

Global Concessional Financing Facility
Steering Committee Meeting
May 9, 2022, by Video Conference

Key Decisions

- *Acknowledging the request from the Government of the Netherlands and the consent of the Trustee to add the Republic of Moldova as a benefiting country of the GCFF; and taking into account the assessment of the refugee protection framework in Moldova provided by UNHCR, the Supporting Countries approved the addition of the Republic of Moldova as a benefiting country of the GCFF in accordance with paragraph 9 of the GCFF Operations Manual.*

Summary of Meeting

1. Introductory Remarks

The two co-chairs of the meeting, Ms. **Karen Cristina Rodriguez Zapata**, Head of Multilateral and Bilateral Financing, Ministry of Finance, Representative of Colombia, and Mr. **Richard Teuten**, Foreign, Commonwealth & Development Office (FCDO), Representative of the United Kingdom, welcomed all participants to the GCFF Steering Committee, and acknowledged the participation of the Minister of Finance of Moldova, **Mr. Dumitru Budianschi**.

Ms. Soukeyna Kane, Director of the Fragility, Conflict and Violence Group, World Bank, welcomed participants and expressed her appreciation for the swift and pro-active engagement by Supporting Countries following the extraordinary meeting of the Steering Committee held on March 29. As a result, the Steering Committee was now in a position to take a decision on including Moldova as a GCFF Benefiting Country and approve a first Funding Request to support ongoing efforts to address the refugee crisis. In this regard, Ms. Kane thanked the Netherlands for their contribution of EUR 10 million for the GCFF Global Window and welcomed the Minister of Finance of the Republic of Moldova, Mr. Dumitru Budianschi, to the meeting. In view of the continued and growing refugee crisis in eastern Europe, Ms. Kane encouraged Steering Committee members to consider GCFF support for other countries hosting refugees from Ukraine, including Poland and Romania. Ms. Kane also pointed out that the meeting would discuss the Jordan and Lebanon GCFF proposal pipelines, as well as the roadmap for GCFF replenishment, highlighting that other forced displacement situations and needs continue to require GCFF attention and support. Ms. Kane then proceeded to do the roll call.

2. Item for Decision

Inclusion of the Republic of Moldova as a GCFF Benefiting Country

Mr. Teuten noted that this decision item has been introduced following the letter dated 20 April from the Moldovan Government on expressing its interest in joining the GCFF as a Benefiting Country; and the letter dated April 21 from the Government of the Netherlands requesting the GCFF to consider and render a decision on its inclusion. Mr. Teuten also noted that in accordance

with the decision on the format for an expedited eligibility review taken at the extraordinary meeting of the GCFE Steering Committee on March 29, UNHCR prepared an assessment of Moldova's refugee protection framework, which was shared with the Steering Committee.

Mr. Dumitru Budianschi, Minister of Finance of the Republic of Moldova, provided a statement on behalf of the Government of the Republic of Moldova. Mr. Budianschi stated that the Russian aggression in Ukraine is impacting Moldova, compounding pre-existing energy and COVID-19 related crises. Economic growth has decreased by 15 per cent in the past year, and is expected to stagnate, while annual inflation rates have exceeded 22 per cent, with further increases expected. The ongoing war in Ukraine has also impacted budget revenues due to increased government spending for humanitarian and economic assistance, with the national deficit expected to increase to 7.2 per cent of GDP. Moldova's immediate challenge has been to rapidly secure its borders and ensure essential support for refugees. To date, Moldova is hosting a significant number of refugees in relation to its population. Over 400,000 refugees have entered the country, with approximately 100,000 remaining, constituting 4 per cent of the population. Half of this group are children, with the remainder comprised of women and the elderly. While the number of incoming refugees has stabilized, the prospect of protracted displacement poses medium and longer-term challenges. These include challenges related to the integration of refugees into society, as well as pressures on the social protection system, which was already impacted by the energy and COVID-19 crises, as well as on the education system which needs to absorb over 47,000 children at an estimated cost of over US\$ 16 million. Under these circumstances the Government is seeking international assistance to increase institutional capacities for addressing this crisis. Mr. Budianschi affirmed the commitment of the Government to protect those seeking asylum. On behalf of the Government, Mr. Budianschi requests GCFE support to respond to this unprecedented situation, including through the first IBRD-supported project submitted to the GCFE in late April and beyond, to ensure continued support for strengthening the country's resilience.

