

# Global Concessional Financing Facility

## Steering Committee Meeting

May 19, 2020, by Video Conference

### Key Decisions

- *The GCFF Steering Committee (SC) discussed the draft Terms of Reference for the independent evaluation of the GCFF, in accordance with paragraph 36 of the Operations Manual. The SC asked the Coordination Unit (CU) to update the TOR based on its feedback and any further comments received within a week, and then send the final Terms of Reference for virtual no objection. In parallel, the SC authorized the CU to proceed with the procurement/recruitment of the consultancy firm.*
- *The GCFF Steering Committee approved the administrative budgets of the Coordination Unit and of the Trustee for Fiscal Year 2021.*
- *The GCFF Steering Committee welcomed the update provided by EIB on the PSSF, and invited the Coordination Unit and the Trustee to work further with EIB and other ISAs, as appropriate, with a view to taking necessary steps to operationalize the PSSF, including submission of proposed amendments to the GCFF Operations Manual and to the Financial Procedures Agreement, for approval by the Steering Committee. The GCFF Steering Committee also invited the EIB to submit the pilot operation in consultation with Jordan for approval by the Steering Committee at a future virtual meeting, along with the necessary amendments to the Operations Manual and the Financial Procedures Agreement.*
- *The GCFF Coordination Unit committed to sharing the minutes of the meeting as well as a follow-up action plan with tentative timeline for submission of upcoming funding requests in each of the benefitting countries by May 30, 2020.*

### Summary of Meeting

#### 1) Opening remarks

The 8<sup>th</sup> meeting of the Global Concessional Financing Facility (GCFF) Steering Committee (SC) took place on May 19, 2020. Due to the ongoing pandemic, the SC meeting, which was supposed to take place in Bogota, Colombia, took place in virtual format.

**Mr. Franck Bousquet**, Head of the Coordination Unit, welcomed all participants to this virtual GCFF Steering Committee. Mr. Bousquet acknowledged the exceptional circumstances of this virtual SC meeting. Mr. Bousquet proceeded to the roll call and introduced the two co-chairs of the meeting, **Ms. Lina María Mondragón**, Head of Multilateral and Bilateral Financing, Ministry of Finance and Public Credit, representative of Colombia, and **Mr. Richard Teuten**, DFID, representative of the United Kingdom.

**Mr. Teuten** reminded the SC of the beginnings of the GCFF, the progress made since the establishment of the Facility mid-2016, and the continued relevance of the Facility, as forced displacement crises continue to unfold around the world. Mr. Teuten reiterated to SC members that their support was ever more critical at times of global pandemic crisis, when societies and economies around the world are under duress. Mr. Teuten called on the generosity of supporting countries to help benefitting countries navigate the direct and indirect impacts of the pandemic.

**Ms. Mondragón** also welcomed SC members and thanked the CU for making this meeting possible. She also extended a special welcome to the representatives of the benefitting countries – Ecuador, Jordan and Lebanon. Ms. Mondragon highlighted the relevance of the Steering Committee and its special meaning given the pandemic situation. Ms. Mondragon noted the progress made so far but also underlined the need for continued and enhanced support.

**Mr. Felipe Muñoz**, Senior Advisor in charge of migration and border management, Presidency of Colombia, gave an overview of the challenge of migration management in times of the global pandemic. COVID-19 has particularly affected vulnerable populations, chiefly migrants, women and children. The recipient countries are now experiencing increased pressure as a result of the pandemic, with additional strains on their already saturated health care systems. Mr. Muñoz thanked the members for their support and called on the SC for continued innovation and mobilization to leverage additional resources in order to meet the challenges posed by the pandemic.

**Mr. Bousquet** gave a short update on the main achievements since the last Steering Committee, including the four projects that have been approved since the last Steering Committee (London, September 2019). He also noted that, at the request of the Government of Lebanon on March 4, the Lebanon Health Resilience Project was restructured to add a component that responds to the emerging COVID-19 outbreak. Against this background, the agenda of the Steering Committee focuses on the linkages between the challenges and responses of benefitting countries at times of COVID-19 and the expected pipeline of projects to be submitted to the GCFF Steering Committee.

### **Trustee Presentation**

**Mr. Darius Stangu**, Trustee, presented the financial status of the GCFF FIF, as of May 2020. Pledges and contributions amount respectively to USD772,740,000 and USD687,580,000. The total of funding decisions taken to date amount to USD607,740,000 and the funding available in the Facility is of USD100,340,000 as of May 18, 2020.

