinary solution in the face of an exceptional situation. For our part, Jordan pioneered a resilience-based approach to respond to this latest refugee crisis (the rolling Jordan Response Plans to the Syria crisis) and adopted a holistic approach to turn it into an economic opportunity for our economy based on which the Jordan Compact was adopted at the London Conference in February 2016 and further enhanced in the Jordan Output Paper adopted at the Brussels Conference in April 2017.

For their part, our partners answered our call. In April 2016, following several months of preparatory discussions, the Global Concessional Financing Facility was established with the support of donor countries and the unflagging efforts of Jordan, the World Bank Group, the United Nations, the Islamic Development Bank, the EBRD, and many others.

The idea underpinning the GCFF is both simple and profound: provide concessional assistance for development projects so Jordan can more affordably invest in infrastructure, jobs, health, and education. The rationale is clear. What is new is that, for the first time, the international community has agreed to provide development assistance on concessional terms for vulnerable middle-income countries performing a global public good.

In its first year, the Facility approved \$116.4 million in funding for Jordan, thereby leveraging some \$670 million of concessional financing for development projects across a range of sectors. The broad range of projects funded speaks to the comprehensive nature of the support the GCFF provides.

In terms of economic development, last July the Economic Opportunities for Jordanians and Syrian Refugees Program for Results (\$300 million) became the first operation to receive GCFF funding. The project speaks to the ambition of the Government of Jordan: Its goal is to provide economic opportunities for Jordanians and Syrians by improving the investment climate to attract capital, building special economic zones that will benefit from preferential access to the European Union, and reforming labor market regulations so that Syrian refugee workers can better contribute to Jordan's economy in a complementary manner to Jordanian job creation.

We are also receiving crucial support in the energy and water sectors. In November, the GCFE approved funding for the Jordan Energy and Water Development Policy Loan (\$250 million), which aims to improve the financial viability and efficiency of electricity and water provision to help absorb the pressure stemming from the influx of refugees. With EBRD, we launched the Ain Ghazal Wastewater project to urgently improve the operational capacity of the wastewater system that links with the Al-Samra wastewater treatment plant, Jordan's largest wastewater treatment plant. We are also working with EBRD on the Jordan West Irbid Wastewater Project, which also seeks to restore critical infrastructure in the sector for regions highly impacted by hosted Syrian refugees.

More recently, the GCFE expanded its support to the health sector. Designed and financed through a unique partnership between the World Bank and Islamic Development Bank, the Jordan Emergency Health Project will help Jordan maintain the delivery of essential primary and secondary health services to poor, uninsured Jordanians and Syrian refugees. To build capacity over the longer-term, the project will also strengthen local health systems so they can maintain service provision going forward.

On behalf of Jordan and its people, I strongly welcome the GCFE and the spirit of partnership in which it was launched. This innovative Facility has not only provided critical support to our country; it has brought a new spirit and new tools to the broader architecture of foreign aid. Looking ahead, Jordan will need to invest more in strategic sectors such as education, social services, and sustainable infrastructure as we work to expand resilience to the continued strain of hosting refugees. The GCFE will serve as an essential development companion in our journey to preserve Jordan's development gains and increase prosperity of our population whilst remaining resilient on our path to achieving sustainable development goals by turning challenges we face into opportunities. The GCFE sets the right precedent to fairly incentivize proper response to refugee crises globally without penalizing countries hosting refugees or taking them for granted.

## Foreword: H.E. Mr. Ali Hasan El Khalil

MINISTER OF FINANCE  
LEBANON



Lebanon has been under tremendous pressure since the outbreak of the Syrian crisis in 2011. Today, one in three people living in Lebanon is a Syrian refugee, a higher share than any other country in the world. And yet, instead of closing our borders and turning our backs on the millions of women, children, and men seeking refuge, Lebanon chose not to add rejection to the misery and humiliation already endured by our neighbors. Still, this generosity has come at a cost: Host communities, refugees, and the country at large face a protracted humanitarian crisis and a threat to our country's long-term development prospects. More than ever, Lebanon counts on the international community to step up its support.

In this context, the Global Concessional Financing Facility (GCF) is a welcome initiative. Providing concessional assistance for development projects that benefit both host communities and refugees makes this essential financing more affordable. It also represents a validation from our international partners that, by opening our borders to over a million Syrian refugees, Lebanon has provided a global public good deserving of exceptional and unprecedented support. While more assistance is needed, the GCF is an important step in the right direction, and we are grateful for the efforts of the World Bank Group, UN, Islamic Development Bank, and other MDBs and donor partners to make this initiative a reality.

Development projects will contribute to the sustainability and the resilience of our economy and society. In this spirit, the GCF-supported Lebanon Roads and Employment project (\$200 million) aims to improve transport connectivity and create short term jobs for Lebanese nationals and Syrian refugees. The project is expected to create about 1.5 million labor days of direct short-term jobs in the construction industry, most of it for low-income workers. Substantial additional jobs will be created in supply chain industries and Lebanon's engineering and consultancy sectors. The project will also benefit local industries supporting the construction sector and boost the competitiveness and earnings of local economies through improved connectivity and increased demand for local goods and services.

The more recent Lebanon Health Resilience Project (\$150 million) aims to improve access to health care services for refugees and their host communities. The enormous pressure on Lebanon's scarce resources and stretched public services has contributed to rising tensions. Financed by a partnership between the World Bank and Islamic Development Bank, this project will alleviate some of that pressure by providing resources to allow the Ministry of Public Health to respond to the immediate health needs of the Lebanese and refugee populations.

Lebanon appreciates the support the international community has provided through the GCF. Going forward, we call upon our partners to remain committed to this important initiative, and to provide support in line with the generosity and resilience shown by the Lebanese people in response to this extraordinary challenge. Our success as partners is essential not only for the stability and development of Lebanon, but for the future of the Middle East and world at large.



GCOFF AT A  
GLANCE

# The Global Concessional Financing Facility

The Syrian conflict and associated refugee crisis has taken an enormous toll on Jordan and Lebanon. These two countries have performed a vital global public good by opening their borders to more than two million refugees fleeing war and oppression in Syria. This massive influx of people, and the cost of hosting them for a prolonged period, have created an enormous strain on the Jordanian and Lebanon budgets. However, as middle-income countries, neither could borrow from multilateral development banks at the concessional (sharply reduced) rates typically reserved for the world's poorest nations.

To close this gap in the architecture of foreign aid, the World Bank Group launched the Global Concessional Financing Facility (GCOFF) in full partnership with the United Nations, the Islamic Development Bank and other members of the international community. The GCOFF provides concessional financing to Jordan and Lebanon, complementing short-term humanitarian assistance with affordable financing that allows them to pursue their longer-term development goals. The Facility's expansion to the global level will allow it to provide rapid support to help middle-income countries address refugee crises wherever they occur.

## Supporting Countries & Organizations



## Current Benefiting Countries



UNITED NATIONS



WORLD BANK GROUP



ISLAMIC DEVELOPMENT BANK GROUP



European Bank for Reconstruction and Development



European Investment Bank The EU bank

## MULTI SECTOR APPROACH



**Objective.** The objective of the GCF is to support middle-income host countries by providing concessional (low-cost) financing and improved coordination for development projects addressing the impact of the influx of refugees. The Facility's initial focus is Jordan and Lebanon, which host more refugees in relation to their populations than any other countries in the world. Other middle-income countries facing future refugee crises would be eligible for support.

**Scope.** The GCF is flexible, supporting projects in various sectors, provided they benefit both refugee populations and host communities. The Facility's financing significantly reduces the overall costs of borrowing for a range of projects: that promote the effective delivery of basic services (e.g., education, health) and social protection, expand economic opportunities (e.g., work permits, job creation, crowd in private investment), build or strengthen critical infrastructure, and provide host countries with vital budget support to better afford the fiscal and financial impact of the refugee crisis.

**Funding.** In its first year, the GCF received over \$370 million in pledges from nine Supporting Countries and the European Commission, establishing a solid basis for reaching the Facility's financing objective of raising \$1 billion in grants over the next five years to support Jordan and Lebanon, as well as an additional \$500 million that could provide support to other middle-income countries facing refugee crises anywhere in the world. Reaching its fundraising goal of \$1.5 billion would allow the GCF to provide more than \$6 billion in much-needed concessional financing to support refugees and their host communities.

**Governance.** Countries seeking GCF funding prepare funding requests jointly with an Implementation Support Agency (ISA). ISAs include multilateral development banks such as the World Bank Group, Islamic Development Bank Group, European Bank for Reconstruction and Development, and European Investment Bank, as well as several UN agencies, which can implement GCF support operations in exceptional cases. Funding requests are submitted to the GCF Steering Committee, a body comprised of decision-making members (Supporting Countries and Jordan and Lebanon), as well as non-decision-making observers (ISAs, the United Nations, the IMF, and the Trustee and the Coordination Unit of the GCF). Steering Committee decisions are made on a consensus basis, and can be taken at both in-person meetings and on a virtual, non-objection basis. When funding requests are approved, funds are disbursed first to ISAs, which in turn disburse the money to Benefitting Countries (BCs) in parallel with the disbursement of funds under the broader project financing package. The GCF's work is evaluated on the basis of a Results Framework consisting of four indicators: 1. contributions raised, 2. amount allocated by GCF per year, 3. amount of MDB financing made on concessional terms from GCF, and 4. evaluations by BCs and development partners.