Mr. Nabil Benbekhti, Senior Legal Officer, UNCHR Regional Bureau of Europe, provided an overview of the UNCHR Refugee Protection Assessment submitted for Moldova. Mr. Benbekhti reminded the Steering Committee that prior to the Ukraine crisis, Moldova hosted 360 refugees. The country has welcomed over 453,000 refugees from Ukraine, with approximately 100,000 remaining in the country. Mr. Benbekhti noted that the Moldovan government is collaborating closely with the international community, including through a crisis management section established under the Prime Minister's office and the establishment of reception centers in coordination with UNHCR. The government has declared a state of emergency in the country and introduced special measures for travel and residence, including procedures for managing migration. An estimated 75 per cent of refugee arrivals have moved on, including through a formal transfer mechanism. The vast majority of arrivals have been women and children, as well as elderly persons, which provides indications of needs and support requirements. Mr. Benbekhti noted that there is currently lack of clarity on the future developments, and that UNHCR has been working with the authorities on contingency plans in the event of an aggravation of the conflict, and in particular an offensive in the Odessa region. UNHCR estimates that the number of refugees remaining in Moldova could increase to 150,000 in the event of such a scenario. Mr. Benbekhti confirmed that Moldova's refugee framework is in line with relevant international conventions on refugees and stateless persons, including the 1951 and 1954 conventions which were acceded to

in 2002 and 2012, respectively,¹ and that the current Law on Asylum entered into force in 2009. Moldova provides protection and asylum through a national determination system managed by the Refugee Directorate within the Ministry of Internal Affairs. Mr. Benbekhti noted that from UNHCR's perspective, Moldova's national asylum system is largely in line with international standards, with no violations of standards noted. Moldova has also participated in a quality assurance program developed by the European Union and supported by the UNHCR to reinforce asylum capacities. While noting that the delivery of refugee protection is work in progress in many countries in the world, Mr. Benbekhti confirmed that Moldova's protection framework is adequate for the purposes of the GCFF.

Mr. Teuten thanked the Minister of Finance of Moldova and the UNHCR for their presentations opened the floor for comments and statements by Steering Committee members. The **United States** thanked the Government of the Republic of Moldova and the UNHCR for their presentations and indicated its support for including Moldova as a GCFF Benefiting Country. The **United Kingdom** stated that it also supports the inclusion of Moldova as a GCFF Benefiting Country.

Noting the absence of any objection by the GCFF Trustee to add the Republic of Moldova as a benefiting country of the GCFF, Mr. Teuten then read the text of the decision.

Decision

Acknowledging the request from the Government of the Netherlands and the consent of the Trustee to add the Republic of Moldova as a benefiting country of the GCFF;

Taking into account the assessment of the refugee protection framework in Moldova provided by UNHCR;

The Supporting Countries approve the addition of the Republic of Moldova as a benefiting country of the GCFF in accordance with paragraph 9 of the GCFF Operations Manual.

Before concluding the agenda item, **Mr. Teuten** reminded Steering Committee members that in the extraordinary meeting of the Steering Committee on 29 March, it was agreed in principle to consider extending GCFF support to other countries hosting refugees from Ukraine. **Mr. Teuten** opened the floor to Steering Committee members for any updates or proposals, given developments in the refugee situation over the last several weeks.

Ms. Gallina A. Vincelette, Country Director for the European Union, World Bank, stated that the unprecedented influx of refugees into Europe over the past two months, who have been received by the respective countries with open arms, has generated significant challenges. First, economic growth in Poland, Romania and Bulgaria, among other EU countries, is expected to contract by 1-2 per cent, while fiscal costs for 2022 will be in the range of 2-3 per cent of GDP.

¹ The Republic of Moldova acceded to the 1951 Convention relating to the Status of Refugees and its 1967 Protocol (hereinafter jointly referred to as the 1951 Convention) in 2002. The State acceded to the 1954 Convention relating to the Status of Stateless Persons (the 1954 Convention) and the 1961 Convention on the Reduction of Statelessness (the 1961 Convention) in 2012.