### **2) Items for Decision: Independent Evaluation**

**Mr. Bousquet** presented the objectives and scope of the independent evaluation. To achieve the objectives set out in the Operations Manual (paragraph 36), the proposed independent evaluation would follow a 2-step approach: (i) conduct an assessment of the functioning of the GCFF on the basis of the objectives defined at inception; (ii) conduct a project-informed evaluation that will set the stage for an improved GCFF results framework that measures the impact on the ground going forward. Mr. Bousquet noted the need to assess the past performance of the Facility on the basis of the rules of the game defined at inception and to build on lessons learned to lay out recommendations for the future of the GCFF.

**Mr. Olivier Lavinal, Program Manager** of the Coordination Unit, elaborated on the written comments and suggestions received to date. Mr. Lavinal highlighted that the ToR was developed to address the need to measure the relevance and development impact of the GCFF portfolio and to inform potential adjustments/improvements of the Facility. Mr. Lavinal confirmed that, on the basis of the comments received and within the limitations of the proposed budget, the ToR would be amended to sharpen the distinction between the two phases.

**Mr. Bousquet** reminded the SC of the proposed timeline: The independent evaluation would begin at the start of next FY; the first phase would extend until November 2020; the second phase would go into 2021. The consolidated evaluation would be presented and discussed in the first quarter of 2021. The SC will be engaged throughout the process; it will receive the first draft report for review mid-October and the second draft report for review end February/early March. The final consolidated report will be shared with the SC in April 2021, with an official presentation of the Evaluation that could take place during the WBG Spring Meetings.

**Mr. Teuten** thanked the CU for sharing the draft of the ToR well in advance of the SC meeting to invite comments and contributions of the SC members. He noted that, while the CU may proceed with the procurement/recruitment of the consultancy firm, the consultancy should not be formally contracted until agreement has been reached on the ToR. Mr. Teuten also noted the urgency of coming to an agreement in order to keep the proposed timeline. He then opened for discussion.

During the discussion, the Supporting Countries welcomed the evaluation and noted its strategic importance. The central theme of the discussion was focused on how the development impact of the underlying operations could be best captured to inform the way forward.

**Sweden** welcomed the evaluation and highlighted the unique strategic value of the GCFF. Sweden also stressed the need for the scope of the evaluation to remain realistic. The evaluation should place special emphasis on the impact of the Facility's activities on refugees and host communities but should not be seen as an evaluation of the impact of each individual project. It should assess the Facility as a whole, including its governance mechanisms.

**The United States (US)** agreed with Sweden. The key is to strike the right balance in the proposed 2-pronged approach. The US encouraged the team to sharpen the focus and revert to the Steering Committee for final approval.

**Denmark** noted how important this evaluation would be for all, and how useful it could be to charter a path forward. One of the key dimensions would be to assess how the Facility has promoted a more coordinated approach and thereby a more coherent framework of engagement. The evaluation should measure the output and development impact of the GCFF, starting with the Middle East setting.

**Norway** agreed with overall comments and noted the comprehensiveness of the criteria. Norway stressed the importance of field visits, and the need to envision alternatives in case missions prove impossible. The evaluation should also look at impact (both positive and negative) short-term and, to the extent possible, long-term impact on the target groups of the GCFF (refugees and host communities).

**The EC** confirmed that it was essential to capture the impact on the refugees and host communities. This calls for an analysis on how well the tool is targeted, also relatively to other instruments. Looking forward, the EC called for an enhanced M&E framework, also stressed the importance of the evaluation considering the GCFF governance structure, and its additionality.

**Japan** emphasized the importance to look at the impact on the benefitting countries. Japan also called for the evaluation to capture the additionality of the GCFF and lay out recommendations that could help to strengthening the Facility in the future.

**Canada** stressed that the evaluation is of a strategic importance to inform the decision around the future of the GCFF. Canada asked that the ToR be sharpened and that considerations such as environmental and gender safeguards, sustainability, and inclusivity be more clearly highlighted.

**Germany** thanked the CU for the initiative to prepare for the evaluation and highlighted the opportunity for the evaluation to explore the development impact of GCFF-funded activities.