## Funding Raised to date:

**\$370m**

Funding approved to date:

**\$200m**

Supporting projects worth:

**\$1b**

Funding Goal

**\$1.5b**

For Jordan, Lebanon:

**\$1b**

For other MICs:

**\$500m**

Funds to be Unlocked

**\$6b**

For Jordan, Lebanon:

**\$4.5b**

For other MICs:

**\$1.5b**

## Abbreviations

BC	Benefitting Country
CA	Contribution Agreement
CU	Coordination Unit
DFID	Department for International Development (U.K.)
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
GCFE	Global Concessional Financing Facility
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IMF	International Monetary Fund
ISA	Implementation Support Agency
IsDB(G)	Islamic Development Bank (Group)
MDB	multilateral development bank
MENA	Middle East and North Africa
MIC	middle income country
MOH	Ministry of Health
M&E	monitoring & evaluation
OM	Operations Manual
SC	Supporting Country
SEZ	special economic zone
SMEs	Small and Medium Sized Enterprises
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
WB(G)	World Bank (Group)

*\*Dollar amounts, shown with \$, refer to US Dollars*



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**SECTION 1**  
Presentation of  
the GCFF

## THE GCFF IN CONTEXT

Lebanon and Jordan have accepted a larger number of refugees in relation to their own populations than any other country. Both countries have shown remarkable generosity: Lebanon hosts an estimated 1.5 million Syrian refugees, one for every two Lebanese. Jordan has taken in over 650,000 (the actual number is considerably higher if you count the unregistered refugees).

Both countries have provided a vital global public good by keeping their borders open. This policy has strained infrastructure and public services in the two countries, including water, education, healthcare, and housing, and caused both countries' debt burden to grow.

Humanitarian groups have provided vital short-term relief for the refugees. However, with the vast majority of refugees living in cities (as opposed to camps) and likely to remain in host communities for a protracted period, the international community lacked an adequate response to the growing development dimensions of the crisis.

For this, Jordan and Lebanon would need support from development actors, such as multilateral development banks (MDBs). Projects financed by MDBs would provide investments and technical expertise to allow the two countries to strengthen the services and infrastructure strained most by the influx of refugees. Doing so would provide benefits and economic opportunities to both refugees and the communities generously hosting them.

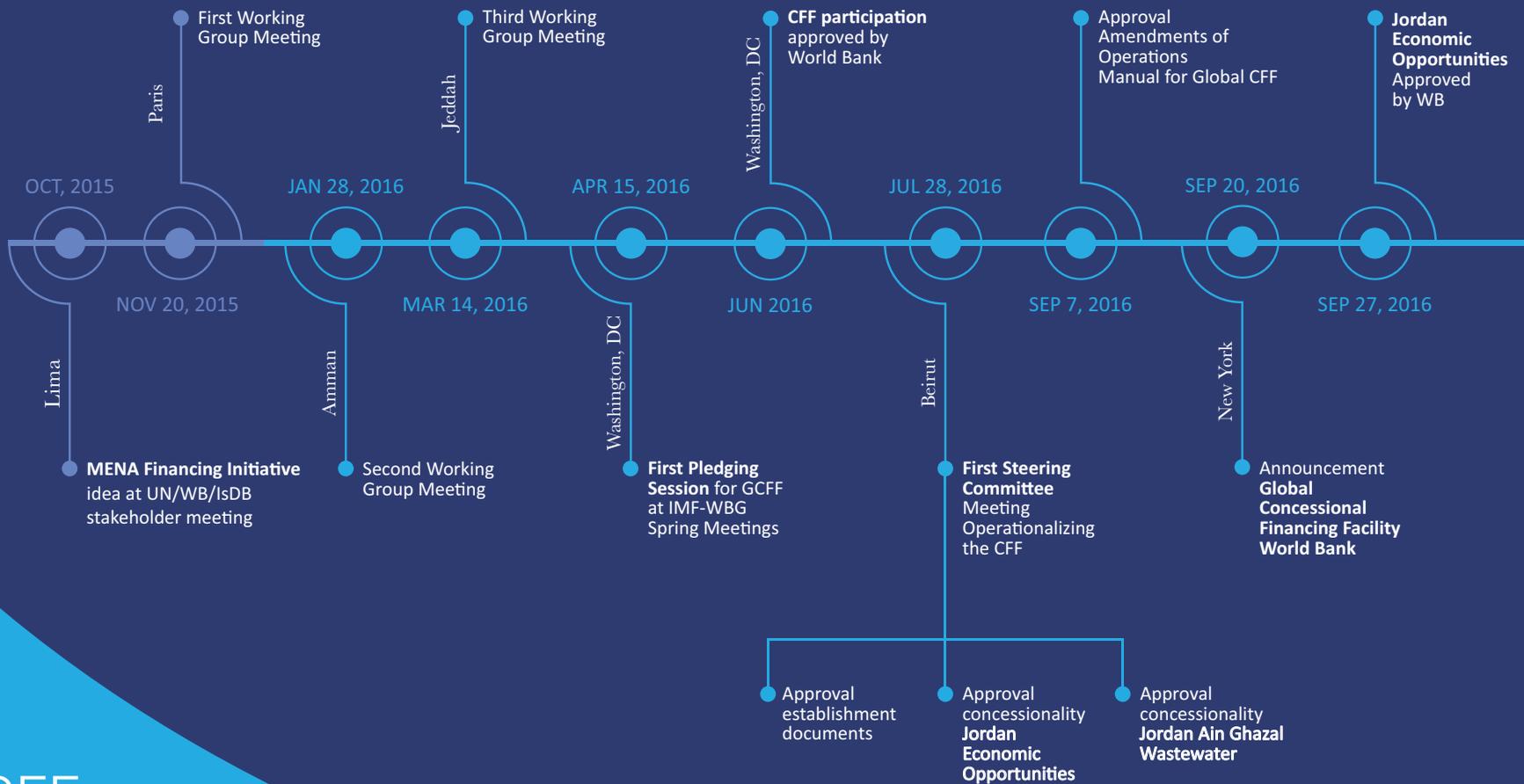
But as middle-income countries, neither Jordan nor Lebanon had access to the kind of "concessional" loans that the poorest countries can tap into for such projects. This situation pointed to a gap in the architecture of foreign aid: Even as Jordan and Lebanon performed a vital global public good by opening their borders to Syrian refugees, the international community could not compensate them for doing so.

This also highlighted a broader challenge related to the provision of global public goods. Middle-income countries thinking about opening their borders to refugees fleeing from future global challenges, and thereby helping to keep these threats from spilling over to the regional or global levels, might not be willing or able to do so without access to concessional financing.

### Global Concessional Financing Facility

- 1 Provides concessional loans for development projects to strengthen resilience in middle income countries facing refugee crises
- 2 Leverages donor resources: each dollar in donor grant unlocks \$4 in concessional loans
- 3 Enhances international coordination between the UN, multilateral development banks, host countries, and donors
- 4 Strengthens development sectors strained by refugees, bridging humanitarian/development divide
- 5 Promotes policy reforms in areas such as education, health, business climate - to create sustainable development outcomes
- 6 Advances a key global public good, eases human suffering, and protects gains in poverty reduction and broader global development objectives

# GCFF TIMELINE







## GENESIS OF THE INITIATIVE

As the brutal conflict in Syria dragged on with no end in sight, Jordan and Lebanon appealed to the international community for access to concessional loans. A strong response came at the International Monetary Fund (IMF)-World Bank Group (WBG) Annual Meetings in Lima, Peru, in October 2015. On the sidelines of the meetings, United Nations (UN) Secretary-General Ban Ki-Moon, Islamic Development Bank Group (IsDBG) President Ahmad Mohamed Ali, and WBG President Jim Yong Kim together convened representatives from more than 20 countries and international partners to discuss how to help Jordan and Lebanon deal with their deepening refugee crises.

Over the following six months, stakeholders conducted intensive consultations, including three working group meetings and dozens of additional bilateral and multilateral discussions, to shape the functioning and governance structure of a new financial facility. The aim was to devise a sustainable and predictable platform to deliver medium- to long-term development financing to support refugees and host communities in Jordan and Lebanon. At the same time, the new platform would strengthen coordination—and avoid duplication—between humanitarian and development assistance, thereby bridging the traditionally wide gap between the two sectors.

The result was an innovative financing mechanism: the Concessional Financing Facility for the Middle East and North Africa (CFF). In April 2016, the new facility was launched at the World Bank Group-IMF Springs Meetings. At the launch, eight donors (Canada, the European Commission, Germany, Japan, the Netherlands, Norway, the United Kingdom, and the United States) pledged \$141 million in grants and pledged they would strive to increase the value of the grants to more than \$1 billion over the next five years. Donors, or “Supporting Countries,” also pledged an additional \$1 billion in soft loans, from which additional grants can be generated.

Under the CFF, donor contributions are used to reduce the interest rate to concessional levels on loans for development projects that benefit refugees and host communities. In this way, each dollar of donor grants can leverage approximately four dollars of concessional lending.

Support from the CFF allows the two countries to borrow more affordably and eases the financial burden of addressing the long-term impact of the refugee influx. Development projects under the Facility are carried out by its four partner MDBs: WBG, IsDBG, European Bank for Reconstruction and Development (EBRD), and European Investment Bank (EIB, incoming ISA), as well as potentially other MDBs in the future. The \$1 billion in grants committed over the next five years should provide Jordan and Lebanon with roughly \$4 billion in concessional financing to address their refugee crises.

Beyond the critical financial support it provides, the CFF offers an open platform in which benefitting and supporting countries can come together with MDBs and UN agencies to coordinate their response to refugee crises. The open platform allows for frank discussion and upstream planning among the Facility’s many partners. Leveraging the unique perspective and comparative advantage each partner brings to the table helps ensure the complementarity of development and humanitarian activities while maximizing the impact of scarce donor resources.

The CFF became operational on July 28, 2016, only three months after receiving initial pledges, when its Steering Committee met in Beirut and approved funding for the first two projects. One of these, the **Economic Opportunities for Jordanians and Syrian Refugees Program-for-Results**, is being implemented by the World Bank and aims to provide 130,000 work permits to Syrian refugees in Jordan. The other, EBRD’s **Ain Ghazal Wastewater Project**, aims to upgrade and increase the resilience of wastewater infrastructure in Jordanian refugee host communities.

