

Global Concessional Financing Facility Fourth Steering Committee Meeting

May 29, 2018 (by Video-conference)

Key Decisions

- 1) The Steering Committee of the Global Concessional Financing Facility (GCFF) approved a funding allocation of US\$41,035,000 for Jordan's First Equitable Growth and Job Creation Programmatic Development Policy Financing, consisting of US\$41,000,000 for the Concessional Amount and US\$35,000 for associated ISA costs.
- 2) Following the announcement of additional contributions by the US in the amount of US\$ 10 million and by the UK in the amount of GBP 46 million expected to be paid and received into the Jordan Window of the GCFF Trust Fund before the Underlying Operation is submitted for consideration to the ISA's Board of Executive Directors, the Steering Committee also approved an additional allocation of up to US\$ 72,000,000 for the Concessional Amount, contingent upon the availability of funding in the GCFF Trust Fund (the "Contingent Additional Allocation") as of 5:00pm (EST) on June 6, 2018.¹ The total project cost is US\$500 million with the World Bank as ISA.
- 3) The Steering Committee requested: (i) the Trustee to notify, through the GCFF Coordination Unit, of whether the condition upon which the Contingent Additional Allocation is subject has been met; and (ii) the Coordination Unit to record the Steering Committee decision in the Summary of the Chair to be circulated to the SC by May 29, 2018 cob (see Annex 1 to these Minutes) and, following the Trustee's notification, to record in the minutes of the meeting the final Concessional Amount for the Underlying Operation approved by the GCFF Steering Committee (the "Approved Concessional Amount"), along with the associated ISA costs approved under paragraph (A) above and the resulting ISA loan amount.
- 4) Following the notification by the Trustee on June 25, 2018 (see Annex 2 to these Minutes) and pursuant to the SC decision under 2) above, the final funding allocation approved by the SC for the Underlying Operation is in the amount of US\$ 113,035,000, consisting of US\$ 113,000,000 as the final Approved Concessional Amount and US\$35,000 for associated ISA costs.
- 5) On June 26, 2018, the ISA notified the Trustee that the balance of US\$ 2 million would not be used as concessionality for the Underlying Operation following the agreement between the ISA and the Benefiting Country to conclude negotiations of the Underlying Operation for a Concessional Amount of US\$111 million prior to the Trustee's notification on funding availability (see Annex 3 to these Minutes). The US\$2 million balance will remain available for future funding requests.

Summary of the Meeting

1) Opening Remarks and Status Update

This exceptional meeting of the GCFF Steering Committee took place via video-conference on May 29, 2018. Mr. Gavin Buchan opened the Fourth Meeting of the GCFF Steering Committee by welcoming participants

¹ The GCFF Steering Committee approved an extension of this deadline to June 14, 2018 on June 8, 2018 and a second extension to June 25, 2018 on June 18, 2018.

joining in by video from around the world and thanking them for their flexibility to attend this virtual meeting in place of an in-person one. The Chair proceeded to introduce to the Steering Committee (SC) and the main objective for the meeting: to discuss the Funding Request for First Equitable Growth and Job Creation Development Policy Financing for a concessional amount of \$156.6 million, alongside a loan of US\$343.4 million. Mr. Buchan noted that as of the day of the meeting, the GCFE Trust Fund balance was not sufficient to finance the full Concessional Amount requested by Jordan, and that Jordan had informed the SC that it accepted to receive any lesser Concessional Amount approved by its members and that any such lesser amount, as it may be approved by the SC, will be the only concessional amount provided by the GCFE with respect to the Underlying Operation.

After this introduction, Mr. Buchan gave the floor to H.E. Imad Fakhoury, Minister of Planning and International Cooperation of Jordan to give his welcoming remarks. The Minister thanked the international donors and the Coordination Unit of the GCFE for the continued support to Jordan and reiterated the pressing fiscal needs of the country in light of the influx of Syrian refugees, and the strain on the country's finances caused by this shock. Mr. Fakhoury noted that the Government of Jordan (GoJ) continues to sustain an agenda to make the country more resilient, through a reform program and by pioneering a resilience approach with support from Jordan's development partners. The Minister spoke about the on-going reforms in discussion with the International Monetary Fund's (IMF) Second Review team, which was present in Amman, Jordan during the time of the GCFE Steering Committee Meeting. He noted that to reach the goals established in the Jordanian Economic Growth Plan for 2018-2022, and in the Jordan 2025 Strategy, the Government of Jordan would continue to implement its fiscal consolidation agenda, introduce a series of structural and fiscal reforms, and rely on the World Bank's continued financial and technical support to boost growth and job creation. Mr. Fakhoury stressed the need for the international community to continue its financial support to the country as agreed upon in the Jordan Compact, under which donors agreed to provide Jordan with concessional financing amounting to US\$ 1.9 billion over the next three years.