**The Netherlands** welcomed the ToR and underscored the importance of the evaluation as both a tool to assess the functioning of the GCFF as a mechanism, and a tool to capture its development impact on the ground. The Netherlands noted that the evaluation did not need to assess each individual project but reflect on the development impact of the GCFF.

**Mr. Teuten** summarized the comments and asked the CU to make the suggested edits to sharpen the ToR and send it to the SC for virtual no objection. He gave the floor to the Coordination Unit for quick responses.

**Mr. Bousquet** confirmed that the ToR would be revised in line with the SC's feedback and circulated to the SC within the following two weeks for virtual no objection. Mr. Bousquet reiterated the need to stay within the objectives of the evaluation as set out in the OM. The first phase will focus on the evaluation of

past and current performance on the basis of the objectives and indicators initially agreed, while the second phase will build on lessons learned to provide a forward-looking perspective and explore how to enhance the Facility's development impact on refugees and host communities. The CU confirmed that field visits would be conducted, subject to normalization of the health situation and lifting of the travel restrictions.

***Decision:*** *The GCFF Steering Committee discussed the draft Terms of Reference for the independent evaluation of the GCFF, in accordance with paragraph 36 of the Operations Manual. The SC asked the Coordination Unit to update the TOR based on its feedback and any further comments received within a week, and send the final Terms of Reference for virtual no objection. In parallel, the SC authorized the CU to proceed with the procurement/recruitment of the consultancy firm.*

### **3) Item for Decision: Coordination Unit and Trustee administrative budgets (FY21)**

**Mr. Teuten** then addressed the next decision item: the approval of the Coordination Unit and Trustee administrative budgets. The proposed budget was circulated to the Steering Committee on May 5. In total, it amounts to USD992,000, split between the Coordination Unit (USD610,000) and the Trustee (USD382,000). He indicated that it is important to note that the budget of the Coordination Unit has not increased; the total increase is due to the provision of the design and implementation of the independent evaluation, estimated at USD200,000. The administrative budget of the Trustee has increased (Financial and trustee management services) as the financial activities underlying the GCFF supported activities have increased.

**Mr. Stangu** was given the opportunity to provide an explanation for the increase of the Trustee budget. The financial activities underlying the GCFF supported activities have increased, notably related to: the number of financial transactions, like receiving and processing of contributions; recording funding allocations, commitments and cancellations; processing cash transfers to ISAs; and collection and recording of investment income from ISAs using World Bank financial systems and procedures – and were higher in FY20 (so far) than predicted, by about 30%. The number of reports on the financial status of the trust fund were also higher.

**Germany** confirmed that it had no objection to the proposed budget. Germany also suggested several opportunities to enhance the communication between the CU and the SC. Germany welcomed the dynamics between the CU and the country platform and the progress on coordination across countries, and highlighted potential improvements in communications to the SC, notably around materials for which SC members may need additional time to review and consult internally within their organizations. Germany also suggested that the CU develop a follow-up action plan after each SC meeting to support oversight of those actions and help the SC to have an ongoing picture of their implementation. Germany requested a more detailed breakdown of the budgets of the Coordination Unit and of the Trustee, and an organigram of the different units supporting the CU and Trustee.

**Mr. Teuten** suggested greater clarity of the performance standards the CU should meet in respect of circulating documents and responding to feedback on papers, noting that some actions will be dependent on ISAs and benefitting countries, and therefore outside of the direct control of the CU. Mr. Teuten asked the CU to circulate documents well in advance of SC meetings, as was done for the draft ToR of the independent evaluation. The suggestion for an action plan would be helpful to monitor and respect the agreed upon timeline, identify when documents would be sent sufficiently far in advance for comments to be made for the CU produce a revised version and when they would be sent within enough time for comments in advance of the meeting. This would also enable the SC to hold the CU to account.

**Mr. Bousquet** welcomed the suggestions received while introducing a note of caution on timely delivery, much of which is dependent on the agreement between benefitting countries and ISAs. With the increase of business, the inclusion of new benefitting countries and the context marked by the pandemic, **Mr. Lavinal** also highlighted the current exceptional challenges to capture the most relevant information in very

fluid environments, but confirmed that the CU would always do its best to ensure a timely flow of information and documentation to the SC.