Second, there is significant pressure on municipal services due to the urban nature of displacement – Warsaw and Kraków for instance have received refugees constituting 15-17 per cent of their own population at peak – with housing, employment and integration constituting important challenges. A third challenge relates to the expansion of health, education and transportation services to refugees. Ms. Vincelette stated that these challenges highlight a significant need for budget financing, and urged the Steering Committee to consider expanding eligibility for GCFF support to EU countries hosting the largest numbers of refugees from Ukraine, including notably Poland, Romania and Bulgaria.

While noting the need for direct budget financing, the **Netherlands** expressed its understanding that the EU has provided rapid and substantial funding, including EUR 10 billion made available to countries hosting refugees to address budgetary support needs. GCFF financing is at a significantly smaller scale, and further clarity would be needed on its value added. While the Netherlands sees no issue regarding GCFF financing for Moldova, the case for extending this support to EU refugee hosting countries is less clear.

In response, **Ms. Vincelette** clarified that current available EU funding is comprised of unspent funds from the previous semester of EU Cohesion Funds, which are allocated for procurement of goods, services and equipment. Member states have been allowed to reprogram funds, but this will take time, and they are only available until the end of 2022. Moreover, many member states, with the exception of Bulgaria, are already over-committed in relation to these funds. While member states may be able to reallocate resources from REACT-EU and additional financing will be available in the next 7-year Multiannual Financial Framework, budget resources are required now in order to address urgent needs – Poland’s fiscal costs in relation to the refugee influx, for instance, are estimated at US\$ 4.2 billion for the first three months alone. The value added of the GCFF lies both in its ability to leverage additional MDB financing on concessional terms, which is crucial given the significant fiscal pressures and constraints currently faced by refugee hosting countries, and in facilitating provision of needed policy expertise and advice from the World Bank and other MDBs. Ms. Vincelette furthermore noted that World Bank financing could be provided rapidly.

3. Item for Presentation

Presentation of the Funding Request from the Government of Moldova for the underlying operation: Moldova Emergency Response, Resilience and Competitiveness Development Policy Operation (with IBRD as ISA).

Ms. Rodriguez introduced the item, noting that the Funding Request from Moldova was submitted to the Steering Committee for virtual review on April 28, with decision expected on a no-objection basis on May 11. Ms. Rodriguez thanked the Netherlands for their contribution to the Global Window which will enable the GCFF to provide sufficient financing subject to the approval of the Funding Request. **Ms. Rodriguez** turned to **Ms. Inguna Dobraja, World Bank**, for a brief presentation.

Ms. Inguna Dobraja provided a brief overview of the Underlying Operation and Funding Request (please refer to the Funding Request submitted by Moldova for more information). Ms. Dobraja

noted that Moldova has been impacted by multiple shocks, which placed its short and long-term growth prospects at risk. Moldova has reacted quickly to the refugee crisis. The Emergency Response, Resilience and Competitiveness DPO is the first in a planned series focusing on mitigating the impact of the war in Ukraine and strengthening resilience. The DPO has two pillars: the first pillar supports measures to address the impact of the war on refugees and households, including the integration of refugees from Ukraine in the labor market and education system. The second pillar supports measures to build resilience, enhance competitiveness and diversify energy sources, while enhancing the efficiency and effectiveness of public investments. The DPO is financed from three sources, comprised of: US\$ 107 million from IDA (including US\$ 100 million from the IDA Crisis Response Window); US\$ 43 million from IBRD; and US\$ 9.27 million proposed from the GCF. Financing for the DPO is complemented by assistance from other international partners, including the IMF, EU macrofinancial assistance, an EBRD line of credit, and parallel financing of EUR 60 million from AfD.

Following the presentation **Ms. Rodriguez** opened the floor for questions and comments from the Steering Committee.

The **United States** indicated its support for the Funding Request and noted its appreciation for the inclusion in the DPO of two Prior Actions directly related to supporting refugees from Ukraine. The United States asked whether targets for employment exist for Prior Action 1 related to the issuance of work permits for refugees. With respect to the 85% target for inclusion of refugees in the education system, the United States asked what barriers are anticipated to enrollment, and what timeline is foreseen for reaching 100% inclusion.

