Key Decisions

- The Steering Committee endorses the Technical Note and its list of recommendations for the next phase of the GCFF and tasks the Coordination Unit, in consultation with the Trustee and the Implementation Support Agencies, to prepare the necessary draft amendments to the Operations Manual for approval by the Steering Committee at a Steering Committee meeting before the end of the calendar year.

- Recalling its agreement in principle to extend the End Approval Date of the GCFF at its meeting of April 26, 2021,
  Welcoming and having endorsed the recommendations for the next phase of the GCFF contained in the Technical Note presented by the Coordination Unit at today’s meeting; and
  Acknowledging the consent of the Trustee to an extension of the End Approval Date to June 30, 2026,

the Steering Committee approves an extension of the End Approval Date of the GCFF to June 30, 2026, following paragraph 33 of the GCFF Operations Manual.

- The Steering Committee endorses the conclusions from the Financial Technical Working Group as described in the Technical Note on the Concessionality Formula and tasks the Coordination Unit to prepare the necessary draft amendments to the Operations Manual for approval by the Steering Committee. The Steering Committee also decides that the new Concessionality formula described in Alternative 2 of the Technical Note shall be applied to funding requests submitted on or after July 1, 2021.

- The Steering Committee approves the GCFF budget for the 2022 Fiscal Year.

Summary of Meeting

1. Introductory Remarks

The two co-chairs of the meeting, Mr. Lucas Sebastian Gómez García, Advisor to the President, representative of Colombia, and Mr. Richard Teuten, Foreign, Commonwealth & Development Office (FCDO), representative of the United Kingdom, welcomed all participants to this virtual GCFF Steering Committee. Mr. Teuten then turned to Mr. Stefan Emblad, Acting Director, FCV, World Bank, for the roll call.

2. Items for Decision

Technical Note with recommendations for the next phase of the GCFF

Mr. Teuten gave the floor to Ms. Nabila Assaf, Manager, FCV Group, World Bank, to present the Technical Note with recommendations for the next phase of the GCFF. Ms. Assaf gave an overview of the proposals, which were informed by the recommendations of the independent
evaluation and subsequent stakeholder consultations, noting that more detailed information could be found in the Technical Note, which the CU shared with the SC ahead of the meeting.

After the presentation, Mr. Teuten asked if all of the revisions would be reflected in the OM. Ms. Assaf explained that the CU will provide the SC with a package consisting of proposed amendments to the OM as well as any additional documentation outlining the plan for implementing recommendations that do not have an impact on the OM before the final approval by the end of the calendar year. Mr. Teuten then opened the floor to discussion.

**Germany** noted that the proposed improvements are consistent but asked that a special effort be made on impact measurement. **Canada** was pleased to see that their comments had been incorporated but noted the importance of sustaining and consolidating the focus on refugees. Canada endorsed the recommendations. **Sweden** also welcomed the proposals, including the Results Framework (RF) and closer cooperation with UNHCR, and asked how aspects related to climate and environmental will be reflected in the revised RF for the GCFF. **The US** thanked the CU for the presentation. Like Germany, the US asked to receive more information on results and impact and highlighted that the secondary indicators are useful. The US called for additional information on the Risk Matrix.

**Norway** was pleased to see that their points had been included. Norway also highlighted the importance of identifying risks and risks mitigating measures that go beyond the fund level in the Risk Matrix. **The Netherlands** (NL) thanked the CU for the Technical Note and said that they found the recommendations a good starting point. The Netherlands welcomed the enhanced role that had been foreseen for the UNHCR, as well as the commitment to improve the application review process and for the SC to receive the application packages early on. Overall, the NL confirmed its support for the Technical Note and the process. **Japan** also endorsed the proposals and agreed on the importance of the focus on results. Japan also highlighted the importance of country level coordination, noting that there should be a collective approach and coordination at the country level to make support more effective and efficient.

**Mr. Teuten** said it was heartening to hear the completely unanimous appreciation for the proposals and that the CU had listened to the stakeholders, noting that there seemed to be appetite in particular to look more closely and in detail at the RF and the Risk Matrix. Mr. Teuten asked the CU to address Sweden’s question about gender and climate change. **Ms. Assaf** thanked the SC for their endorsement and support. She explained that on climate and environment, one of the strengths of the GCFF is that it is relying on the policies and procedures of ISAs. The ISAs already have robust policies and procedures on climate and environment. Moving this to the GCFF may not be the most effective way, but rather relying on the existing structures in the ISAs seems to be still the most efficient. **Sweden** noted that the most important for them is that these areas are taken into account during project preparation.

**Denmark** also supported the proposed amendments and is looking forward to the upcoming discussions. **The UK** concurred.