**Canada** proposed that documents which are sent less than one week before the meeting should not be put up for discussion. **Mr. Teuten** suggested that rather than such an automatic sanction the SC should decide whether any such items, which have not been submitted in time, would be deemed suitable for virtual approval or whether a further virtual SC should be held subsequently. Mr. Teuten asked the Coordination Unit to provide the Steering Committee with an action plan and timeline that will facilitate the decision-making process.

**Mr. Bousquet** noted that there had been no objections to the budget. On the other points, Mr. Bousquet welcomed any comments aimed at improving efficiency and responsiveness. Mr. Bousquet noted, that the 14 days deadline had always been respected by the CU for circulating draft proposals for which they were responsible. The CU welcomes the suggestions received from the SC on potential areas for improvement and will welcome any others the SC would like to provide offline. Finally, Mr. Bousquet confirmed that the Coordination Unit would elaborate a follow up action plan that would be shared with the Steering Committee during the following 2 weeks.

***Decision:** The GCFF Steering Committee approves the administrative budgets of the Coordination Unit and of the Trustee for Fiscal Year 21.*

#### **4) Items for Discussion: Global context: The COVID crisis and country responses**

**Mr. Teuten** introduced the next discussion item and thanked the benefitting countries for sharing a note detailing challenges and first responses ahead of the Steering Committee meeting.

**Colombia:** **Mr. Felipe Muñoz** presented the situation in Colombia. The most recent data shows that there are 1.8 million Venezuelans living permanently in Colombia and 700,000 Venezuelans made transit by Colombia in 2019. The Comprehensive Migration Policy Agenda is focusing on healthcare, education, protection of vulnerable populations, economic integration, and security and social cohesion. With the outburst of COVID-19, Colombia had to close its border with Venezuela.<sup>1</sup> Colombia has implemented a 6-point plan to provide assistance to the migrant population: 1) responsible and humanitarian border management; 2) guaranteed healthcare access; 3) adjustment of cooperation programs and services for migrants; 4) services provided for vulnerable populations; 5) focus on programs targeting municipalities highly impacted by migration and; 6) strengthened coordination and information sharing with regional and local authorities. While Colombia is facing numerous challenges with new waves of migration from Venezuela and a strained healthcare system, it continues to provide support to the most vulnerable. Mr. Muñoz mentioned that failure to integrate migrants in the strategies to mitigate the pandemic placed the entire country at risk, given that many migrants are highly exposed and live under already vulnerable conditions, making them at risk to become vectors of infection. Mr. Muñoz confirmed that while the 6-point plan was already under implementation, there remains an urgent need for international assistance to support vulnerable migrants.

**Ecuador:** **H.E. Esteban Ferro**, Vice Minister of Economy thanked the GCFF for its support to Ecuador and presented the situation in the country. The situation in Ecuador is more complex than in other countries within the region as consequence of multiple shocks: the health and economic crisis derived from COVID-19 and its effect in the fiscal situation; plummeting of oil prices; and limited access to international financing. These external shocks to the economy could erode the welfare gains of the past. The economy is expected to shrink by 6 to 8 percent in 2020 and poverty could increase to 2010 levels. It has been projected that more than 1.5 million people will fall into poverty within one year, adding up to 5 million poor. The

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<sup>1</sup> Venezuela is currently not providing any information on the health of its nationals. Only 12% of the Venezuelan migrants and refugees have healthcare insurance.

poverty gap would increase by 3.2 percentage points. Moreover, there would be a significant deterioration of the welfare conditions of those already living in poverty, those living day by day and those who will be unemployed. The COVID-19 crisis has demanded a rapid government response since late February 2020 when the first case was reported in Guayaquil. Extreme measures in multiple directions were taken to prevent the fast spread of the disease among the population to include declaring a state of emergency, closing of borders, mandating a curfew and quarantine. Venezuelan migrants were not excluded from the government's efforts to cushion the impacts of the crisis. The GoE extended the migratory amnesty for Venezuelan citizens as well as their process for their regularization on humanitarian grounds. Additionally, the Ecuadorian Foreign Ministry issued Ministerial Agreement to extend the duration of the health emergency, the right-to-remain periods that are approaching expiry, in order that foreign nationals can remain in Ecuador. This provision is applicable to tourists as well as to temporary and permanent residents.

