

GLOBAL CONCESSIONAL FINANCING FACILITY
Virtual Steering Committee Meeting

April 1, 2019 (by Video Conference)

Key Decisions

- A. The Steering Committee of the Global Concessional Financing Facility (GCFF) approved a funding allocation of US\$ 5,135,000 for Colombia's second Fiscal Sustainability, Competitiveness and Migration Development Financing, consisting of US\$ 5.1 million for the Concessional Amount and US\$ 35,000 for associated ISA costs.
- B. Following the announcements of additional contributions by a number of Supporting Countries, the Steering Committee approved an additional funding allocation of up to US\$ 28 million for the Concessional Amount, contingent upon the availability of funding in the GCFF Trust Fund (the "Contingent Additional Allocation") as of April 9¹, 2019, 5 pm EST.
- C. The Steering Committee requested: (i) 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; and (ii) the Coordination Unit to record in the minutes of the meeting the final Concessional Amount for the Underlying Operation (see Annex 1 to these Minutes) 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.
- D. Following the notification by the Trustee on April 11, 2019 (see Annex 2 to these Minutes; and pursuant to the SC decision under B above), the final funding allocation approved by the SC for the Underlying Operation is in the amount of US\$ 31,535,000, consisting of US\$ 31,500,000 for the Approved Concessional Amount and US\$ 35,000 for associated ISA costs.
- E. The GCFF Coordination Unit proposed that the next in-person Steering Committee meeting will be tentatively held in Beirut, Lebanon in May/early June 2019. The GCFF Coordination Unit will confirm the meeting with the Lebanese government and the Steering Committee members, and provide additional information to Steering Committee members by the end of April.

¹ On April 10, the Steering Committee approved the extension of the deadline to April 11.

Summary of Meeting

1) Opening Remarks and Status Update

The virtual meeting of the Global Concessional Financing Facility (GCF) Steering Committee took place on April 1, 2019 in order to: (i) approve the Funding Request submitted by the Government of Colombia for the **second Fiscal Sustainability, Competitiveness and Migration Development Policy Financing** (with IBRD as the ISA); (ii) present briefly the pipeline for Jordan and Lebanon; (iii) update the members on the status of the Partial Portfolio Guarantees proposal presented by EIB; and (iv) discuss the expression of interest formulated by Ecuador to join the GCF as a new benefitting country.

The following non-decision-making members of the Steering Committee attended the meeting: UNHCR, the World Bank as Implementation Support Agency, the European Investment Bank (EIB), as well as the Trustee for the GCF. Representatives of the Government of Colombia were also present as new members of the GCF Steering Committee and to present the underlying operation put to the approval of the supporting countries.

Mr. Gavin Buchan, the Chair of the GCF Steering Committee, welcomed all participants and initiated a tour de table. Mr. Buchan reminded participants that Colombia had become a GCF eligible country at the last virtual SC meeting on January 10, 2019 and was therefore invited to take part in the Steering Committee. In particular, the Chair welcomed the representatives of Colombia: **Mr. Cesar Arias**, Director Public Credit and National Treasury, Ministry of Finance; and **Mr. Felipe Munoz Gomez**, Office of the President of Colombia, joining from Bogota, Colombia.

2) Funding Request

The representatives of Colombia first conveyed their appreciation to the Steering Committee of the GCF. In the face of the mounting Venezuelan crisis and of its lasting impact on the economy and society of Colombia, the representative gave an overview of the challenges in the country. They summarized the impact of the Venezuelan crisis both in terms of the inflows of migrants and of its direct and indirect impact on the macro-fiscal framework, as well as on services in general. Notwithstanding the potential positive impact of the migrants, in the short-term the magnitude of the inflow of migrants (across the territory of Colombia) is putting severe strains on fiscal accounts and service delivery (in total to date, six billion pesos have been directed towards the migrants). Colombia is therefore providing a global public good to the more than one million Venezuelan nationals that are crossing the border and it is in this context that their request for GCF eligibility and concessional financing assistance should be approached. The government has put in efforts to include the migrants in the economy; however, it creates many challenges and tensions at both national and local levels.

Mr. Ulrich Zachau, World Bank, Country Director, then gave a brief presentation of the underlying operation under consideration for concessional support, the Second Fiscal Sustainability, Competitiveness and Migration Development Policy Financing.

3) Pledges

Mr. Buchan first turned to the countries that had expressed support and interest in committing funding. The Chair gave the floor to **Norway that confirmed commitment of 30 million NOK to the Global Window of the Trust Fund**. The United Kingdom (**U.K.**) **announced a contribution of 8 million GBP**, which would be sent in the course of the week. **The Netherlands** mentioned a pledge of 5 million euros² that had been tabled to the Minister. They asked for a few more days to process the request and revert back to the Steering Committee with the final approved amount. **Canada** welcomed the underlying operation proposal and announced **a contribution of 17 million Canadian dollars**. Canada also added that it would provide an additional 1 million CAD into an Externally Funded Outcome (EFO) trust fund with the World Bank, to help with project implementation.