The Minister also provided the Steering Committee with an update on the status of refugees living in Jordan. To date, the GoJ issued over 103,000 permits to Syrian refugees. In the three months prior to the Meeting, the Government loosened restrictions for Syrian refugees to transfer work permits between sectors. GoJ also intended to reduce barriers to Syrian jobseekers in Jordan by removing the need for technical certifications in a variety of sectors, and by implementing flexible work permits for Syrian workers in the agriculture and construction sectors. Mr. Fakhoury also shared with the SC that the GoJ would waive work permit fees for Syrian refugees in 2018 and 2019.

In introducing the Underlying Operation, Mr. Fakhoury reminded the SC that this was the first project that sought to support the implementation of the 5-year reform matrix that aims to reduce business and labor costs, improve market accessibility, and improve fiscal management. The Minister reassured the Steering Committee that this project would have a positive impact for both Syrian refugees and host communities, since the goal of the operation was to grow the size of the economy for all. The Minister gave the floor to the World Bank Task Team to present the Underlying Operations to the SC, as well as the key areas of the operation that had a relevant impact on the refugee communities in Jordan.

2) Trustee Presentation

The Trustee briefly presented the financial status of the GCFE Trust Fund and confirmed availability of funding in the amount of US\$41 million as of May 29, 2018, and that additional funds could become available between the Steering Committee meeting date and June 4th.

3) Funding Request

On behalf of the GoJ, H.E. Minister Fakhoury presented the Jordanian funding request. Jordan submitted one funding request, the First Equitable Growth and Job Creation Programmatic Development Policy Financing with the World Bank as the ISA. Mr. Saroj Jha thanked the minister and Co-Chair, then turned to Mr. Christos Kostopoulos (Task Team Leader) and his team for the presentation of the underlying operation.

The underlying operation is aimed at supporting Jordan in setting the foundations for higher growth. The project is structured around three pillars: (i) reducing business costs and improving market accessibility, (ii) creating flexible and integrated labor markets and better, more efficient social assistance, and (iii) improving fiscal sustainability through revenue mobilization, more efficient public investment spending and tracking of risks. Data provided in the presentation suggested that the underlying operation sought to address the largest pain-points faced by refugees, of employment in construction and services. In terms of specific actions in the operation that would benefit Syrians, the ISA team pointed out that all of Pillar II is relevant, especially waiving of work permit fees for Syrian refugees, and increased economic opportunities for Syrian workers through work permit issuance in select sectors, introduction of an hourly minimum wage, and strengthening the National Assistance Fund (NAF) capacity. The operation is also expected to benefit women and youth, through these same components of Pillar II.

The Underlying Operation also seeks to indirectly benefit Syrian refugees and host communities through several avenues. Among these, the operation is intended to make the economy more efficient and productive, thereby benefitting Jordanians and non-Jordanians. The operation supports the development of services and SMEs, which are sectors that Syrians operate in. The medium-term labor agenda is aimed at reducing barriers in the labor market, which is also expected to benefit Syrian refugees. Furthermore, implementation of the Secured Transactions Regime will make borrowing easier for those without land, which also indirectly benefits Syrians living in Jordan.

SC members welcomed the proposed operation and acknowledged its importance and relevance, in line with Jordan's Economic Growth Plan for 2018-2022, the Jordan 2025 Strategy, and Jordan's fiscal consolidation agenda. SC members welcomed Pillar II of the project and the operation's impact on refugees and host communities, however SC members stressed the importance of having more clarity on how pillars I and III will benefit refugees, as well as women and youth populations, including through monitoring impact on these groups. SC members also requested more details on the nature of the gender analysis undertaken for the underlying operation and stressed the need for monitoring results with gender-disaggregated data to allow for adjustments as needed. SC members stressed the importance of coherence and complementarity of the Underlying Operation with initiatives already being financed bilaterally.

SC members noted the importance of the ongoing financial reforms as part of the IMF Review and the linkages with the underlying operation. SC members welcomed the waiving of work permit fees for Syrian refugees in 2018 and 2019, and issuance of work permits for Syrian refugees. SC members highlighted the importance of the operation in addressing fragmentations in Jordan's labor market, which is expected to improve the economy as a whole. SC members also stressed the importance of having an adequate public financial management reform strategy in place. In addition, SC members also suggested piloting expansion of the National Assistance (NAF) to refugees with donor support, and how such a window would be created.

