

Global Concessional Financing Facility Third Steering Committee Meeting

October 29, 2017, Amman, Jordan

Key Decisions

- The GCFF Steering Committee (SC) approved a funding allocation of US\$52.3 million for Concessionality Amount and US\$35,000 for associated ISA costs for the Jordan Education Program for Results (PforR) Project with the World Bank as ISA.
- Although current available funds were not sufficient to cover both funding requests, the Greater Beirut Urban Transport Project was accepted, in principle. Lebanon will submit a new funding request based on updated calculations of the concessionality amount at the time of resubmission for a virtual, no objection approval as soon as additional funds are available. On consideration that the underlying operation has already been reviewed and received positive feedback from Supporting Countries, the Steering Committee exceptionally agreed on a shorter period of four (4) business days for the no-objection approval of this funding request.
- The SC asked the Coordination Unit (CU) to share the Progress Report at the earliest and include discussion of results as one of the agenda items for the next SC meeting.
- The UK announced an additional pledge of GBP19.5 million to the GCFF for the Jordan window.
- The Steering Committee indicated that it intends to meet in Beirut, Lebanon, sometime in 2018. The GCFF Coordination Unit will notify the SC members on the exact date.

Summary of Meeting

1) Opening Remarks and Status Update

The Third Meeting of the Global Concessional Financing Facility (GCFF) Steering Committee took place in Amman, Jordan, on October 29, 2017. The meeting commenced with welcoming remarks by H.E. Imad Fakhoury, Minister of Planning and International Cooperation, Jordan. Minister Fakhoury noted that the GCFF has brought new tools in terms of financing schemes to meet the new demands, and that it is critically important to sustain this work. The Minister also noted that the timing of financing is critical for the GCFF and that frontloading is necessary in order to be able to provide assistance to both Jordan and Lebanon. The refugee crisis has cost Jordan around US\$1.5 billion annually over the last 7 years, which amounts to 4 percent of their GDP. Debt levels have risen from 12 percent to 18 percent in this period, with youth unemployment at 35 percent. Minister Fakhoury assured that Jordan is continuing with political and social reforms as well as boosting public sector spending to help hosting communities.

Following Minister Fakhoury's introduction, Mr. Gavin Buchan, Minister Counsellor and Executive Director, Middle East Development Programming, Embassy of Canada, and co-chair of the meeting, asked the participants to approve the SC's agenda. The agenda was adopted unanimously. Mr. Buchan informed the participants that Canada has recently approved an additional contribution of CAD\$20 million. He also noted that more can be done in terms of focusing on results, by ensuring good project design, and stressed the importance of donor coordination.

Mr. Alain Bifani, Director General of the Ministry of Finance, Lebanon, and co-chair of the meeting, expressed his thanks to Canada, Denmark and Norway for their recent contributions. Mr. Bifani mentioned that, thanks to the contributions and GCFF, more Syrian refugees have access to healthcare, education and jobs, and more Syrian children are going to school. Mr. Bifani noted that Lebanon is finally making progress on having a budget approved, the first since 2005. Mr. Bifani noted that growth in Lebanon has fallen from 5 percent in 2010 to less than 1 percent in the last few years. The country is struggling with youth unemployment (current rate at 28 percent) and with its fiscal and current account deficits. This calls for Lebanon to be more productive, including through the provision of quality infrastructure, social safety nets and good governance. Regarding sustainable infrastructure, it is at the heart of the newly adopted Capital Investment Plan (CIP) and Mr. Bifani reminded the SC that Lebanon is benefiting from the GCFF with the Roads and Employment Project.

Mr. Franck Bousquet, on behalf of the Coordination Unit (CU), provided an update of the status of the GCFF and the key developments since the last SC meeting in April 2017. He also welcomed the new co-chairs of the GCFF: Canada and Lebanon. Mr. Bousquet recognized and thanked all donors. While noting that total pledges from donors currently stood at US\$450 million, Mr. Bousquet stressed that it is critical to receive additional funding in order to keep the momentum and finance new projects. He then proceeded to briefly mention the two funding requests to be presented at today's meeting: the Jordan Education PforR (concessional amount of US\$52.3 million) and the Greater Beirut Urban Transport Project (concessional amount of US\$70.5 million). With the current trust fund balance of US\$100 million, only one of these two projects could receive funding. However, with the new pledges received at the GCFF pledging session during World Bank Annual Meetings in October 2017, additional funding is expected to be received by the end of the calendar year, which will allow for approval of the second funding request. Mr. Bousquet noted that the GCFF is currently exceeding the set expectations and targets. The Facility is on good track to reach its medium-term goals, with a total of US\$1.2 billion worth of projects approved to date, with US\$193 million in GCFF funding, as long as donors maintain the current