**Jordan:** **Mr. Feras Momani**, MOPIC, presented the situation in Jordan. Jordan's response plan to COVID-19 does not differentiate between Jordanians and refugees, it applies to all equally. A task force was established in order to oversee the response. In January 2020, the Government had already designated hospitals for treatment, and treatment is for free in Jordan. Jordan has had a national curfew since March 21, which is still enforced. So far over 144,000 people have been tested in Jordan, including refugees. This early response has resulted in a limited impact with about 600 cases in total. However, there will be a dramatic economic and social impact. The Government has introduced several measures in order to address the impact, such as lowering the CB interest rate by 1,5%.

**Lebanon:** **H.E. Ms. Zeina Akar Adra**, Deputy Prime Minister and Minister of Defense, presented the situation in Lebanon. Ms. Adra noted that Lebanon continues to host over 1 million of Syrian refugees as well as over 400.000 Palestinians, which together constitute 40% of Lebanon's population. Lebanon welcomes the PSSF and noted the need of support for SMEs. The support of donors has been evident in the country. The economic meltdown is affecting both the Lebanese and Syrian refugees. The total registered cases are around 900, meaning the pandemic has had a limited health impact on the population. Ms. Adra mentioned the GCFE supported health project which had one component restructured in order to address the COVID crisis. The amendment has already been approved by the Parliament. In closing, the Deputy Prime Minister thanked the GCFE Steering Committee and added that Lebanon would very much welcome the opportunity to use the Private Sector Support Framework (PSSF) under design.

During the ensuing discussion, **the European Commission** welcomed this update and confirmed the support provided by the EU at times of the COVID crisis. The EC is hosting and co-chairing a conference on the topic on June 30, where both Jordan and Lebanon are welcome to share their experience.

**Germany** noted that they are concerned on the economic impact of the pandemic. Germany would like to commend the GCFE on the swift response to the COVID crisis as well as the re-allocation of funds. Germany also asked the CU about the approval process for such amendments of allocations.

**Japan** understands the very serious situation in the benefitting countries and has decided to contribute USD15 million to the global window of the GCFE. Secondly, Japan has a plan to launch a separate fund to support global health preparedness and response to future health crises, called "Health Emergency Preparedness and Response Multi-Donor Fund (HEPRF)", and is coordinating with the World Bank. Japan will contribute USD100 million to HEPRF and has invited other countries to contribute as well.

**Sweden** thanked countries for their detailed presentations. Sweden noted that the GCFE is already in line with what is needed in order to address the crisis and commended the GCFE for its proactiveness overall, and quick adaptation of the healthcare support in Lebanon.

## 5) Items for Discussion: Presentation of the pipeline of projects

**Mr. Teuten** thanked benefitting countries for their excellent overview presentations and underlined the linkage between the current situation and the potential pipeline of projects.

### Jordan

The **Jordan Al Ghabawi Septic Tank Facility Project** was presented by the **Mr. Sultan Mashaqbah**. The project objectives are to increase the capacity of wastewater infrastructure in Jordan, by constructing a facility that is approximately 20% larger than the existing facility. The project will also contribute to the reduction of noise and air pollution, increase the supply of treated wastewater, and provide access to employment in the construction sector.

The **Jordan Education Reform Support Program-for-Results Additional Financing** was presented by **Ms. Lama Al-Natour**, Ministry of Education. The objective of the P4R is to expand access to early childhood education, and to improve student assessment and teaching and learning conditions for Jordanian children and Syrian refugee children. The P4R will also expand and advance distance learning, which has been highly relevant during the COVID crisis. The total project financing is USD200 million (IBRD \$147.7 million, GCF \$52.3 million) and \$100 million in additional financing.

### Lebanon

**Lebanon emergency crisis response social safety net project:** presented by **Ms. Michelle Fenianos**. The GoL has requested a USD600 million 2-year emergency crisis response social safety net (ESSN) program (with support of the GCF and other grant sources), which would be achieved through four components: 1) cash transfers for food support; 2) cash transfers to students at risk; 3) access to social, educational, and health services; and 4) enhanced delivery.

### Colombia

**Resilient and Inclusive Housing project:** presented by **Mr. Carlos Felipe Reyes**, Housing System Director, Ministry of Housing, City and Territory, Government of Colombia (GoC). The project will support the GoC to accelerate the implementation of the Home and Neighborhood Improvement Program (CDVD) and rent subsidies, including extended support to migrants from Venezuela and host municipalities highly impacted by migration. The project financing amounts to USD150 million, with USD100 million from IBRD. The project has two components: increasing housing quality for lower income families, including migrants and refugees; and institutional strengthening to improve housing outcomes. The project is expected to have a positive impact on over 120,000 households in Colombia.