Shortly after, CFF partners took an important step to expand the scope of the Facility. When Jordan and Lebanon first received support from the Facility, it came five years after they began to receive refugees fleeing the Syrian crisis. The lag between refugee arrival and the delivery of concessional development assistance produced enormous strains on hosting communities and on the ability of Jordan and Lebanon to continue to pursue their broader development agendas.

In order to remove this structural limitation, CFF partners began work on an approach that would allow the Facility to support countries beyond the MENA region. Jordan and Lebanon backed the effort, noting that their situation would not have grown so dire had they benefitted from concessional financing at an earlier stage. Future middle-income refugee hosting countries, they argued, should not have to wait as long as they did for development assistance to arrive. A coordinated international response to future refugee crises in other middle income developing countries was needed.

At a high-level September 2016 event co-hosted by WBG President Kim and UN Deputy Secretary-General Jan Eliasson, partners transformed the Facility into the Global CFF, (GCFF), officially expanding it to the global level. For now, it will remain squarely focused on supporting Jordan and Lebanon, where needs are greatest. But going forward, this expansion will allow the Facility to provide rapid concessional financing support to other middle-income countries facing refugee crises anywhere in the world.

Meanwhile, implementation of the Facility's program continued apace. Steering Committee members approved funding for two more projects in October and early November, implemented by the World Bank. The **Roads and Employment Project** in Lebanon will strengthen the country's transport infrastructure and provide jobs, supporting 1.5 million work days for Lebanese and Syrian workers. In Jordan, the **Energy and Water Development Policy Loan** will facilitate needed reforms to improve the efficiency and financial viability of the country's strained energy and water sectors.

On the margins of the IMF-WBG Spring Meetings in April 2017, the GCFF Steering Committee held its second meeting and approved three additional projects. Two of these—**emergency health projects for Jordan and Lebanon**—will be financed in parallel by the WBG and IsDBG. The other, a **project to strengthen critical wastewater infrastructure in Jordan**, marked the second EBRD operation to receive funding under the Facility.

With the approval of these three projects, the GCFF reached a critical milestone: Only a year after its launch, the Facility had approved nearly US\$200 million in funding and leveraged over \$1 billion in concessional financing for seven MDB projects in Jordan and Lebanon. Over the course of its first year, the number of GCFF donors also increased to ten, with the addition of Denmark and Sweden during the UN General Assembly in September 2016.

“ In the middle of the largest refugee crisis in recent memory, traditional financial resources weren’t available or forthcoming. So the international community, through the World Bank Group, initiated the Global Concessional Financing Facility – an innovative solution to help relieve the immense burden shouldered by countries hosting millions of children, women, and men fleeing war and violence; countries that are providing the world with an essential global public good.”

**Dr. Jim Yong Kim**  
*President*  
*World Bank Group*

## TRANSFORMING GCFF INTO A GLOBAL INITIATIVE

At the end of 2016, there were nearly 66 million people around the world who had been driven from their homes by war and insecurity. This is the highest number of forcibly displaced people since the Second World War. Two thirds of them were internally displaced within their own countries. But fully one third—22.5 million—were refugees outside their borders.

The vast majority of these refugees have found shelter in developing countries, where their presence in large numbers can create big social and economic strains. About six million of the refugees are sheltering in middle-income developing countries (MICs), which, until very recently, have not had access to low-interest or “concessional” development loans.

Last year’s creation of the Concessional Financing Facility (CFF) reflected a decision by the international community to help MICs meet the costs of providing the vital public good of opening their doors to refugees.

The CFF was established to help Jordan and Lebanon deal with the mounting costs of a flood of Syrian refugees. But with the support of those two

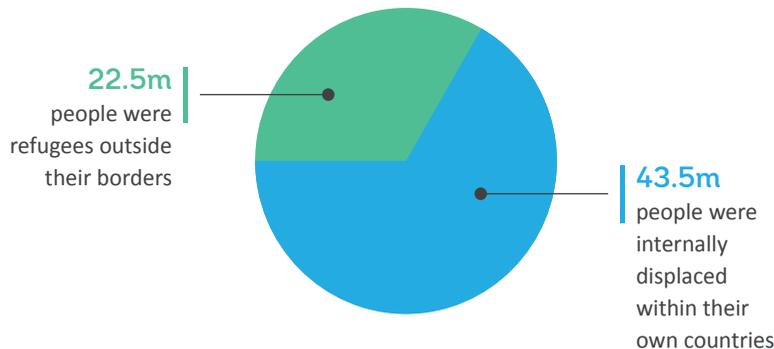
countries, the Facility’s supporters quickly came to believe that its reach must be made global to be able to help any other MICs that generously open their doors to refugees in future crises.

At their first meeting, in July 2016, in Beirut, CFF Steering Committee members began discussing the idea of expanding the Facility to address the global dimension of the refugee crisis. The idea gained traction among supporting countries, and the Steering Committee began to work with the Facility’s Coordination Unit to make the idea a reality.

On the sidelines of the September 2016 UN General Assembly meeting, WBG President Dr. Jim Yong Kim and UN Deputy Secretary-General Jan Eliasson co-hosted a high-level event at which U.S. President Barack Obama announced the transformation of the Facility into a global program. The Steering Committee agreed to pursue \$500 million in additional grant funding for a new “global window” that would be open to any eligible middle-income country. At the same time, GCFF partners reaffirmed their commitment to raising \$1 billion in grants specifically for Jordan and Lebanon.

The decision to add a new Benefiting Country to the GCFF is made by Supporting Countries. In order to become eligible for GCFF support, potential new Benefiting Countries must host at least 25,000 refugees, constituting at least 0.1 percent of their overall population. Countries also need to demonstrate commitment to long-term solutions for both refugees and host communities, such as through adherence to the 1951 Refugee Convention and by implementing progressive policy reforms toward refugees (on such issues as freedom of movement, and access to education and the formal labor market). Supporting Countries may also take other factors into account when deciding whether to add a new Benefiting Country, such as the country’s financing needs, debt sustainability, and the socioeconomic impact of the refugee influx on host communities. Once a new Benefiting Country is accepted, funding for projects will be provided at donor discretion. Going forward, the GCFF will aim to build partnerships with new donors and MDBs to ensure the Facility can respond effectively to refugee crises in middle-income countries wherever they occur.

### 66 MILLION PEOPLE DRIVEN FROM THEIR HOMES AS OF END 2016



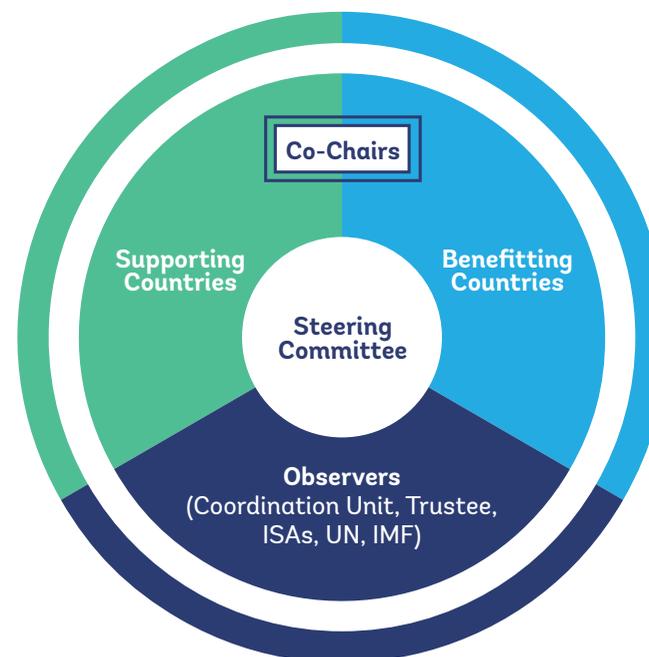
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## GOVERNANCE