H.E. Minister Fakhoury responded to points raised by SC members. Regarding the IMF Review, the GoJ affirmed its commitment to the reform package. On the public financial management strategy, GoJ affirmed

this as a top priority for Jordan, and indicated the possibility of including a reference to it in the Letter of Development Policy. Regarding the NAF, Minister Fakhoury indicated discussions had taken place with the Prime Minister and the Minister of Social Development who oversee the NAF. Mr. Fakhoury highlighted that the NAF is dealing with a heavy burden and several issues related to capacity and required technological improvements. Minister Fakhoury indicated that the GoJ would work through a phased approach, building on the Brussels Partnership Document, with support from the WB and donor community, to address capacity and technological issues in the NAF in view of a future expansion beyond its current targeted beneficiaries. Steering Committee members acknowledged and welcomed the seriousness and favorable manner with which the GoJ has responded to donor concerns.

4) Closing Remarks

Mr. Franck Bousquet thanked H.E. Minister Fakhoury of Jordan for his leadership and support, and for Jordan's role in delivering a global public good. Mr. Bousquet also thanked all SC members for their continued and enhanced support. Mr. Bousquet took the opportunity to highlight that the GCFF fully serves its mission when each underlying operation strengthens the direct or indirect impact in support of refugees and host communities and when it optimizes its SC as an international platform in which supporting countries are fully engaged. The team will continue to work hard to pursue fundraising efforts and improve frameworks, as well as reporting mechanisms. Mr. Bousquet reiterated that the GCFF has exceeded its expectations and has more than doubled both the paid-in contributions and the total amount of development projects over the last 6 months with USD 500 million in grants leveraging some US\$ 2.5 billion worth of development projects [last SC meeting in October 2017: US\$ 193 million for US\$ 1.2 billion worth of projects]. Mr. Bousquet noted that the second GCFF Annual Report (and 4th Progress Report) will be released end July/early August; The Coordination Unit and the Trustee will send its respective budgets for virtual approval by the end of June.

The next in-person Steering Committee Meeting to be held in Beirut is tentatively scheduled for September. In consultation with Lebanon, the Coordination Unit will confirm the date by the end of June. Among the issues to be discussed, the teams will report back on the proposal of a private sector support framework under the GCFF and the Monitoring & Evaluation framework, as agreed during the last Steering Committee.

The Chair indicated that the Coordination Unit will record the discussion and Steering Committee decisions on the Jordan Funding Request in the Summary of the Chair (sent to the Steering Committee on May 29th COB). It was also agreed that the Coordination Unit will circulate the final minutes of the SC Meeting that will record the final approved concessionality amount for the Underlying Operation as notified by the Trustee based on funding availability as of June 6th COB.

The Chair closed the meeting.

Summary of the Chair
Exceptional Meeting of the Steering Committee of the
Global Concessional Financing Facility (GCFF)
Washington, DC
May 29, 2018

Chair

Mr. Gavin Buchan, Canada

1. OPENING REMARKS

The exceptional meeting of the GCFF Steering Committee was opened by H.E. Minister Imad Fakhoury. The meeting was chaired by Mr. Gavin Buchan, Canada.

2. ADOPTION OF AGENDA

The GCFF Steering Committee adopted the provisional agenda.

3. PROJECT FUNDING REQUEST FOR THE JORDAN FIRST EQUITABLE GROWTH AND JOB CREATION PROGRAMMATIC DEVELOPMENT POLICY FINANCING

The GCFF Steering Committee:

Having reviewed the Funding Request submitted, through the GCFF Coordination Unit, by the Government of Jordan for the Jordan First Equitable Growth and Job Creation Programmatic Development Policy Financing (the “Underlying Operation”) with the International Bank for Reconstruction and Development as Implementation Support Agency of the GCFF (the “ISA”);

Appreciating the Underlying Operation’s demonstrated objective of supporting refugee populations and host communities;

Acknowledging that the ISA has informed the GCFF Steering Committee that it will submit the Underlying Operation to the ISA’s Board of Executive Directors, contingent upon the issuance of a press release by the IMF confirming staff-level agreement on the second review under the Extended Fund Facility for Jordan²;

Acknowledging that the current availability of funding in the GCFF Trust Fund equivalent to US\$ 41 million is not sufficient to finance the full concessionality amount of US\$ 156.6 million requested by the Government of Jordan;

Acknowledging that the Government of Jordan has informed the GCFF Steering Committee that it accepts to receive any lesser concessionality amount for the Underlying Operation and that any such lesser amount, as it may be approved by the GCFF Steering Committee, will be the only concessionality amount provided by the GCFF with respect to the Underlying Operation;

Welcoming the efforts of Supporting Countries in advancing the payment of contribution installments and extending additional contributions in the amount of US\$ 10 million and GBP 46 million, which contributions are expected to be paid and received into the Jordan Window of the GCFF Trust Fund before the Underlying Operation is submitted for consideration to the ISA’s Board of Executive Directors;

² On June 20, 2018, following consultations with the newly formed Government of Jordan and the IMF, the ISA informed the GCFF Steering Committee of the revised approach to the issuance of a press release by the IMF.