### Ecuador

**Mr. Juan Carlos Alvarez** presented the pipeline for Ecuador. Mr. Alvarez explained that the pipeline has shifted due to the COVID-19 crisis. The Government of Ecuador is in discussion with the IMF on a funded programme that would enable the 3<sup>rd</sup> DPL operation to go ahead.

**Mr. Teuten** thanked the presenters and reminded the Steering Committee that none of the underlying operations were presented for approval. Before opening the floor for comments and questions, Mr. Teuten asked the Coordination Unit to pinpoint those which would likely be slotted for virtual decisions prior to the next virtual SC. **The CU** confirmed that this meeting was a first opportunity to preview what projects are likely to be proposed moving forward. Once funding requests are under design, the CU will make a specific recommendation to the SC for how the decision on the project would be undertaken, in consultation with the co-chairs. **Mr. Bousquet** reiterated that the CU is dependent on getting the relevant information from the benefitting country and the ISA. Once the CU has the information it is transmitted to the SC.

**The EC** commented on the Al Ghabawi Septic Tank project, which was discussed by the EU and did not pass a funding request there. Further discussions would be needed before the project be put forward for consideration from the GCF. The EC had concerns about the Lebanon project and expressed the need for

monitoring, evaluation and accountability, as well as the need for a clearer focus on refugees. The EC would need more information about the project components before making a decision.

**Germany** agreed with the EC and noted the issue of the sustainability of the investment in the project in Lebanon. Germany stressed the need for a clear commitment from the GoL about own resources, in addition to the other resources provided. Germany also called for a quick approval process from the SC of the GCFE.

**Canada** asked for assurances from Ecuador that it would honor its commitments regarding migrants before deciding on any new GCFE grants. As for Lebanon, there needs to be a demonstrated objective to help refugees and hosting communities, which is currently lacking in most project components. Since the disbursement rate in Lebanon is only 4%, Canada asked if it would be possible to reassign the funds to other projects.

**Denmark** acknowledged and appreciated the coordination at the national level. Denmark announced an additional contribution of \$10 million to the Jordan window. Denmark encouraged the projects to move forward and asked that the refugee dimension be further fleshed out for the Lebanon ESSN project. Denmark also seconded the suggestion from Canada regarding the necessary reallocation of funds of the Lebanon portfolio.

**The US** welcomed the progress on the Colombia project and the direction in which it is moving and noted that this decision could be taken on virtual no objection basis. The US called for more information on the impact on refugees of the septic tank project in Jordan. As for Lebanon, the US recognized the need for the project, but estimated that the impact on refugees was not clear enough. The methodological issues of the project also needed to be addressed. The US welcomed continued discussions in Beirut and asked that any decisions related to the ESSN project be taken in full Steering Committee. Regarding Ecuador, the US mirrored Canada's comment that there needs to be reassurance about the country's commitment to the refugees. The US also asked for a clearer timeline for projects going forward so that the SC can understand more clearly where in the timeline the projects stand. The US informed the SC of its intention to contribute to the global window with about \$25 million in the near future with special focus on Colombia, but would need some more clarifications and a clearer timeline for the projects from the CU.

**The Netherlands** thanked the CU for the hard work over the last months and commented on the project in Lebanon. The NL seconded comments from Canada, notably regarding component 3 and the impact on refugees. The NL showed concerns about the low disbursement rate of the portfolio in Lebanon and asked whether it would be possible to reprioritize the funds elsewhere.

In response to the comments, **Ambassador Leonardo Arizaga, Sub Secretary of Migration and Consular Services of Ecuador**, reiterated Ecuador's commitment towards refugees in migrants.

**Ms. Fenianos (Lebanon)** explained that the Syrian refugees in component 3 had been supported by addressing gaps in social services and building resilience. Ms. Fenianos invited donors to a follow-up meeting in Lebanon the following week to provide more detailed answers.