momentum. During his presentation, Mr. Bousquet thanked the participating ISAs (IsDB, EBRD, EIB) and gave the floor to project teams (from Islamic Development Bank, EBRD and the WBG) to provide an update on the on-going GCFF-funded projects. Mr. Bousquet concluded his presentation by informing the participants that the fourth Steering Committee meeting will be held in Lebanon, at a date that has yet to be confirmed.

During the ensuing discussion, Germany thanked for the high-quality GCFF Annual Report, and asked the Coordination Unit (CU) to also share the more detailed Progress Report. The CU informed the participants that the Progress Report (January-June 2017) had been compiled, as per Operations Manual requirements, and would be shared shortly. Sweden agreed that more reporting and aggregate data is needed, and that the country is committed to addressing vulnerable groups, such as women and youth. They also noted the importance of in-country donor coordination. Several participants encouraged for stronger coordination at local level. Notably, the European Commission (EC) agreed on the importance of in-country donor coordination, which should be better reflected in the project documents. Norway also asked to explore the possibility of adding more donors to the GCFF, including from Arab countries. Several of the speakers praised the GCFF's innovative approach and thanked for the excellent work of the GCFF. They called for improved reporting on aggregate results in future annual reports, as demonstration of impact is key for mobilizing more support to GCFF.

2) Trustee Presentation

The Trustee briefly presented the financial status of the GCFF Trust Fund. The presentation included a detailed breakdown of pledges to the Facility, effective (or signed) contributions, as well as cash receipts. An itemized overview of GCFF funding decisions to date, as well as a depiction of cumulative receipts, cumulative cash transfers, funds held in trust, funding decisions pending cash transfer, and funds available to support further Steering Committee decisions were also provided.

3) Funding Requests

A) Lebanon

On behalf of the Government of Lebanon, Mr. Bifani presented the Lebanese funding request. Lebanon submitted one funding request, the Greater Beirut Urban Transport Project with the World Bank as the ISA, amounting to US\$70,535,000 for Concessionality Amount and ISA Costs. The total project cost is US\$345 million, including a US\$225 million loan from IBRD. In addition, another US\$50 million will be provided through private sector financing.

The project is aimed at improving the speed, quality and accessibility of public transport for passengers in Beirut and the city's northern entrance. Low and middle income Lebanese and Syrians living in the Greater Beirut Area will directly benefit from the project by using the system to meet their transportation needs. The project will have cost and time-saving benefits for commuters, environmental benefits in the form of reduced emissions, and reduced noise levels. The project will contribute to job creation in the form of about 2 million labor-days of direct jobs to be created in the construction industry. Additional jobs will be created in the supply industry. About 350,000 people are expected to use the system per day, including some 100,000 Syrians. The project has also taken into account gender impact, and women were consulted during the preparation phase.

EBRD noted its support and indicated ongoing discussions with the WB on the possibility of PPP in the private sector funding of the project. Several meeting participants expressed agreement on the need of a

public transport system in Beirut, also noting the transformative nature of the project. Similar projects, for example in Bogota, Colombia, have had a tremendous impact, especially for vulnerable and poor communities. Meeting participants also expressed the need for behavioral changes vis-à-vis public transportation and, more generally, for better coverage of public transport options in lagging regions. Further, several participants noted the importance of the environmental and gender aspect of the project.

B) Jordan

H.E. Omar Razzaz, Minister of Education, Jordan, presented the Jordanian funding request. Jordan submitted one funding request, the Jordan Education PforR with the World Bank as the ISA, amounting to US\$52,335,000 for Concessionality Amount and ISA Costs. The total project cost is US\$200 million, including a US\$148 million loan from IBRD.

The project is aimed at supporting the Ministry of Education to expand access to early childhood education, and to improve student assessment, as well as teaching and learning conditions for Jordanian and Syrian refugee children. Minister Razzaz noted that the refugee situation revealed and created a number of problems in the Jordanian education system, for example with regard to overcrowding, inclusion and pluralism. The situation created an urgent need to put forward a new strategy and action plan. The Government is fully committed in terms of readiness, and has already put in place a strategy, budget and action plan. The PforR includes a number of critical areas of the strategy. The PforR will have results disaggregated by gender.