In response, **Mr. Stefano Curto, Task Team Leader, World Bank**, clarified that with respect to Prior Action 2, constraints to education enrollment include language barriers and the geographic distribution of refugees in the country, including areas with limited school absorptive capacities. The World Bank will be working with the government to strengthen capacities to absorb additional children. With respect to Prior Action 1, Mr. Curto clarified that Prior Action 1 refers to the proportion of female refugees with employment contracts.

The **Netherlands** also confirmed its support for the Funding Request and indicated its interest that the remaining balance of funds from the Netherlands (approximately US\$ 1.5 million) be utilized for strengthening the capacity of the government to implement the policies identified in the DPO. The Netherlands asked whether the World Bank has preliminary views on the technical assistance and capacity building support that could be provided in this regard.²

Ms. Rodriguez thanked the World Bank for its presentation and the Steering Committee members for their interventions and closed the agenda item with a reminder that a decision on the Moldova Funding Request is expected by close of business on Wednesday, May 11, on a virtual no-objection basis.

4. Item for Presentation

² In a communication following the Steering Committee meeting the World Bank indicated that possible areas of support through a grant-only GCF allocation could include, subject to discussion and agreement with the Government, strengthening delivery of social assistance programs.

Updates by Lebanon and Jordan on GCFE project pipelines

Mr. Teuten gave the floor to the representatives from Jordan and Lebanon to provide updates on their respective GCFE funding request pipelines.

(Please find copies of both presentations in attachment)

Presentation by Lebanon

Mr. Georges Marawi, Director-General, Ministry of Finance, Lebanon thanked the GCFE Steering Committee for their support to Lebanon, noting that the rapid endorsement of the Wheat Supply Emergency Response and the new COVID-19 Response projects was critical and very much appreciated. Lebanon continues to reel under the brunt of the financial and economic crises, compounded by the COVID-19 Pandemic and the tragic Port of Beirut explosion, which have impacted every vital sector in the country, leading to alarming levels of poverty, vulnerability, social distress and brain drain. This situation has been exacerbated by the global impacts of the war in Ukraine, which disrupted the food supply chain at a time when the country has low domestic stocks of wheat after the decimation of the silos by the Port of Beirut explosion in August 2020.

Mr. Marawi provided brief updates on other GCFE supported projects. The Lebanon Health Resilience Project has supported the procurement of 3.25 million COVID-19 vaccine doses (of which 2.75 million doses have been delivered to the country so far), as well as supplies for vaccine deployment, COVID-19 related equipment for 45 hospitals and 180 ICU beds and financial support to cover more than 14,700 COVID-19 related bills. The Roads and Employment was restructured in FY21, with US\$10 million reallocated to support small farmers impacted by the multiple crises. To date, out of the 26,700 beneficiaries, only 13 beneficiaries did not collect their vouchers. Agriculture is one of the three sectors Syrian refugees are legally allowed to work in and where Syrians have traditionally been hired by Lebanese farmers. This project will enable income generation for both the hosts (the Lebanese farmers) and will indirectly benefit the refugees (Syrian laborers).

With respect to the GCFE pipeline for 2022, Mr. Marawi provided an overview of two projects currently under consideration for submission to the GCFE Steering Committee for financing:

- **Electricity Sector Reforms and Emergency Services Project (US\$ 300 million).** The proposed project's objective is to provide emergency support to improve electricity supply in Lebanon, while reducing electricity sector costs and improving governance and operational efficiency. This emergency project will enable the purchase of gas from Egypt to generate power, in addition to the provision of technical assistance and capacity building for the Ministry of Energy and Water as well as EdL. The results are expected to be improved electricity supply from cleaner sources and at lower cost to the population and a sector that is more financially and operationally viable.
- **Lebanon Education Program (support to RACE 2).** The Government of Lebanon seeks grant funding from the GCFE (under the grant-only modality) to cover a financing gap of 55 Million USD. The program's implementation - supporting the three pillars (access, quality and

strengthened systems) - has progressed well to date with disbursements reaching 95 percent of the US\$196 million envelope. However, more support is needed to address urgent needs, particularly since a previous grant under the World Bank Multi Donor Trust Fund - the Lebanon Syrian Crisis Trust Fund (LCSTF) - closed in December 2021, with some funding withdrawn by donors. Therefore, we are seeking additional financing to offset the closing and reduced envelope of the LCSTF, which is essential to funding critical education services to Syrian refugees in Lebanon.