Recognizing that such additional contributions would need to be made available in the GCFF Trust Fund no later than such date to become part of the final concessionality amount for the Underlying Operation;

- (A) **Approves** a funding allocation of US\$ 41,035,000 for the Underlying Operation, consisting of US\$ 41,000,000 for the Concessionality Amount and US\$ 35,000 for associated ISA costs;
- (B) **Approves** an additional allocation of up to US\$ 72,000,000 for the Concessionality Amount, contingent upon the availability of funding in the GCFF Trust Fund (the “Contingent Additional Allocation”) as of 5.00 pm (EST) on June 6, 2018³;
- (C) **Requests** the Trustee to notify the GCFF Steering Committee, through the GCFF Coordination Unit, of whether the condition upon which the Contingent Additional Allocation is subject has been met;
- (D) **Requests** the Coordination Unit to record in the minutes of the meeting the final Concessionality Amount for the Underlying Operation approved by the GCFF Steering Committee (the “Approved Concessionality Amount”), along with the associated ISA costs approved under paragraph (A) above and the resulting ISA loan amount; and
- (E) **Authorizes** the Trustee to set aside, commit, and transfer the Approved Concessionality Amount and associated ISA Costs, as available, first from the Jordan Window, second from the Jordan/Lebanon Window, then from the Global Window.

4. OTHER BUSINESS

No other decision items were raised by the GCFF Steering Committee.

5. CLOSING

The meeting was closed on Tuesday, May 29, 2018.

³See, *supra*, footnote 1.



June 25, 2018

Olivier Lavinal
Coordination Unit
Global Concessional Financing Facility
The World Bank
Washington, DC
USA

Dear Olivier,

Re: Notification of funding availability in the GCFF Trust Fund

As requested by the Steering Committee of the Global Concessional Financing Facility (the "GCFF Steering Committee") at its meeting held on May 29, 2018, the International Bank for Reconstruction and Development, acting as trustee of the Trust Fund for the GCFF (the "Trustee") hereby notifies the GCFF Steering Committee, through the GCFF Coordination Unit, that the amount available in the GCFF Trust Fund as of today, June 25, 2018 to support the funding request for the Jordan First Equitable Growth and Job Creation Programmatic Development Policy Financing (the "Underlying Operation") is sufficient to cover the full Concessionality Amount of US\$ 113,000,000 approved by the Steering Committee on May 29, 2018.

Accordingly, the Trustee has allocated the following amounts with respect to the Underlying Operation:

- Approved Concessionality Amount: US\$ 113,000,000; and
- Associated ISA costs: US\$ 35,000.

Sincerely,

Darius M. Stangu
GCFF Trustee



June 26, 2018

Dirk Reinermann
Director
Trust Funds and Partner Relations
Development Finance
The World Bank
Washington, DC
USA

Dear Dirk,

Re: Notification pursuant to paragraph 1.5 of the Financial Procedures Arrangement with respect to the amounts allocated for the Jordan First Equitable Growth and Job Creation Programmatic Development Policy Financing

I refer to the notification by the Trustee of the Trust Fund for the Global Concessional Financing Facility dated June 25, 2018, confirming the allocation of US\$ 113,035,000 for the Jordan First Equitable Growth and Job Creation Programmatic Development Policy Financing (the "Underlying Operation"), consisting of US\$113,000,000 as Concessional Amount and US\$35,000 as associated ISA costs.

In light of the urgency to present the Underlying Operation to the World Bank's Executive Directors on June 27, 2018, I would like to inform the Trustee that the Government of Jordan and the International Bank for Reconstruction and Development, acting as Implementation Support Agency for the GCFE (the "ISA"), have agreed to conclude negotiations of the Underlying Operation prior to the Trustee's notification of the final approved Concessional Amount. The negotiated financing package submitted to the ISA's Board includes a Concessional Amount of US\$111,000,000, resulting from a conservative estimate of the available funding in the GCFE Trust Fund after the conversion in U.S. Dollars of the additional contribution from the United Kingdom of Great Britain and Northern Ireland.

Accordingly, pursuant to paragraph 1.5 of the Financial Procedures Arrangement dated August 10, 2016, I hereby notify the Trustee that the balance of US\$2,000,000 will not be used as concessional for the Underlying Operation.

Thank you for confirming receipt of this notification.

Sincerely,

Saroj Jha
Country Director