**Mr. Teuten** indicated that the UK had similar concerns about the weak focus on refugees in the Lebanon ESSN and its sustainability and therefore thanked Ms. Fenianos for the offer to host a further meeting. He sought further justification for the freestanding grant in the case of the Jordan septic tank project given the precedents that would be set. He suggested that the Government of Ecuador hold a meeting with interested members of the international community to discuss further its approach to refugees before submitting any further project funding request. As Co-Chair he ended by looking forward to clarification by the CU on the intended next steps and timelines for each project.

## 6) Item for Decision: Update on the Private Sector Support Framework (PSSF)

**Mr. Teuten** reminded members that the London Steering Committee had discussed and endorsed the technical note entitled “Private Sector Support Framework: Partial Portfolio Guarantees and their impact” and that the ISA (EIB) and the Coordination Unit would continue to engage with stakeholders and work with Jordan as pilot country to finetune the contours of a potential operation. Mr. Teuten asked the EIB to update the Steering Committee on the steps ahead.

**Mr. Christoph Kuhn**, Director, **EIB**, gave a presentation of the potential new guarantee instrument under the proposed PSSF. The instrument would provide partial portfolio guarantees, which provide credit risk protection on a portfolio basis for underlying debt financing to MSMEs. The PSSF would include a microfinance lens and focus on refugees and hosting communities. The next steps are the amendment of the GCFE OM and Financial Procedures Agreement and the submission of a funding request.

**Ms. Zeina Toukan, MOPIC, Jordan**, gave an overview of the discussions in Jordan to prepare the PSSF pilot project. Ms. Toukan confirmed that an agreement had been reached with EIB and expressed strong support for the approach chosen. Ms. Toukan confirmed that all stakeholders had been consulted (including Central Bank of Jordan) and that there was consent over the need of such a tool. Ms. Toukan also mentioned that the most vulnerable communities would benefit from it as they do not have access to credit.

**Canada** welcomed the progress made and the support of Jordan. Canada also asked for a dedicated SC meeting to approve the upcoming Funding Request as well as the amendments to the Operations Manual. **The US** seconded this last point from Canada and raised the question of the benefits to refugees, the needs on the ground and the criteria to access the PSSF. Those technical considerations are important to discuss and to agree at SC level. **Japan** supported the concept of the PSSF and emphasized the importance of ensuring benefits to refugees. Japan also raised the question of the capacity of the Coordination Unit and suggested that the team be reinforced to supervise the PSSF. **Sweden** also supported this initiative and noted the importance of leveraging private sector funding. The private sector can act as an implementor as it can add to efficiency and sustainability. **The EC** posed the question of the additionality of this proposal relative to existing instruments, as well as of the direct effect on refugees. The EC expressed satisfaction with the support expressed by Jordan and confirmed its support to the addition of micro-finance.

**Mr. Kuhn** welcomed the comments received and the possibility to engage further with SC members. In terms of additionality, Mr. Kuhn also reiterated the strong focus on refugees that would distinguish the proposed framework from other existing private sector facilities.

**Mr. Teuten** summarized the comments and noted that they also reflect the UK’s views, which also included the need to reassure that the lessons of unsuccessful support to micro-finance had been learnt. As Co-Chair he thanked both the EIB and the Government of Jordan for its continued engagement. Mr. Teuten called for a follow up SC meeting to consider approval of the funding request and amendments to the Operations Manual. This was supported by the Coordination Unit.

**Decision:** *The GCFE Steering Committee welcomed the update provided by EIB on the PSSF, and invited the Coordination Unit and the Trustee to work further with EIB and other ISAs, as appropriate, with a view to taking necessary steps to operationalize the PSSF, including submission of proposed amendments to the GCFE Operations Manual and to the Financial Procedures Agreement, for approval by the Steering Committee. The GCFE Steering Committee also invited the EIB to submit the pilot operation in consultation with Jordan for approval by the Steering Committee, along with the necessary amendments to the Operations Manual and the Financial Procedures Agreement.*

## **7) Conclusion**

The co-chairs of the Steering Committee summarized the decision items and noted the richness of the information exchanged during this SC meeting, and the ambition of tackling these important items in one virtual meeting. The co-chairs suggested that the agenda could be lightened in future discussions to allow for more in-depth discussions – which may warrant two successive meetings given the limited time window available. The Coordination Unit thanked the co-chairs of the meeting and the Steering Committee at large for a productive session and their guidance and confirmed that it would follow up immediately on the agreed action items. The host closed the Steering Committee meeting.