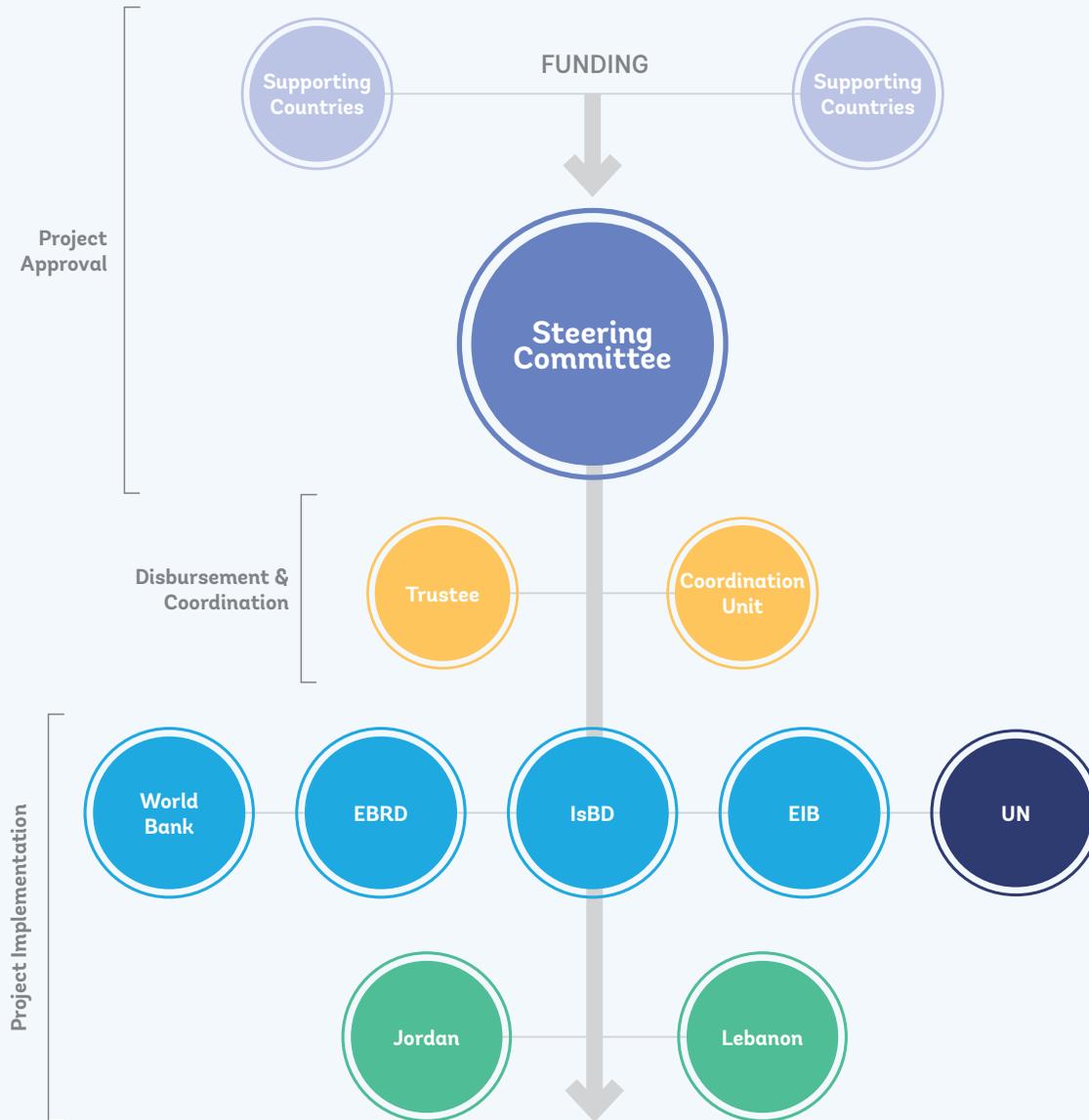
The GCF has a governance structure consisting of a Steering Committee, a Coordination Unit, a Trustee, and Implementation Support Agencies (ISAs—these are the MDBs or UN agencies that assist with implementation of the approved development projects). The governance structure is laid out in the GCF Operations Manual (OM), with the principles, features, and objectives that underpin the Facility. Decisions of the Steering Committee are made in an inclusive and consensus-based manner, either in face-to-face meetings or on the basis of 14-day “no objection” periods.

The GCF Steering Committee consists of the following decision-making members: Jordan and Lebanon, Canada, Denmark, the European Commission, Germany, Japan, the Netherlands, Norway, Sweden, the United Kingdom, and the United States. It also contains non-decision-making observers—EBRD, EIB, IsDBG, World Bank, and IMF, as well as the UN (represented by the Office of the UN High Commissioner for Refugees and the UN Development programme as well as the UN Resident Coordinators for each Benefiting Country). Jordan and the United States served as the co-chairs of the GCF Steering Committee from July 2016 to June 2017.

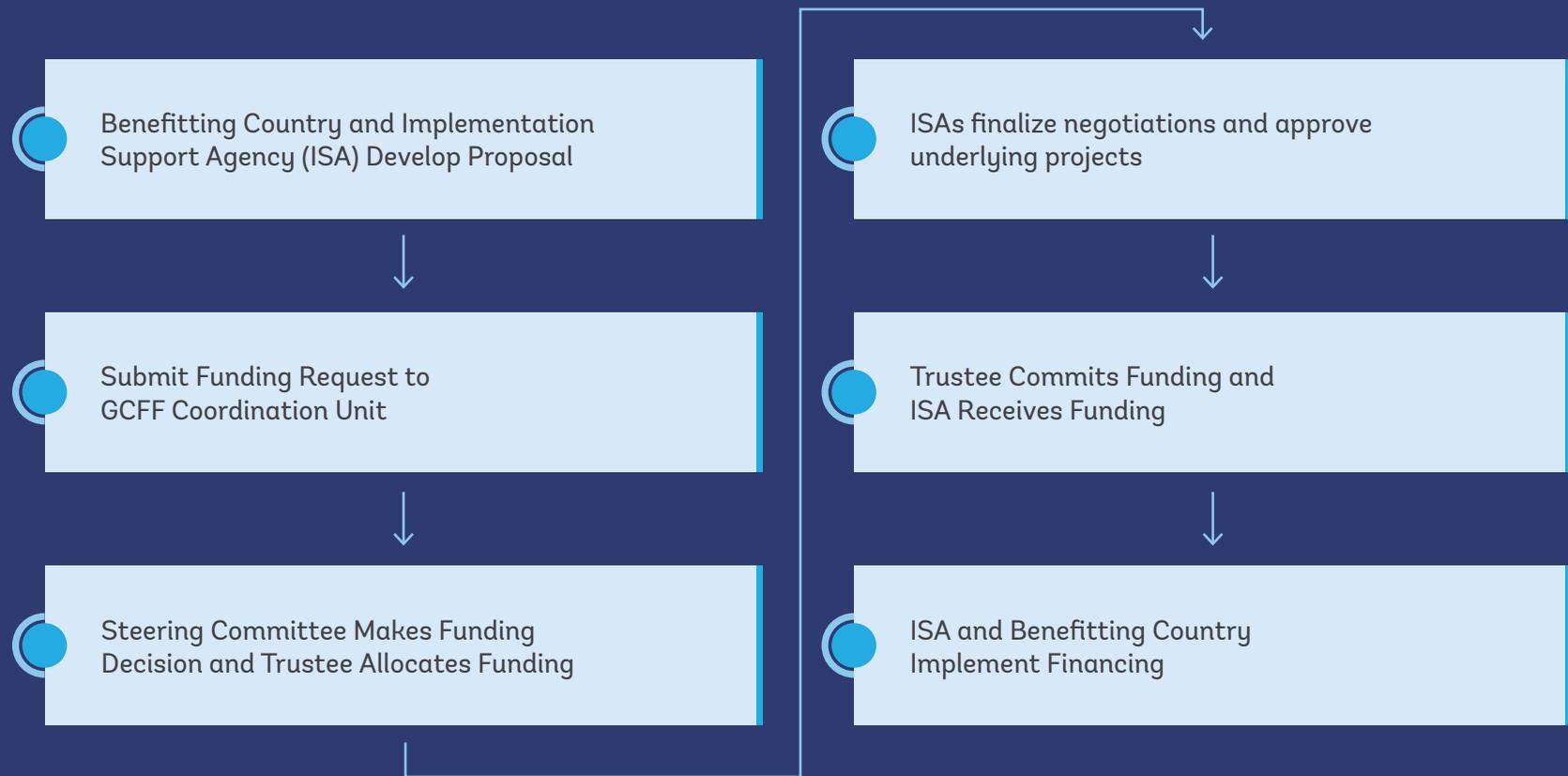
The Coordination Unit facilitates the work of the GCF by supporting the Steering Committee and serving as a liaison with the Trustee and ISAs. The Unit comprises a small team of professional and administrative staff headed by a program manager assigned by the World Bank.



# PROJECT SELECTION AND IMPLEMENTATION



## HOW DOES THE GLOBAL CONCESSIONAL FINANCING FACILITY WORK IN PRACTICE?



## A NEW GLOBAL APPROACH

The establishment of the GCFF marked a turning point in the world's approach to the refugee issue. Middle-income countries host roughly six million refugees worldwide (a majority of them Syrian refugees sheltering in neighboring countries). Yet, as noted above, these countries struggle to find an affordable and sustainable means of coping with the long-term development costs of hosting large numbers of refugees. By galvanizing collective action in the face of this shared challenge, the GCFF provides a coordinated international platform that can swiftly help MICs address refugee crises. In this way, the GCFF offers lessons for other international efforts to catalyze global public goods in response to cross-border challenges.

The international community has already raised \$11.58 billion in response to the Syrian crisis since 2012, of which \$9.20 for humanitarian relief and \$2.38 for resilience and development aid. Moving forward, the GCFF focuses the international response to the refugee challenge in MICs by addressing it from a development perspective that tackles the medium-term socio-economic dimensions. In this way, the approach builds on, and is complementary to, the humanitarian agenda of providing refugees with food, shelter, emergency health care, and protection. The GCFF has a dual focus: 1) managing the impact for host communities and 2) improving the lives of the forcibly displaced by creating conditions in which they can find jobs and receive efficient and sustainable services. Host communities need support to manage the shocks they are experiencing due to an inflow of refugees. And the forcibly displaced themselves often are among the poorest and most vulnerable in their new homes.

Roughly half of the world's refugee situations are protracted affairs. According to the United Nations Refugee Agency (UNHCR), refugees today are displaced on average for 17 years. In the case of those fleeing Syria's brutal civil war, most have ended up settling outside of the tent camps set up by humanitarian organizations. Almost three quarters are living in villages, towns and cities, mostly in the countries bordering Syria. Their presence is straining local services and infrastructure, which is why GCFF support is targeted at such infrastructure components as hospitals, schools, waste management plants, and transportation.

This tool allows donors to help finance much-needed projects in middle income countries by providing assistance on concessional terms, i.e. at very low interest rates. Donors can thus unlock much larger projects than would otherwise be feasible for them to finance, or for host countries to take on. In the current Syrian emergency, these projects, in turn, help mitigate the effects of one of the world's largest forced displacement crises. By leveraging this instrument, not only are donor countries able to multiply the impact of their capital, they also recognize the vital global public good being provided by the hosting countries and communities.

Although the GCFF is currently focused on Jordan and Syria, the tool is designed to respond to future crises wherever they may arise in the world, by coordinating donor response, speeding up the turnaround on projects, and allowing donors to unlock over four times their donation amounts in development finance.