The **U.S.** underscored the generosity of the Colombian government, highlighted the well-designed pillar 3 of the operation and commended the WB to have provided a comprehensive and focused approach. The U.S. also highlighted the importance of the WB and GCFE teams continuing to work closely with other international actors. **Japan** appreciated Colombia's effort to host such a large number of migrants. The **European Commission, Germany, and Sweden** expressed support for the operation. **Denmark** fully welcomed the proposal and noted that all their previous contributions have been to the GCFE have been channeled to the Global Window.

4) Trustee update

Mr. Darius Stangu, Trustee, provided an account of the funds available in the Global Window at USD 5.19 million, with a potential additional amount of approximately USD 28 million that may become available in the Global Window based on the supplemental contributions expected to be paid into the Trust Fund in the short term.

Mr. Buchan proposed to move forward with the approval of the Concessionality Amount based on funding availability at the time of decision, along with the approval of an additional concessionality amount contingent upon funding availability as of April 9, 2019 at 5 pm EST, the date by which IBRD as ISA expected to close negotiations of the loan.

5) Decision for approval

Mr. Buchan then proceeded to read the following decision for approval:

Having reviewed the Funding Request submitted, through the GCFE Coordination Unit, by the Government of Colombia for the second Fiscal Sustainability, Competitiveness and Migration Development Policy Financing (the "Underlying Operation") with the International Bank for Reconstruction and Development as Implementation Support Agency of the GCFE (the "ISA");

² After the meeting, the Netherlands revised their pledge and confirmed a 3 million EUR contribution.

Acknowledging that the current availability of funding in the GCFF Trust Fund equivalent to US\$ 5.19 million is not sufficient to finance the concessionality amount of US\$ 75 million requested by the Government of Colombia;

Acknowledging that the Government of Colombia 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 extending additional contributions, which are expected to be paid and received into the Global Window of the GCFF Trust Fund before the Underlying Operation is submitted for consideration to the ISA's Board of Executive Directors;

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\$ 5,135,000 for the Underlying Operation, consisting of US\$ 5.1 million for the Concessionality Amount and US\$ 35,000 for associated ISA costs;
- B. Approves an additional allocation of up to US\$ 28 million for the Concessionality Amount, contingent upon the availability of funding in the GCFF Trust Fund (the "Contingent Additional Allocation") as of April 9³, 2019, 5 pm EST;
- 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 from the Global Window.

There were no objections to the decision and the text was approved by the SC as it stands.

³ On April 10, the Steering Committee approved the extension of the deadline to April 11.

6) Pipeline for Jordan and Lebanon

The Chair opened the section on 'items for discussion' for a brief update of the pipeline of projects in Jordan and Lebanon that may be considered for GCFF support. Mr. Buchan gave the floor to Claire Kfoury, Country Program Coordinator, World Bank for a brief update on the pipeline under discussion with Jordan and Lebanon. In Lebanon, the 500 million USD Energy Reform project is at advanced stage of preparation. In addition, the Litani River Project and a municipal investment operation are currently under design and may be put to the SC for support. As for Jordan, there are two operations under preparation in the GCFF pipeline: Additional Financing for the Emergency Health operation on critical health services (200-300 million USD; FY19); Jobs, Technology and Youth operation (150-200 million USD; FY20) to improve skills for access to finance.

A brief Q&A and discussion followed the presentation. Overall, the supporting countries expressed concern on the projects still pending Parliamentary approval in Lebanon. It was recognized that this would need to be addressed before supporting countries would be willing to consider additional support for Lebanon. The UK asked whether a third DPL for Jordan was in the pipeline, which was confirmed as being on the agenda but not necessarily as a GCFF initiative. Denmark reiterated concern about the slow pace of implementation in Lebanon and noted that significant progress needs to be made in order for Denmark to contribute additional funds to the GCFF. Canada expressed a similar position and noted that it is difficult to support any new projects in Lebanon when there are two projects still waiting to become effective.

7) Update on Partial Portfolio Guarantees proposal

Mr. Buchan then moved to the next item on the agenda, the Partial Portfolio Guarantee proposal. Building on the decision taken at the in-person SC meeting in Amman, an informal working group worked throughout 2018 to bring the SC a proposal that was both concrete and targeted. The EIB pitched the private sector response as an additional avenue to support public sector investments notably in such areas as SMEs, job creation and FDI. The EIB made a short presentation (attached) and confirmed that the concept note would be distributed shortly to the GCFF Steering Committee for comments, ahead of the next SC meeting.