The UK expressed its strong support to the PforR and at the same time pledged GBP19.5 million to the GCF for the Jordan window. The participants expressed their appreciation of the project's consultative process on the ground, noting that it was an excellent example of in-country coordination, as well as complimenting the mainstreaming of gender aspects into the project design. Several of the participants also noted the importance of focusing on early childhood development, fighting stereotypes, improving the school environment, and ensuring the project focused adequately on outcomes vis-à-vis outputs. Minister Razzaz informed the participants about a study on early childhood development, which showed the cost benefit of 1 to 9 USD, with a return of 9 USD for each dollar invested. Finally, Germany suggested to consider to merge the meetings of the General Policy Steering Committee (GPSC) with those of the Education Donor Group so as to avoid parallel policy dialogue with the Ministry of Education.

Decision

The GCF Steering Committee approved a funding allocation of US\$52.3 million for Concessionality Amount and US\$35,000 for associated ISA costs for the Jordan Education PforR Project.

Since current available funds are not sufficient to cover both funding requests, the Greater Beirut Urban Transport Project was accepted, in principle. Lebanon will submit a new funding request based on updated calculations of the concessionality amount at the time of resubmission for a virtual, no objection approval as soon as additional funds are available. On consideration that the underlying operation has already been reviewed and received positive feedback from Supporting Countries, the Steering Committee exceptionally agreed on a shorter period of four business days for the no-objection approval of this funding request.

4) Presentation of Pipeline of Underlying Operations that could potentially benefit from GCFF Financing, and Overview of In-Country Coordination by Jordan and Lebanon

Jordan: Ms. Zeina Toukan, Director of International Cooperation at the Jordan Ministry of Planning and International Cooperation, presented the pipeline of projects that could potentially benefit from GCFF financing.

The pipeline programs focus on economic growth, job creation and social inclusion while helping Jordan address the impact of Syrian refugees by undertaking key policy and structural reforms as per the Jordan Economic Growth Plan 2018-2022. For 2018, one project was presented, namely the Inclusive Growth, Job Creation and Social Contract Development Policy Loan to be put forward with the support of the World Bank.

Lebanon: Ms. Wafa Charaffedine, CDR, presented Lebanon's pipeline projects. The US\$99 million Tripoli Water Catchment Area, which would complete the ongoing Wastewater Project, focusing on improving wastewater collection services in regions affected by Syrian refugees, and protecting the water from pollution caused by the lack of proper collection treatment. The second project, the US\$120 million Lebanon Industrial Upgrading Project, aims to accelerate economic growth, job creation and promote public and private investment. The project will prepare the infrastructure needed for three new industrial areas. These two projects benefit from the support of EIB and ongoing discussions are taking place with EBRD. The third project, is an additional financing in the amount of [US\$70 million] to the ongoing IBRD-financed Greater Beirut Water Supply Project. The objective of the project is to increase the provision of potable water to the residents in the project area within the Greater Beirut district. Lastly, the US\$400 million National Jobs Program PforR aims at improving private sector job opportunities for the Lebanese and Syrian refugees, to be put forward with the support of the World Bank.

For Jordan, participants asked Jordan to confirm that only one project was put forth for 2018. Participants encouraged Lebanon to take all appropriate measures to ensure that projects that have received GCFF funding meet the conditions for effectiveness such that disbursement and implementation can begin as soon as possible. The SC also expressed concerns that the majority of projects had the World Bank as the ISA and, in the spirit of partnership, encouraged the Benefiting Countries to put forward projects that benefit from the support of other ISAs. Ms. Charaffedine confirmed that such ISAs as the EBRD were being consulted, notably regarding the industrial zones project. The EBRD confirmed that they are currently at the preparation stage of that project.

5) Discussion on Topics raised by Steering Committee Members

Following up on the second GCFF Steering Committee meeting on April 21, 2017, the SC had asked to pursue the discussion on leveraging Private Sector Investment for the GCFF.

Mr. Buchan reminded the overall context and the establishment of the informal working group composed of EIB, EBRD, IsDB and IFC to discuss potential scenarios. He turned to EIB for a status update, including through potential concrete projects.