## KEY FEATURES OF THE GCFF

The GCFF is country-owned and responds to benefitting country priorities.

Funding requests are submitted by Benefitting Countries together with Implementation Support Agencies (ISAs) when projects are ready for internal approvals.

The GCFF provides concessionality for loan operations for middle income countries. On an exceptional basis, the GCFF can also provide grant funding.

Decisions to allocate GCFF funds are made by consensus of the Supporting Countries.

GCFF funding is calculated to result in reduced borrowing rates that cannot go below the IDA (low income country) borrowing rate.

The ISAs integrate GCFF funds into their loan operations based on their applicable policies and procedures.

Funding requests involve operations that support both refugee populations and host communities, as part of the Benefitting Country's development agenda.

Results reporting includes specific pre-agreed indicators regarding refugees and hosts.

“ New financing instruments like the GCFF respond to the important need for medium and longer term interventions for refugees and local communities. They bring predictability and coherence to crisis response efforts and encourage closer cooperation between humanitarian and development agencies.”

**Filippo Grandi**

*United Nations High Commissioner for Refugees*

“ Working together on this new initiative we are creating economic opportunities for both refugees and nationals of the host countries, making their economies more robust and resilient in the longer term.”

**Suma Chakrabarti**

*President, European Bank for Reconstruction and Development*

“ GCFF's unique approach to address an unprecedented challenge might ultimately usher in a paradigm shift in development finance going forward.”

**Bandar M. H. Hajjar**

*President, Islamic Development Bank Group*



**SECTION 2**  
One Year in  
Review

## APPROVED FUNDING AND SUPPORTING PROJECTS WORTH



Funding approved to date:

**\$200m**



Supporting projects worth:

**\$1b**

Economic Opportunities for Jordanians and Syrian Refugees Program-for-Results

Ain Ghazal Wastewater Project (Jordan)

Lebanon Roads and Employment Project

Jordan Energy and Water Development Policy Loan

Lebanon Health Resilience Project

Jordan Emergency Health Project

Jordan West Irbid Wastewater Project



The establishment of the GCFF has responded to both a humanitarian and a development imperative. It offers lessons for other international efforts that aim to catalyze global public goods in response to cross-border challenges. We are thankful to all donors and call upon their continued support.”

**Franck Bousquet**

*Senior Director / Fragility, Conflict, Violence and Forced Displacement  
The World Bank Group*



## ECONOMIC OPPORTUNITIES FOR JORDANIANS AND SYRIAN REFUGEES PROGRAM-FOR-RESULTS

One of the two projects approved at the inaugural GCF Steering Committee meeting on July 28, 2016, in Beirut, this program began the process of bridging the gap between humanitarian and development assistance in international support for Syrian refugees and the communities that host them. In so doing, the project aims to turn the refugee crisis from a drain on Jordan's economy into an opportunity to help fuel the country's economic growth. The \$300 million program, which consists of both grants and loans with concessional interest rates, is helping to close the gaping government budget deficit brought on by the impact of the Syrian war and the influx of huge numbers of refugees. This is allowing the government, for its part, to move forward with three key reforms that are crucial to boosting the Jordanian economy even as the refugee crisis persists: 1) granting Syrian refugees work permits, 2) improving Jordan's investment climate, and 3) attracting investments.

**1. Labor market regulatory reform:** The government aims to provide 130,000 work permits to Syrian refugees in Jordan through the program, mainly in agriculture, construction, manufacturing, retail, hospitality and food services. Over 55,000 have been provided to date. By allowing them to work in the formal sector, these permits enable refugees to be self-reliant and contribute to the Jordanian economy through increased productivity, income, and spending.

**2. Investment climate reforms:** The program aims to simplify and improve the predictability of business regulations and reduce red tape. It focuses on supporting small- and medium-sized enterprises (SMEs) and home-based businesses, which can serve as key vehicles for female and youth employment. The program also includes a strong component of trade facilitation.

**3. Investment promotion:** The program provides support to the Jordan Investment Commission's efforts to attract and retain investors. Targeted investments cover several sectors with export potential. These include manufacturing, agribusiness, and construction—the latter being key to the future reconstruction of Syria. Large investments will likely flow to special economic zones (SEZs), exports from which will benefit from preferential access to the EU. There are already several SEZs in Jordan, and they represent an important part of the country's industrialization strategy. In Mafraq, for example, an area home to large numbers of refugees, the program is working to facilitate investments in the construction, logistics, and garment sectors, which will create jobs for refugees and Jordanians.



Despite the strong potential of the program, further work is required to address concerns refugees have in certain areas, including the impact of work permits on their asylum status, transportation to jobs in the SEZs, childcare needs, and the desire for increased training. The program also aims to foster compliance with labor and environmental standards in the SEZs. Support for this program comes from the GCFF and a special International Development Association (IDA) allocation, at rates usually reserved for the poorest countries.

Jordan's labor market faced significant challenges even before the influx of Syrian refugees. Only 35 percent of the population is economically active (60 percent among men and only 13 percent among women), compared with an international average of 60 percent. Unemployment has remained high, above 15 percent for Jordanians, though about half of employment in Jordan is informal.

Most Syrians in Jordan are highly vulnerable, especially the one-quarter of all refugee households that are headed by women. The clear majority – over 80 percent of refugees – live outside of camps in Jordanian host communities. Most of them live below the national poverty line and need expanded access to key services, such as education, health, and housing, as well as economic opportunities.

## AIN GHAZAL WASTEWATER PROJECT (JORDAN)

This project – also approved at the inaugural GCFE Steering Committee meeting – aims to improve the operational capacity of the wastewater system serving 1.8 million inhabitants of the Greater Amman and Zarqa areas. The \$48 million project is funding construction of a new 30.4 km wastewater pipeline to link the severely overstrained Ain Ghazal pre-treatment plant on the outskirts of Amman with the As-Samra wastewater treatment plant, Jordan’s largest such facility. The need for this project – implemented with support from the European Bank for Reconstruction and Development (EBRD) – stems from unprecedented population growth in the affected area driven primarily by the rapid influx of Syrian refugees.

The new pipeline will transport mechanically pre-treated wastewater from Ain Ghazal to As-Samra to undergo further biological treatment. The new link should reduce untreated sewage overflows and prevent potentially serious pollution to the environment threatened by erosion of the existing pipeline. The Project is expected to last four years and will create jobs throughout the construction phase. EBRD’s investment of \$24 million is being complemented by \$17 million from the United Kingdom’s Department for International Development (DFID), \$5 million from the EBRD Shareholder Special Fund, and \$2 million from the GCFE.

The initiative, officially called the Ain Ghazal Wastewater Conveyer Project, is part of a wider engagement by EBRD with the Water Authority of Jordan aimed at upgrading the country’s wastewater system to cope with increasing wastewater flows and overstretched municipal infrastructure caused by the Syrian refugee influx. A further planned loan of up \$17 million would finance the expansion and refurbishment of the existing Ain Ghazal plant.

As part of its efforts to improve the long-term sustainability of water and wastewater services in Jordan and to provide better service to users, EBRD will seek the introduction of contracts with the private sector for operations and maintenance. EBRD will also seek to engage the private sector to decrease the portion of “non-revenue” water and wastewater and increase cost-recovery for services, thereby promoting the financial sustainability of operations.

“The project will assist greatly in protecting the environment and increasing the amount of reclaimed water available for irrigation in the Jordan Valley.”

**Dr. Hazim El-Naser**

*Minister of Water and Irrigation  
Jordan*

## LEBANON ROADS AND EMPLOYMENT PROJECT

This was the first GCFF initiative approved for Lebanon. Its objectives are to both improve the transport connectivity along select portions of the country's paved roads and create short-term jobs for Lebanese and for Syrian refugees. The \$200 million project is expected to directly create about 1.5 million work days through short-term jobs in the construction industry. Substantial additional jobs will be created in Lebanon's supply chain industries and engineering and consultancy services. Local economies will benefit from increased demand for local goods and services, while business competitiveness will improve due to improved road connectivity. The \$200 million project, financed and executed by the World Bank, includes a \$45 million grant from the GCFF.

Lebanon's road network is in poor condition due to years of underinvestment and inefficient spending and acts as an impediment to urban-rural development and equitable economic growth. This hinders local economic development particularly in rural and lagging regions where roads are in the worst shape. Road rehabilitation needs have been heightened by the influx of Syrian refugees, who have substantially increased the utilization of the road network. It is estimated that the presence of the refugees has increased the rehabilitation and upgrade needs of the road network by about \$50 million yearly.

The loan will be used to repair around 500 km of roads in the first phase of a broader government plan to revamp the country's road sector. The first phase of the project has four objectives: i) rehabilitation and maintenance of existing road networks; ii) improvement of road safety systems; iii) the purchase of equipment for emergency roadworks; and iv) capacity building to improve management and efficiency in the sector. The project will include a survey of up to 6,000 km of primary, secondary, and tertiary roads in all Lebanese regions to identify those in most need of rehabilitation.

Lebanon has a relatively high per capita rate of road accidents. The World Health Organization estimated the total number of road traffic fatalities in 2015 at 1,088 and the economic cost of the country's road accidents at between 3 and 5 percent of GDP.

The presence of more than 1.5 million Syrian refugees has put unprecedented pressure on Lebanon's already strained infrastructure. It has also fueled social tensions, and changed the labor market by increasing the workforce by 35 percent. The road repair works should help address these challenges by improving road infrastructure and providing low-skilled jobs.



## JORDAN ENERGY AND WATER DEVELOPMENT POLICY LOAN

The objective of this \$250 million loan is to help Jordan confront severe strains in its electricity and water sectors, along with the two sectors' mounting public debt, both problems brought on by the influx of Syrian refugees. The program provides direct budget support to ease the government's debt servicing bill, and delivers technical assistance to support the government's efforts to reform the energy and water sectors. The reforms aim to improve the financial viability and increase recent efficiency gains in these two key sectors. The program, which is being financed and executed by the World Bank and builds on an earlier Bank assistance program, is officially known as the Second Programmatic Energy and Water Sector Reforms Development Policy Loan.