A Q&A followed the presentation. The U.S. asked how this approach would track and ensure that the SME lending is benefitting refugees, migrants and the most impacted in host communities. The European Commission noted that the issue at stake is very relevant but asked what the rationale was for using the GCFF in particular. The UK was interested to know what the constraints were and if there are other facilities that already address this issue, and what governance arrangements would be. The Chair asked that these points be addressed in the Concept Note, and that at least 21 days be given to the Steering Committee members to explore the proposed initiative (since this decision would require amendment(s) to the GCFF Operations Manual).

8) Ecuador

The final point on the agenda was the expression of interest from Ecuador to join the GCFF, which Mr. Buchan put before the SC members. Mr. Franck Bousquet reminded the Steering Committee that the addition of a new benefitting country to the GCFF may be approved by consensus of Supporting Countries and consent of the Trustee, following a request by a supporting country.

The U.S. first took the floor to express interest and to confirm that they would be open to supporting this at the appropriate time. Sweden was positive to considering Ecuador but said that they are at this stage interested to get a clear picture from the UNHCR and other organizations on the ground. The U.K. asked for more information on how the government is responding to the Venezuelan crisis. Norway was positive to the request in principle. The Netherlands was open to considering the request and was equally interested in receiving more information on the policy response by Ecuador. Canada reflected the other stances. Mr. Buchan proposed that the issue be brought forward for consideration at the next SC meeting. He asked the GCFF Coordination Unit to coordinate with UNHCR to provide an assessment of the situation on the ground. The UNHCR informed the SC that their assessment is already under preparation and will be finalized shortly.

9) Closing remarks

Finally, Mr. Buchan raised the question of the next in-person Steering Committee meeting of the GCFF. The Chair gave the floor to Mr. Bousquet as Head of the Coordination Unit. Mr. Bousquet reminded that usual practice would have the SC meeting organized in Beirut, Lebanon and proposed that it be organized around end May-early June (the 3rd week of May was tentatively mentioned). The United States noted that May/June would be a crowded period and proposed that it be organized in Bogota, Colombia as an alternative site for the next session. It was agreed that consultations would be held in the following two weeks to agree on time and location.

The Chair thanked all participants and closed the Steering Committee meeting.

Annex 1: Record of Decision



1. OPENING REMARKS

The exceptional meeting of the GCFF Steering Committee was opened and chaired by Mr. Gavin Buchan, Canada.

2. PROJECT FUNDING REQUEST FOR THE COLOMBIA SECOND FISCAL SUSTAINABILITY, COMPETITIVENESS AND MIGRATION DEVELOPMENT POLICY FINANCING

The GCFF Steering Committee:

Having reviewed the Funding Request submitted, through the GCFF Coordination Unit, by the Government of Colombia for the second Fiscal Sustainability, Competitiveness and Migration Development Policy Financing (the “Underlying Operation”) with the International Bank for Reconstruction and Development as Implementation Support Agency of the GCFF (the “ISA”);

Acknowledging that the current availability of funding in the GCFF Trust Fund equivalent to US\$ 5.19 million is not sufficient to finance the concessionality amount of US\$ 75 million requested by the Government of Colombia;

Acknowledging that the Government of Colombia 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 extending additional contributions, which are expected to be paid and received into the Global Window of the GCFF Trust Fund before the Underlying Operation is submitted for consideration to the ISA’s Board of Executive Directors;

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\$ 5,135,000 for the Underlying Operation, consisting of US\$ 5.1 million for the Concessionality Amount and US\$ 35,000 for associated ISA costs;
- (B) Approves an additional allocation of up to US\$ 28 million for the Concessionality Amount, contingent upon the availability of funding in the GCFF Trust Fund (the “Contingent Additional Allocation”) as of April 9, 2019, 5 pm EST;
- (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 from the Global Window.

3. OTHER BUSINESS

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

4. CLOSING

The meeting was closed on Monday, April 1, 2019.

Annex 2: Notification from the Trustee



April 11, 2019

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

Dear Olivier,

Re: Notification of funding availability in the Global Window of 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 April 1, 2019, 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 Global Window of the GCFF Trust Fund as of April 11, 2019, 5 p.m. EST, to support the funding request for the second Fiscal Sustainability, Competitiveness and Migration Development Policy Financing for Colombia (the "Underlying Operation") is USD 31.54 million, which is not sufficient to cover the full Concessionality Amount of US\$ 33,100,000 approved by the Steering Committee on April 1, 2019.

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

- Approved Concessionality Amount: US\$ 31,500,000; and
- Associated ISA costs: US\$ 35,000.

Sincerely,

Darius M. Stangu
GCFF Trustee