Mr. Edvardas Bumsteinas, Head of Mandate Development Division, Mandate Management Department of the EIB, presented the main ideas behind this topic as well as the work done by ISAs since the April Steering Committee meeting. Mr. Bumsteinas informed the participants of a series of meetings of the informal working group, including most recently in September 2017 to discuss a potential Private Sector Support Framework (PSSF). The key aim of the presentation was to share ideas on instruments to support

private sector development. Mr. Bumsteinas then presented the Economic Resilience Initiative (ERI), as well as a specific example of how the GCFF could be used within the context of an EIB operation to crowd-in private investment to benefit refugees and host communities. Steering Committee members expressed interest in the PSSF but the EBRD, EC and the U.S. raised questions around how it would work in practice and if it represented the best use of the GCFF's resources. Others noted that monitoring the impact of GCFF-funded projects already posed a challenge, and that inserting a private sector layer could make that challenge even more pronounced. Still, the sense of the room was that the PSSF working group should continue its efforts to develop the idea, and that further discussion on the topic would be welcome at the next Steering Committee meeting.

6) Closing

The next Steering Committee is supposed to be held in Beirut, Lebanon, in 2018, subject to further discussion in the upcoming months, notably to align with the timing of the next funding requests and availability of funding. In coordination with the Co-Chairs, the Coordination Unit will keep the SC members informed on the precise date.

The Lebanon Co-Chair encouraged bringing in more donors into the GCFF, noting that Lebanon would provide its support in this process.

The Canada Co-Chair summarized the decisions of the meeting.

Third Steering Committee Meeting – October, 29, 2017
Embassy of Canada





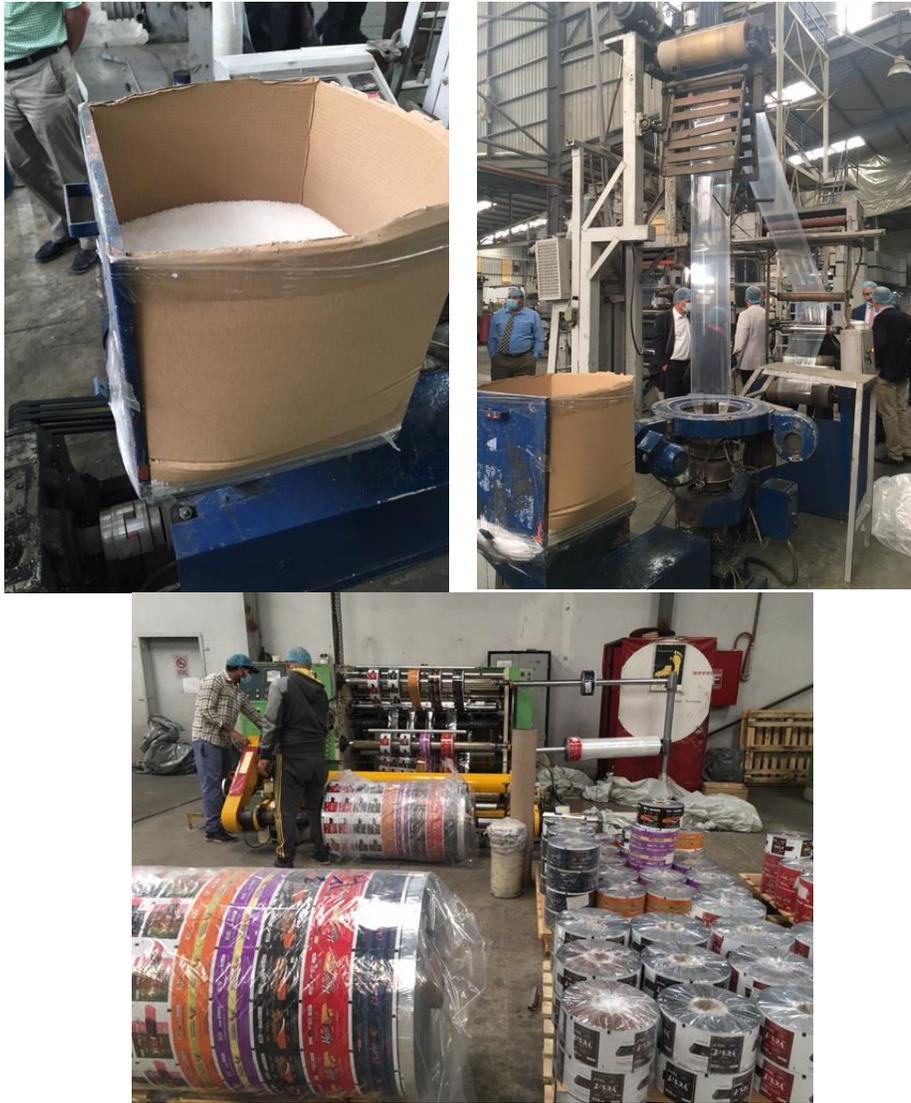
Site Visits

Monday, October 30, 2017

On Monday, MoPIC organized site visits for GCFF colleagues to the Al Fayhaa factory on the outskirts of Amman and the Al Zaatari Refugee Camp near Mafraq. Each provided an important opportunity to take stock of the urgency of the Syrian refugee issue in Jordan, and how the GCFF is providing key support to address this challenge.