Even before the start of the Syria conflict, Jordan was facing a steep increase in demand for public services and infrastructure, particularly electricity and water services, due to rapid population growth and urbanization. Service delivery in the two sectors has been further strained by the Syria crisis, especially in the northern governorates, which host the largest numbers of refugees. Since refugees began arriving, demand for water has increased by 21 percent throughout the country and by 40 percent in the north. Residential electricity consumption has grown by 26 percent.

The government began reforming the Water Authority of Jordan (WAJ) and the National Electric Power Company (NEPCO) before the Syria crisis. In the water sector, officials have made progress in increasing tariffs and implementing measures to improve operational efficiency and revenue collection as part of the government's plan to achieve operational and maintenance cost recovery by 2021. In the energy sector, officials have been increasing the use of natural gas and renewable sources for electricity generation. However, the high investment costs needed to meet the increased demand in both water and energy, along with a drop in budget support in 2015 and rising debt payments, have jeopardized the reform targets.

World Bank officials monitoring the loan program say it has already begun to have a positive impact on the government's efforts to promote greater efficiency and cost recovery. For his part, Jordan's Minister of Planning and International Cooperation, H.E. Imad Fakhoury, said the new loan would contribute to the government's efforts to shore up the fiscal deficit for 2016 through 2018. He said this support "will help to significantly reduce the debt servicing bill, provide more time for debt repayments and, consequently, lessen dependence on local market borrowing at higher interest rates."



“Improving the efficiency of the water and energy sectors, and the consequent savings, will provide the Government with the fiscal space needed to invest more in economic development projects and improve the living conditions of citizens.”

**H.E. Imad Fakhoury**  
*Minister of Planning and  
International Cooperation  
Jordan*

“ The GCFF has built valuable partnerships that allow us to look at the bigger picture and lay the foundations for coping with the current crisis while continuing to grow and create opportunities for the longer term.”

**H.E. Ghassan Hasbani**

*Deputy Prime Minister and Minister  
of Public Health  
Lebanon*

## LEBANON HEALTH RESILIENCE PROJECT

This loan program was designed to increase access to quality health care for thousands of poor families in Lebanon—both Lebanese and Syrian. Health care in Lebanon suffered from structural problems even before the Syrian crisis. The influx of Syrian refugees has put enormous added pressure on health services and contributed to rising tensions in a nation vulnerable to conflict and instability. The \$150 million project is being financed in parallel by the World Bank (\$120 million) and the Islamic Development Bank (\$30 million). It aims to reach 715,000 people.

The project will focus on strengthening the capacity and resilience of both primary and hospital-level institutions. This includes expanding the range and quality of services provided to vulnerable populations at the primary health care level, and strengthening physical, technical, and organizational capacity at the hospital level to address the budget limitations hampering the provision of care. The project will provide the targeted population with (i) gender-specific wellness packages; (ii) treatment for the most common non-communicable diseases, such as diabetes and hypertension; (iii) reproductive health services; (iv) mental health services; and (v) services for the elderly.

The project builds on a 2015 grant of \$15 million managed by the World Bank that is financing the rehabilitation of some 75 clinics across the country to provide better quality health care in rural and marginalized communities. Given the integrated service delivery model under which both Lebanese and Syrian refugees access services at the same facilities, the grant and the current loan will both benefit the two populations in Lebanon. Such international support promotes the government's efforts to set clear development objectives even as it strains to confront the economic fallout from the Syrian crisis.

The project is being implemented in 204 primary health care centers (PHCCs) and 28 general public hospitals distributed over the whole country. Facilities chosen are those serving a high portion of poor Lebanese and displaced Syrians.

## JORDAN EMERGENCY HEALTH PROJECT

This emergency loan program was established to maintain the delivery of primary and secondary health services to poor, uninsured Jordanians and Syrian refugees. The program is initially targeted at helping approximately 2.4 million people (2.1 Jordanians and 331,000 Syrian refugees), though the number of refugees covered may increase. The access of this population to critical health care is at risk, as the influx of large numbers of Syrian refugees has put severe strains on the delivery of basic health services. There is a shortage of health workers, and waiting times have increased.

The \$150 million loan is being financed in parallel by the Islamic Development Bank (\$100 million) and World Bank (\$50 million). Project funds support care for the target population at primary health care centers across the country (including such services as maternal and child health care; malnutrition prevention and treatment; integrated management of childhood illness; and management and treatment of communicable and non-communicable diseases), and both outpatient and inpatient services at the 33 hospitals of the Ministry of Health (MOH). The project follows a Results-Based Financing model, disbursing funds against independently verified results. In addition to maintaining current services, the project is also providing technical assistance and capacity building to help improve health sector efficiency. As part of that component, a roadmap will be developed outlining a path to improving the medium- to long-term efficiency of the services delivered. With its short-term and long-term focus, the project bridges the divide between humanitarian and development aid.



The need for this loan program was made all the more urgent by the reemergence of communicable diseases such as tuberculosis and measles, affecting both Syrian refugees and their host Jordanian communities.

The project also focuses closely on identifying and addressing gender barriers to quality health care. This component will support MOH efforts to develop protocols, guidance, and communication on gender-based violence and analyzing how to remove barriers, such as transport and cost, to the delivery of full services to both women and men.



## JORDAN WEST IRBID WASTEWATER PROJECT

The goal of this loan program is to strengthen Jordan's resilience to the Syrian refugee crisis by addressing urgently needed rehabilitation of the wastewater treatment system in the north of Jordan, which hosts the largest number of Syrian refugees. Their presence has placed immense strain on already overstretched wastewater services. The total project cost is about EUR 44 million, including a grant of EUR 19 million from the EU Regional Trust Fund in Response to the Syrian Crisis, also known as the Madad Fund, and a EUR 25 million loan from the European Bank for Reconstruction and Development (EBRD).

The Irbid governorate is located 83 km north of Amman. The proximity of Irbid to the Syrian border has resulted in a significant number of Syrian refugees resettling in the city of Irbid and in the towns surrounding it. The consequent population growth has placed enormous strain on the wastewater network, particularly in towns lying to the east and west of Irbid, which suffer from outdated wastewater collection infrastructure.

Commercial, institutional, and industrial activities in the project area are limited, and most wastewater is produced by domestic households. The existing wastewater disposal system consists of cesspits or septic tanks that generally serve each property and are usually located within the vicinity of the residences. Once filled, the cesspits are emptied by sewage tankers in a burdensome and often hazardous process.

The project will target 15 towns in West Irbid. It will upgrade the existing wastewater network within all the towns, serving an area of 22 km<sup>2</sup>, by connecting them to the Wadi Al-Arab wastewater treatment plant (WWTP). It will also provide first-time sanitation to over 100,000 residents and thus address urgent socio-economic needs of both the local population and the refugee community in the project area. Infrastructure improvements financed through the operation are likely to avert potential health issues and related economic losses.

The project is part of a broader international engagement with the Water Authority of Jordan (WAJ) aimed at developing and implementing a comprehensive wastewater investment program to resolve the country's current issues in the sector caused by rapid population growth and the refugee influx.



## HOW DOES THE GCFF MAKE ISA LOANS CONCESSIONAL?

A central aim of the GCFF is to make development assistance more affordable to middle-income countries facing a refugee crisis. In order to do so, contributions from Supporting Countries are used to introduce concessionality into loans from an Implementation Support Agency (ISA) – a development bank that provides low-cost loans and technical expertise to carry out a development projects.

In this way, the ISA is able to provide loans at an overall reduced cost, reaching levels similar to those offered by the International Development Association (IDA), the World Bank Group body providing low-cost development loans to low-income countries.

To determine the amount of contributions it needs to request for a given operation, an ISA starts by noting the ‘concessionality spread.’ This spread is the difference, (expressed in basis points, or one hundredths of one percent) between the IBRD interest rate used in lending to middle-income countries and the IDA rate, and it is recalculated on a quarterly basis. The Concessionality Amount for a given loan is calculated as the net present value of the revised concessionality spread during the life of the loan, given the financial characteristics of each ISA loan. In some cases, applying the concessionality spread to the ISA’s own prevailing interest rate for middle-income countries results in an interest rate that is below the IDA floor (prevailing IDA rate at the time). When this occurs, the ISA reduces the concessionality spread so that the overall cost for the Benefitting Country does not fall below the IDA.

## PROCESS GUIDE:

### 1 Supporting Country (SC) contributes to the GCFE

- Pledging process to be followed by Contribution Agreements (CAs)
- Contribution Agreement (CA) signed between SC and Trustee based on agreed form of CA
- CA specifies payment details (installment schedule and window designations)
- Trustee issues Payment Requests to SCs
- Supplemental Contributions may be provided through amendments to CA

### 2 Trustee receives funds from SC

- Trustee deposits funds into designated Windows
- Trustee monitors and reports on fund availability in each of the Windows.