Mr. Teuten then read out the decision for SC agreement:
**Decision:** The Steering Committee endorses the Technical Note and its list of recommendations for the next phase of the GCFF and tasks the Coordination Unit, in consultation with the Trustee and the Implementation Support Agencies, to prepare the necessary draft amendments to the Operations Manual for approval by the Steering Committee at a Steering Committee meeting before the end of the calendar year.

**Extension of the GCFF End Approval Date**

Mr. Teuten gave the floor to the Coordination Unit and the Trustee to present the progress made on the extension of the GCFF End Approval Date. Mr. Olivier Lavinal, GCFF Coordination Unit, expressed the position of the CU in favor of extending the GCFF End Approval Date (EAD) and turned to the Trustee to present this agenda item. Ms. Jane Mwebi, Trustee of the GCFF, informed the Steering Committee that the Trustee consents to the extension of the EAD. Following the successful completion of the World Bank’s internal approvals to consent to the extension, Mr. Teuten turned to the SC to provide formal approval, and endorse the following decision:

**Decision:**

Recalling its agreement in principle to extend the End Approval Date of the GCFF at its meeting of April 26, 2021

Welcoming and having endorsed the recommendations for the next phase of the GCFF contained in the Technical Note presented by the Coordination Unit at today’s meeting; and

Acknowledging the consent of the Trustee to an extension of the End Approval Date to June 30, 2026,

the Steering Committee approves an extension of the End Approval Date of the GCFF to June 30, 2026, following paragraph 33 of the GCFF Operations Manual.

Mr. Teuten noted that, with the endorsement of the Technical Note and its list of recommendations for the next phase of the GCFF, the SC has now approved the extension and thanked SC members.

Mr. Teuten then gave the floor to the SC for discussion. Germany said that while they support the decision to extend the GCFF by five years, they would have preferred an extension for a shorter time. Germany underscored its focus on addressing the impacts of the Syrian refugee crisis through the GCFF. Mr. Teuten observed that it was helpful to extend the GCFF by five years to enable the GCFF to respond to refugee crises as they occur and allow the Facility to remain flexible, taking into account supporting countries’ focus. Sweden supported the extension, but also highlighted that Sweden’s focus remained on the Middle East. Mr. Teuten explained that an agreement on the extension of the facility was in no way related to any funding decision. Ms. Assaf also clarified that the MENA windows will continue to allow supporting countries to focus their financial support for the Syrian refugee crisis. Noting that the GCFF’s financial needs have increased as a result of the expansion of the GCFF to LAC, Ms. Assaf underscored that this did not affect the continued focus of the GCFF on the Middle East.
3. Presentation of and decision on the new concessionality formula

Mr. Teuten then gave the floor to Mr. Miguel Navarro-Martín, Manager, Treasury, World Bank. Mr. Navarro-Martín provided an update on the outcome of the Financial Technical Working Group discussions convened at the last Steering Committee meeting to explore options for a new GCFF concessionality formula following the suspension by IBRD of the Fixed Spread products as of April 1, 2021. Mr. Navarro-Martín then turned to Ms. Concepcion Aisa Otin to present the options reviewed by the technical working group. Ms. Aisa presented Alternative 2: Fixed concessionality spread with % concessionality cap as the option selected by the Technical Working Group for consideration by the Steering Committee. The other alternatives are detailed in the Technical Note.

Ms. Aisa explained that the alternative concessionality spread is calculated as fixed reference rate (Libor 6m) plus IBRD Variable Spread (18-20 average Repayment Maturity) less IDA rate. The Variable Spread is considered fixed for the quarter. The concessionality spread is updated every three months. The fixed reference rate used now is Libor 6m, to be replaced by a new reference rate at the end of 2022 per market standards. Concerning the % Concessionality Cap, there will be a maximum % on the concessionality amount/loan amount. It is proposed to be set at 25% as of now based on a historical review. It provides a safeguard to ensure that GCFF concessionality amount does NOT allow ISA concessionality to exceed IDA levels. It replaces the IDA floor in the original concessionality calculation (i.e., the IDA regular fixed rate). It may be revised according to market changes with Steering Committee approval.

Ms. Aisa explained that this alternative concessionality spread will be reviewed in a year's time to analyze its functioning and re-calibrate if necessary. Ms. Aisa also explained that Alternative 2 provides similar concessionality vs. original GCFF concessionality calculation in most cases while increasing GCFF equity for short term maturity loans.

Mr. Teuten summarized the presentation, noting that the Steering Committee may consider reverting to the original formula in the event that IBRD were to reintroduce in the future the offering of a fixed lending product. He then opened the floor for comments.