Al Fayhaa Factory

At Al Fayhaa, colleagues saw how the GCFF-supported *Jordan Economic Opportunities for Jordanians and Syrian Refugees PforR* is providing economic opportunities for Syrians while also supporting Jordan's broader industrial development. The managers of this Syrian-owned plastics factory – who physically packed and relocated their plant machinery from Syria to Amman as the war began to escalate – discussed how the PforR has made it easier and less costly for them to hire Syrian refugees, who now constitute 26 percent of the factory's workforce (with Jordanian workers accounting for the majority of the rest, along with a small share of workers of other nationalities). The PforR's support for Relaxed Rules of Origin from the EU has also allowed Al Fayhaa to scale-up exports to the European market, and MoPIC representatives described the support they are providing to other Jordanian firms on the cusp of having the capacity to export to Europe, as well. Al Fayhaa also highlighted challenges they faced to accelerate growth, noting in particular how high electricity tariffs prevent them from scaling-up job-creation for Syrian refugees. The Jordan Energy and Water DPL supported by the GCFF last November is playing an important role in addressing this challenge by lowering costs and boosting sustainability in Jordan's energy sector, while MoPIC officials also highlighted the GoJ's recent launch of a renewable energy strategy as a long-term solution to the country's growing energy needs.



Al Zaatari

At the Al Zaatari refugee camp, discussions with UNHCR, ILO, and Jordanian counterparts centered on the humanitarian-development continuum and livelihoods of refugees. ILO colleagues explained the process refugees go through to obtain formal working permits at the camp and the support they receive to access jobs. On the latter, an ILO jobs outreach coordinator identifies employers outside the camp who have specific hiring needs. An ILO career counselor in the camp meets with refugees to discuss their skills, goals, and job preferences. The ILO team then works to match the needs of employers with the skills and preferences of Syrian refugees in the camp, and follows-up closely with each “matched” worker to track their experience and any challenges they face. Refugees who are matched with an employer can leave Zaatari to work for extended periods, and are only required to check-in at the camp once every 30 days using a quick, automated system. This process has proven successful: A recent job fair organized by ILO

attracted over 1,000 employers and matched several hundred refugees in Zaatari with employment. The overview from ILO illustrated the clear link between the support the GCFE is providing through the PforR and increasing economic opportunities for both Syrian refugees and employers in Jordan.

UNHCR coordinators gave a detailed presentation on realities on the ground in the massive camp. Coordinators described the sophisticated systems and services UNHCR, bilateral donors, and INGOs have established to offer protection to the 80,000 refugees who currently live in Zaatari (down from a peak of 120,000, when the camp constituted Jordan’s fourth-largest “city”). Refugees receive a range of support, from food, to health care, to education, and psychosocial care. In a supermarket in the camp, colleagues observed a cashless payment system UNHCR has established whereby refugees utilize an iris scan to purchase goods that automatically debits credit from their account balance with UNHCR. The camp itself felt vibrant. Thoroughfares like Saudi Street – where the team sat down to a delicious lunch at a refugee-owned restaurant – and the broader “Avenue de Shams-Élysées” brimmed with commerce, children returning from school, and women and men at work on their homes and in their shops. In light of the profound challenges that drove them to the camp and the hardship they continue to endure, Zaatari provided an impressive testament to the resilience and creativity of Syrian refugees.

The site visits to Al Fayhaa and Al Zataari offered GCFE partners a powerful reminder of why the work they are pursuing together is so important, and how critical it is to maintain the momentum of this international partnership going forward. Monitoring the impact of the GCFE demands a focus on human lives. As evidenced by the jobs created at Al Fayhaa and the livelihoods being restored in Zataari, the GCFE is making a profound impact on those it aims to serve, both in terms of Syrian refugees and the countries and communities that generously host them.