### 3 Benefitting Country (BC) collaborates with ISA on proposal

- BC and ISA prepare and coordinate on Funding Request documents
- ISA calculates Concessionality Amount

### 4 Benefitting Country submits GCFE Funding Request to Coordination Unit

- Funding Request follows Funding Request Template
- Submission of Funding Request occurs after ISA appraisal
- Funding Request includes endorsement of designated ISA

### 5 Coordination Unit distributes Funding Request to Steering Committee

- Coordination Unit first checks for compliance with Operations Manual (OM) and Funding Request Template and Trustee confirms amount is within funding availability
- Request is sent out by Coordination Unit to Steering Committee via email on a rolling basis for no objection decision by SCs, copied to other Members and all Observers for information
- Can also be decided at Steering Committee meeting by Supporting Countries depending on timing of meeting or Supporting Country request during no objection review period

### 6 Steering Committee reviews Funding Request

- If not approved by Supporting Countries, BC has option to revise and resubmit with ISA
- Approved amount is an "Allocation"

### 7 Trustee receives Coordination Unit notice of the Allocation and records

- Coordination Unit informs Trustee of Steering Committee decision
- Recorded in Trustee systems as "allocated"; no longer available for future Funding Requests

### 8 ISA completes negotiations and approvals

- Pertains to either the Underlying Operation, including the Concessionality Component, or to the Grant Operation

### 9 ISA notifies Trustee of Completion

- To occur within 12 months of approval (Allocation) or brought back for review / adjustment

### 10 Trustee commits allocated amounts

- Allocation becomes a “Commitment;” amount is recorded in Trustee systems as “committed”
- Trustee issues a Letter of Commitment to the ISA
- After commitment, ISA submits a Cash Transfer Request to the Trustee

### 11 ISA submits a cash transfer request for the full amount to the Trustee

- To occur within 12 months of ISA completion (Commitment) or back for review / adjustment

### 12 Trustee makes cash transfer to the ISA

- One transfer upfront for total Allocation

### 13 ISA receives and uses the requested funds

- Funds are transferred by ISA to BC at time of each loan disbursement on pro rata basis
- Untransferred funds may generate investment income under ISA policies and procedures
- Funds transferred for Grant Operations are used in accordance with Funding Request

### 14 Trustee and Coordination Unit report to the Steering Committee

- Trustee reports to include contributions, cash transfers and funds available for allocation
- Coordination Unit reports to include compiled information on use of funds, project results
- ISAs to provide semiannual financial and progress reports for further distribution

### 15 ISA returns unused funds to Trustee for deposit in respective Window of Trust Fund

- Returns of investment income on balances plus unused funds at end of loan disbursements, as well as any proportional amount of refunds from misused funds
- Returns of any unused funds or refunds from Grant Operations
- Trustee provides pro rata return of available balance to SCs upon closure of Trust Fund



**SECTION 3**  
Monitoring  
Impact

## Financial Overview

The World Bank acts as the GCFE Trustee and is responsible for producing periodical reports on the financial status of the GCFE Trust Fund. The following represents the GCFE Trust Fund financial information as of June 30, 2017.

**Pledges and Contributions:** A pledge represents a Supporting Country's expression of intent to make a contribution. Pledges are converted to contributions by way of a countersigned Contribution Agreement/Arrangement. As of June 30, 2017, pledges to the GCFE Trust Fund totaled the equivalent of \$372.50 million. Of this amount, signed contribution agreements amounted to \$277.50 million, of which \$251.21 million has been deposited into the GCFE Trust Fund. Contribution receivables stand at \$26.30 million.

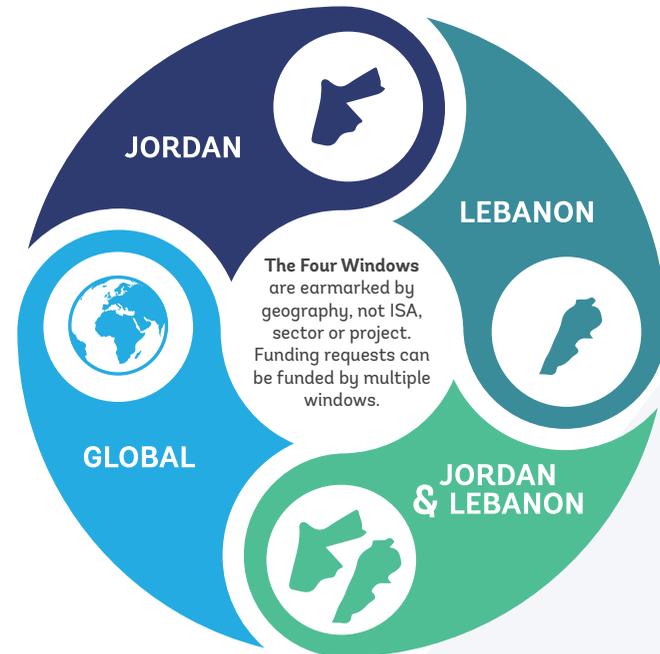
**Investment Income:** The GCFE Trust Fund is by design a rapidly disbursing trust fund with low balances. While held in trust, the funds are invested in accordance with the investment strategy established for all trust funds administered by the World Bank, in a short term fixed income portfolio with an investment horizon of one year. As of June 30, 2017, the GCFE Trust Fund had earned investment income of approximately \$0.77 million on its liquid balances. Additional investment income may accrue on the balances held by the ISAs, which will be reported and returned to the GCFE Trust Fund annually.

**Funding Approvals:** As of June 30, 2017, the GCFE Steering Committee had approved funding from the GCFE Trust Fund totaling \$192.75 million to cover Concessionality Amounts and ISA Costs, as well as administrative costs of the GCFE Coordination Unit and Trustee.

**Funds Held in Trust:** Funds Held in Trust reflect contributions paid in from Supporting Countries, plus investment income, less cash transfers. Funds Held in Trust as of June 30, 2017 amounted to the equivalent of \$91.55 million, of which \$32.32 million are previously approved funds, pending disbursement.

**Funds Available for GCFE Steering Committee Funding Decisions:** Funds available to support GCFE funding decisions amounted to \$59.23 million as of June 30, 2017 (\$91.55 million fund balance less \$32.32 million pending disbursement).

### GCFE TRUST FUND WINDOWS



<b>FINANCIAL STATUS (AS OF JUNE 30, 2017)</b>		
	Total (\$ millions)	% of Total
<b>Supporting Country Pledges and Contributions</b>		
Contributions	277.50	74.5%
Pledges outstanding	95.00	25.5%
<b>Total Pledges Outstanding and Contributions</b>	<b>372.50</b>	<b>100.0%</b>
<b>Cumulative Resources</b>		
<b>Resources received</b>		
Cash Receipts	251.21	67.3%
Investment Income earned	0.77	0.2%
<b>Total Resources Received</b>	<b>251.98</b>	<b>67.5%</b>
<b>Resources not yet received</b>		
Contributions not yet received	26.30	7.0%
Pledges outstanding	95.00	25.5%
<b>Total Resources not yet received</b>	<b>121.30</b>	<b>32.5%</b>
<b>Total Potential Resources</b>	<b>373.27</b>	<b>100.0%</b>
<b>Cumulative Funding Decisions</b>		
Concessionality	190.85	99.0%
ISA Costs	0.39	0.2%
Administrative Budget (Trustee and CU)	1.51	0.8%
<b>Total Funding Decisions</b>	<b>192.75</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions</b>	<b>180.52</b>	
<b>Funds Available</b>		
Funds Held in Trust	91.55	
Approved Amounts pending cash transfers	32.32	
<b>Total Funds Available to support Steering Committee decisions</b>	<b>59.23</b>	

PLEDGES AND CONTRIBUTIONS AS OF JUNE 30, 2017 IN MILLIONS													
Supporting Country	Curr	Pledge in Currency of Contribution	USDeq.a/	EFFECTIVE (OR SIGNED) CONTRIBUTION					RECEIPTS IN CURRENCY OF CONTRIBUTION				Receipts in USDeq. b/
				Global	Lebanon/Jordan	Jordan	Lebanon	Total	Global	Lebanon/Jordan	Jordan	Lebanon	
Canada	CAD	20.00	14.80	-	20.00	-	-	20.00	-	19.50	-	-	14.41
Denmark	DKK	100.0	14.52	100.00	-	-	-	100.00	100.00	-	-	-	14.52
European Commission	EUR	5.00	5.36	-	5.00	-	-	5.00	-	5.00	-	-	5.36
Germany	EUR	20.00	21.35	-	20.00	-	-	20.00	-	20.00	-	-	21.35
Japan	USD	110.00	110.00	-	50.00	15.00	-	65.00	-	40.00	15.00	-	55.00
Japan c/	JPY	-	-	-	-	-	-	-	-	-	-	-	-
Netherlands	EUR	25.00	27.43	-	10.00	-	15.00	25.00	-	10.00	-	15.00	27.43
Norway	NOK	115.20	13.48	-	115.20	-	-	115.20	-	115.20	-	-	13.48
Sweden	SEK	180.00	20.28	-	180.00	-	-	180.00	-	130.00	-	-	14.36
Sweden	USD	30.00	30.00	10.00	20.00	-	-	30.00	-	20.00	-	-	20.00
United Kingdom d/	USD	40.30	40.30	-	-	40.30	-	40.30	-	-	40.30	-	40.30
United States	USD	75.00	75.00	-	-	25.00	-	25.00	-	-	25.00	-	25.00
<b>TOTAL</b>			<b>\$372.50</b>										<b>\$251.21</b>

a/ Represents (1) actual US dollar value of paid-in cash contributions and (2) June 30, 2017 value of pledges outstanding, contribution amounts pending FX, and unpaid amounts.

b/ Represents actual USD receipts.

c/ Japan pledged to provide JPY 100b in additional loans that may be used by IBRD to generate additional grant contributions amounts.