The US thanked the team for the work on the formula and noted that it is a useful way forward as an interim solution. The US also noted its flexibility when it comes to shorter maturity loans offered by non-WB ISAs. The US expressed their support to the formula. Mr. Teuten asked whether the introduction of a cap on Concessionality could be an issue in the future, due to market changes. Ms. Aisa explained that the CU does not expect the cap to be an issue, also considering that the CU will assess the functioning of the new formula in a year from now.

Mr. Teuten thanked the financial TWG for their work over the past few weeks and asked the Coordination Unit to prepare the necessary draft amendments to the Operations Manual for approval by the Steering Committee. Mr. Teuten then read the text of the decision.

**Decision:** The Steering Committee endorses the conclusions from the Financial Technical Working Group as described in the Technical Note on the Concessionality Formula and tasks the Coordination Unit to prepare the necessary draft amendments to the Operations Manual for approval by the Steering Committee. The Steering Committee also decides that the new Concessionality formula described in Alternative 2 of the Technical Note shall be applied to funding requests submitted on or after July 1, 2021.
The Netherlands asked whether the new concessionality formula is based on LIBOR, which would require a further revision at the time of LIBOR discontinuation. Ms. Aisa explained that the new formula was based on the ISA reference rate, thus capturing any future reference rate that may be adopted after LIBOR.

4. **Item for Decision**

**Approval of GCFF budget:**

**Mr. Gómez** then gave the floor to **Mr. Lavinal**, who explained that the CU and Trustee usually submit the GCFF administrative budget for the next FY for approval in June. The proposed budget was circulated to the Steering Committee on June 9. In total, it amounts to USD897,000, split between the CU (USD490,000) and the Trustee (USD407,000). The overall CU budget has decreased compared to last year, the main reason being that the independent evaluation, which was budgeted last year, has concluded. However, the CU administrative budget has increased due to expected additional costs to reflect the technical note proposals on the next phase of the GCFF, including the RF and the increased and improved reporting and outreach, strengthening the website, strengthening the CU team with colleagues that will help track progress, etc. Mr. Lavinal then gave the floor to **Ms. Jane Mwebi**, Trustee of the GCFF, to provide the Steering Committee with a snapshot of the GCFF trustee budget for the 2022 Fiscal Year (July 1, 2021 – June 30, 2022). Ms. Mwebi explained that Trustee provides 4 types of services: financial and program management, investment management, accounting, and legal services. The Trustee’s FY21 estimated actuals are expected to be $7,500 less than the budget approved by the Steering Committee in June 2020 mainly due to lower investment management fees. The Trustee budget for FY22 has increased due to anticipated increase in program management activities given the extension of the GCFF.

**Mr. Gómez** thanked Ms. Mwebi and Mr. Lavinal for their intervention and opened the floor to discussion.

The US asked about the 12.5% increase in the Trustee management fee and asked how much of that is related to the revisions to the GCFF and the OM. **Ms. Mwebi** explained that the Trustee anticipates that with the extension of the EAD there will be more projects coming on board. The costs include legal services as well as time invested from the Trustee side. **Mr. Lavinal** added that the increased cost ultimately came down to more staff time, especially on the RF and communication. Communication, OM and the RF are expected to need more staff time and thus reflect an increased budget. **Germany** found the costs realistic but noted that an increased budget should be linked with marked improvement.

**Mr. Gómez** then confirmed the decision:

**Decision:** *The Steering Committee approves the GCFF budget for the 2022 Fiscal Year.*
5. Item for Presentation – GCFF Pipeline

Mr. García then moved to the next item on the agenda, the GCFF pipeline. Mr. García reminded the SC members that, while this is not the main agenda item of the current SC meeting, other opportunities will exist to provide a more comprehensive picture. Mr. Gómez then gave the floor to Ecuador.

Ms. Veronica Aguilar Cancilleria Ecu, Vice Minister, Ecuador, thanked the GCFF for their support and mentioned that in the upcoming months, Ecuador will ask for a new loan supporting the recently announced regularization initiative by the new administration. The Vice Minister observed that Ecuador’s commitment to refugees and migrants has been shown and explained that Ecuador is now in a new regularization process for migrants and refugees from Venezuela. Ecuador has also initiated a process of economic and social integration of refugees and migrants from Venezuela. Ecuador would like to thank the GCFF for their support.

Mr. Emad Shanaah, Ministry of Plan and International Cooperation, Jordan, thanked the organizers of the SC meeting. Mr. Emad said that Jordan continues to count on the support of the GCFF, noting that this support is essential for the country. Mr. Emad explained that Jordan’s fiscal problems are compounded by hosting large numbers of Syrian refugees, who receive free education and access to primary and secondary health services. Mr. Emad asked the GCFF to continue supporting Jordan and also noted the importance of the pilot private sector operation. Mr. Emad also noted that the impact of the pandemic on Jordan is far-reaching.

Mr. Georges Maarawi, Ministry of Finance, Lebanon, highlighted that Lebanon hosts refugees from Syria, Palestine, Ethiopia, and other countries. Lebanon is also experiencing multiple crises, aside from the refugee crisis, with the COVID pandemic, explosion in the port of Beirut, financial crisis, and political crisis. The situation has deteriorated significantly since August 2020. More than 50% of the Lebanese population is now living in poverty and the country is experiencing triple-digit inflation. The situation could not only result in a deep crisis, but also reverse years of development. Mr. Maarawi noted that the GCFF currently has three active projects in Lebanon, which are critical for Lebanon. He noted that the Health Project was recently restructured to also include COVID-19 response, covering help not only to the Lebanese but also to refugees. The new agriculture component in the restructured Lebanon Roads and Employment project is also important for all parts. It is not only beneficial to Lebanese farmers, but also to Syrians, who are traditionally employed in the Lebanese agriculture sector. The projects have experienced some delays and the Lebanese caretaker government is currently in discussions with the WB about the future of those projects. Considering that it is a caretaker government, no new projects are currently in the pipeline.

Mr. Gómez then presented the situation in Colombia. Mr. Gómez noted that Colombia hosted the High Commissioner for Refugees the previous week, emphasizing the importance of UNHCR support. Colombia is currently focusing on opening its education and healthcare systems to both regular and irregular migrants. Colombia is also working on regularizing its status.

Mr. Gómez then opened the floor to discussion.

UNHCR in Ecuador complemented Ecuador’s presentation, noting that by the end of this year there will be approximately half a million Venezuelans in the country. Recently, the President of Ecuador reaffirmed the commitment to the regularization of the status of the refugees and migrants. There will also be an emphasis on the inclusion and social integration of all migrants, not only
from Venezuela. The government is working with the IOM on these matters. **Colombia** then noted that Colombia and Ecuador are the only LAC countries in the GCFF and called for continued support from the GCFF. **Canada** commented on the recent conference and noted that there was a growing commitment across the world to support the Venezuelan migrants. Canada said they are looking forward to continuing supporting Venezuelan migrants through the GCFF.

6. **Item for Presentation**

**Update on Private Sector Operations (PSOs) and presentation of next steps.**

**Mr. Gómez** then moved to the next item on the agenda, the PSOs and gave the floor to the Coordination Unit and the EIB presentation. **Mr. Lavinal** thanked the representative of Jordan for his support to the PSO pilot in Jordan and provided a brief update on next steps. Mr. Lavinal observed that the PSOs has been a long-standing agenda item, since the Steering Committee organized in London, in September 2019. Subsequent SC meetings were held in May and December 2020. The SC had asked the CU and the EIB to prepare a pilot funding request at the SC meeting. To respond to the SC’s proposal to organize a dedicated session on PSO, Mr. Lavinal suggested an extraordinary SC meeting on July 14. Mr. Lavinal then gave the floor to **Mr. Andreas Berkhoff**, EIB, to present the PSOs and next steps. Mr. Berkhoff remarked that it had been a long journey to establish a private sector support framework and that it was a great pleasure and opportunity to present it. Mr. Berkhoff observed that the framework is now more relevant than ever, noting that it is the right instrument in the context of the COVID crisis to support economic recovery. Mr. Berkhoff summarized the progress made over the past few months, anticipating that the package will soon be ready for submission to the Steering Committee.

Mr. Gómez then suggested the organization of an extraordinary Steering Committee meeting tentatively scheduled on Wednesday, July 14.

**The Netherlands** said that they will most likely not be able to attend due to scheduling conflicts on July 14. **Norway** also noted that July is a difficult month for Norwegians. Mr. Gómez asked the CU to suggest an alternative date for the SC membership to be fully present.

7. **Closing Remarks**

**Mr. Gómez** gave Mr. Emblad the floor. Mr. Emblad expressed his appreciation for the decisions taking place during this meeting, which will hopefully set the GCFF for future success. Mr. Emblad thanked the SC for their support and advice during the consultations and reiterated the World Bank’s commitment to continue this work. Mr. Emblad also underlined that the GCFF is a global facility, not focusing on a particular region and committed to working with everyone. He then gave the floor to **Ms. Assaf**, who expressed her appreciation for this meeting and to the CU for all their hard work. Ms. Assaf noted that Mr. Lavinal, who has been leading the work on the GCFF, will be moving to another unit at the World Bank and that a transition plan was in place.

**Mr. Teuten** recognized how much had been achieved during this meeting, thanking everyone for their work and support. Mr. Teuten summarized key decisions taken, including the GCFF’s extension, the forthcoming OM amendments, the endorsement of a new concessionality formula, and the forthcoming private sector operation after many years of work.

**Mr. Gómez** thanked **Mr. Lavinal** for his service and gave him the last word.