d/Represents grant amount only

*Note: Totals may not add up due to rounding*

<b>CUMULATIVE FUNDING DECISIONS (PER GCFF TRUST FUND WINDOWS) IN MILLIONS OF US DOLLARS</b>						
<b>Concessionality</b>	<b>ISA</b>	<b>Global</b>	<b>Lebanon/Jordan</b>	<b>Jordan</b>	<b>Lebanon</b>	<b>Total</b>
Jordan - Ain Ghazal Wastewater	EBRD	-	1.95	-	-	1.95
Jordan - Economic Opportunities	WB	-	11.24	39.76	-	51.00
Jordan - Energy and Water Development Policy Loan	WB	-	-	25.00	-	25.00
Jordan - West Irbid Wastewater	EBRD	-	2.50	-	-	2.50
Jordan - Emergency Health Project	WB	-	7.95	5.95	-	13.90
Jordan - Emergency Health Project	IsDB	-	12.01	8.99	-	21.00
Lebanon - Roads and Employment	WB	-	28.91	-	16.49	45.40
Lebanon - Health Resilience Project	WB	-	24.16	-	0.04	24.20
Lebanon - Health Resilience Project	IsDB	-	5.89	-	0.01	5.90
		-	<b>94.62</b>	<b>79.70</b>	<b>16.54</b>	<b>190.85</b>
<b>ISA Costs</b>						
EBRD		-	0.17	-	-	0.17
IsDB		-	0.05	0.01	0.00	0.07
WB		-	0.08	0.06	0.01	0.15
		-	<b>0.30</b>	<b>0.08</b>	<b>0.01</b>	<b>0.39</b>
<b>Administrative Budget</b>						
Coordination Unit		0.05	0.40	0.32	0.00	0.77
Trustee		0.05	0.37	0.32	0.00	0.74
		<b>0.10</b>	<b>0.77</b>	<b>0.64</b>	<b>0.00</b>	<b>1.51</b>
<b>Total Funding Decisions</b>		<b>0.10</b>	<b>95.69</b>	<b>80.41</b>	<b>16.55</b>	<b>192.75</b>

*Note: Totals may not add up due to rounding*



## GCFF RESULTS FRAMEWORK

The GCFF Results Framework (see pages 34-35) consists of four indicators:

1. Amount of contributions raised
2. Amount allocated by GCFF per year
3. Amount of MDB financing made on concessional terms from GCFF, and
4. Respondents from BCs, ISAs, and SCs indicate that GCFF is usefully contributing to coordination

By July 2017, indicators 1-3 had been exceeded. A survey (indicator 4) started in June 2017, the results of which are currently under consolidation.

1

### INDICATOR 1: Amount of contributions raised

Baseline 2016: 0

Target

\$1b Contrib. (2021),  
\$200m (yearly)

Status as of June 2017

\$372m Pledges & Contrib.  
(Includes Global Window)

2

### INDICATOR 2: Amount allocated by GCFF per year

Baseline 2016: 0

Target

\$150 - 200m  
(yearly)

Status as of June 2017

\$200m

3

**INDICATOR 3: Amount of MDB financing made on concessional terms from GCFF**

Baseline 2016: 0

Target

\$3b in Concessional  
MDB Financing (2021)  
(\$600m yearly)

Status as of June 2017

\$1b

4

**INDICATOR 4: Respondents from BCs, ISAs, & SCs indicate that GCFF is usefully contributing to coordination**

Baseline 2016: 0

Comments: 3 international conferences; 3 Working Groups; two Steering Committees; and virtual communication. Coordination with donors and benefitting countries. Donor coordination in country.

Target

% indicating that GCFF contributing  
to MDB & UN coordination to  
address refugee impact

Status as of June 2017

Survey undertaken;  
results under consolidation



## MONITORING & EVALUATION

GCFF-funded operations feature a series of development objectives and results indicators to measure the progress and impact of projects, as approved by the ISA's board of directors. Specifically, the GCFF Operations Manual requires the relevant ISA to "monitor and evaluate overall Project performance in accordance with its policies and procedures." The Coordination Unit and the Trustee therefore have no direct responsibility for M&E of the operations themselves.

The ISAs are required to provide progress reports every six months (as per the template on page 39) as well as following completion of each project. The progress reports are submitted to the Coordination Unit for compilation and distribution to the Steering Committee for informational purposes. Each ISA is also responsible for reporting financial information on a six-month basis.

The results framework for the GCFF, which can be found in its Operations Manual, is focused on the provision of concessionality to financing from ISAs for projects that address the development impact of the influx of refugees, as well as on improved coordination among Benefitting Countries, Supporting Countries, ISAs and others around such ISA financing. Each ISA is also required to include in its funding request information on its results framework, which should be specific to each project.

The operational updates are used to evaluate performance, including performance ratings provided in the individual progress reports; levels of disbursements; and lead time to effectiveness. The information is used in discussions around solutions to bottlenecks and other issues which may affect progress of the project. For this purpose, the Operations Manual provides an M&E template with a subset of results and indicators that focus on how the project addresses the impact of the influx of refugees. ISAs are required to provide 2-3 key measurable indicators which can be selected from a list of sample indicators in the Operations Manual, as per the menu below.

As more project results become available, the Coordination Unit will work to report on the impact of the GCFF at an aggregate level. Doing so will require leveraging partnerships with entities that have strong presence and analytical capacity on the ground in refugee-hosting areas. Efforts are already under way in this regard, including outreach to well-placed potential partners in both Jordan and Lebanon.



## SAMPLE INDICATORS

Projects may track other indicators that are linked with the influx of refugees, rather than those listed, depending on what the project is intending to achieve. Progress of individual projects is measured through the individual project results frameworks.

- Direct project refugee beneficiaries (number), of which female (percentage)
- Direct project host community population beneficiaries (number), of which female (percentage)

### Improved Social Service Delivery for host and refugee populations

- Refugees and Host community population receiving improved access to education through project (number), of which female (percentage)
- Refugees and Host community population receiving improved access to health services through project (number), of which female (percentage)

### Improved economic opportunities for host and refugee populations

- Work permits issued to refugees (number), of which female (percentage)
- Refugee and Host Community SMEs supported (number)
- Jobs provided to or created for refugee and Host Community populations (number), of which female (percentage)
- Refugees and Host Community members trained (number), of which female (percentage)

### Improved access to and quality of infrastructure for host and refugee populations

- Refugee and Host Community Population receiving access to improved water sources or improved sanitation facilities/wastewater (number), of which female (percentage)
- Roads rehabilitated or constructed, benefitting refugees and Host community (km)

*Other indicators related to addressing the impact of the influx of refugees (specify). Use pre-specified core indicators whenever possible for aggregation.*

## SAMPLE INDICATORS

SUPPLEMENTAL INFORMATION: RESULTS MONITORING ON HOW UNDERLYING OPERATIONS SUPPORT THE IMPACT OF THE INFLUX OF REFUGEES							
Project Development Objective (PDO)							
PDO LEVEL RESULTS INDICATORS							
	Unit of Measure	Baseline	Cumulative Target Values				
			YR1	YR2	YR3	YR4	YR5
Indicator One							
Indicator Two							
Indicator Three							
Milestones/Output linked with CFF scope							
INTERMEDIATE RESULTS							
Intermediate Result (Component One)							
Intermediate Result Indicator One							
Intermediate Result Indicator Two							
Intermediate Result (Component Two)							
Intermediate Result Indicator One							
Intermediate Result Indicator Two							
Intermediate Result (Component Three)							
Intermediate Result Indicator One							
Intermediate Result Indicator Two							

## PROGRESS REPORT FOR UNDERLYING OPERATION TEMPLATE

### UNDERLYING OPERATION INFORMATION

<b>Project Name:</b>		
Benefiting Country:	Name of Implementation Support Agency (ISA):	
Name of ISA Project Leader:	Email of ISA Project Leader:	
Recipient Entity:	Name and Email of Recipient Entity Contact:	
Consessionality Amount Approved (\$US):	Total Project Amount (\$US):	Total Amount Disbursed (\$US):
GCCF Approval Date:	Project Implementation Start Date:	Project Closing Date:

### SUMMARY OF UNDERLYING PROJECT IMPLEMENTATION PROGRESS AND KEY ISSUES

<b>Project Development Objective:</b>	
<p><i>Rating for progress towards achievement of objective:</i></p> <ul style="list-style-type: none"> <li>• Satisfactory: The project is likely to achieve almost all or exceed its major objectives efficiently without any significant shortcomings.</li> <li>• Moderately Satisfactory: The project is likely to achieve the majority of its major objectives efficiently with moderate shortcomings.</li> <li>• Moderately Unsatisfactory: The project is not likely to achieve at least half of its major objectives efficiently with moderate shortcomings.</li> <li>• Unsatisfactory: The project is not likely to achieve most or any of its major objectives efficiently.</li> <li>• Not applicable: The project is not yet effective.</li> </ul>	Choose an item.
<p><i>Rating for overall implementation progress:</i></p> <ul style="list-style-type: none"> <li>• Satisfactory: Implementation of most components is in substantial compliance with the original/formally revised plan except for only a few that are subject to remedial action.</li> <li>• Moderately Satisfactory: Implementation of some components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.</li> <li>• Moderately Unsatisfactory: Implementation of some components is not in substantial compliance with the original/formally revised plan with most components requiring remedial action.</li> <li>• Unsatisfactory: Implementation of most components is not in substantial compliance with the original/formally revised plan.</li> <li>• Not applicable: Implementation has not yet started</li> </ul>	Choose an item.

Status and  
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## LOOKING AHEAD

Beyond measuring overall project-level results, the Steering Committee has voiced interest in maximizing the specific benefits of GCFE-funded operations for refugees and host communities, while also making sure that projects monitor gender impact with an eye to ensuring that projects fully engage both men and women. Over time, this could entail a framework that supplements the required project-level monitoring and that captures the impact of GCFE-funded projects on refugees and host communities at an aggregate level. The objective would be to enhance the impact monitoring of underlying operations in order to harmonize the monitoring function across different countries, underlying operations, and with the ISA-approved results matrix. While the design of methodologies should remain flexible, and be guided by the nature and scope of the different projects, this additional input would ensure greater consistency.

The Coordination Unit of the GCFE has engaged with its stakeholders and partners, notably with UNHCR, to refine the methodology and enhance its effectiveness.





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