Presentation by Jordan

Mr. Maher Abdelrahim, Head of World Bank and UN Agencies Division, Ministry of Planning and International Cooperation, Jordan, provided an overview of the indicative GCFF pipeline for Jordan, which is oriented towards continued support for the government's continued progressive and development-oriented approach to the crisis. Key principles underlying Jordan's GCFF pipeline include: strengthening national systems for more sustainable solutions to displacement and inclusive reform, recovery and growth; improving access and quality of service delivery through *win-win* approaches to building service delivery systems while targeting vulnerable groups; enhancing sustainable self-reliance through strategies to bolster economic opportunities for refugees and their contribution to Jordan's economic development; promoting a cross-portfolio approach on climate action/green growth across GCFF-supported projects; and mobilizing private sector finance through programs to enhance private sector partnerships to promote investment-led growth.

Mr. Abdelrahim provided an overview of the indicative GCFF pipeline for 2022-2025 comprised of projects currently being prepared or discussed with the support of relevant ISAs working in Jordan. These comprise projects in four specific areas:

- **Water-energy-agri-food nexus.** Four projects are currently under consideration: (1) Agriculture Resilience, Value Chain Development and Innovation Program for Results (ARDI), which will be submitted for review in May; (2) Food security: to ensure availability of basic grains and strengthening the food security system in Jordan; (3) Energy sector recovery and reform: to support energy sector reforms and financial recovery and to promote climate-responsive investments; and (4) National program on water efficiency to improve the efficiency of water services in Jordan, and to complement and leverage major water supply-side investments.
- **Transport, urban and municipal development.** Three projects are currently under consideration: (1) Transport - Sustainable Road Sector Financing and Bus Rapid Transit (Phase 2): to bring private sector efficiency and expertise in construction and maintenance of key corridors in Jordan's road network; and to provide accessibility to key centers of economic activity in western and southern Amman; (2) Circular Economy Transition: transforming municipal solid waste management in terms of service coverage, quality, resource efficiency, sustainability, and resilience toward a circular, green, sustainable waste management system for Jordan; and (3) 'Smart City'/Amman and Municipal Development Programs: to promote urban transformation, focusing on sustainable financing and private sector engagement, climate-smart urban infrastructure, and smart urban governance.

- **Economic opportunities.** Two projects are currently under consideration: (1) Women’s Labor Force participation: e.g. expanding access to childcare, employment, home based businesses and entrepreneurship, skills development, and private sector development programs with focus on women’s inclusion; and (2) Sector programs with high growth and employment potential for host communities and refugees: e.g. the agriculture PforR, tourism competitiveness, digital development and entrepreneurship.
- **Possible Scale-Up/Next stage Projects in the areas of Health and Education,** with a focus on access and enhanced focus on quality of education services, health system strengthening and preventive care.

Mr. Teuten invited the SC to ask questions and comment on the presentations.

Canada requested an update on the status of the Lebanon Wheat Supply Emergency Project for which GCFE financing was approved by the Steering Committee on April 15, 2022, and asked whether the Lebanon Emergency Social Safety Net Project (ESSN) referenced by Mr. Marawi was being considered for GCFE financing. **Mr. Marawi and Mr. Saroj Kumar Jha, Country Director, World Bank,** clarified that the Wheat Supply Emergency Project was approved by the IBRD Board and would need to be approved by the Lebanon Council of Ministers and Parliament before it could be declared effective. They also clarified that the ESSN was not intended to be submitted for GCFE financing.

With respect to the timing of GCFE funding proposals associated with the Lebanon and Jordan pipelines, **Mr. Jha** indicated that for Lebanon the Electricity Sector Reforms and Emergency Services Project would likely be submitted in July 2022. For Jordan, the ARDI project would be submitted in May and the water efficiency project would be submitted by the end of June, with the remaining projects expected to be submitted in Q3 of 2022.

Japan asked for an estimate of the GCFE funding that would be required for the Jordan and Lebanon pipelines. **Mr. Jha** provided a preliminary estimate that approximately US\$ 150-200 million would be needed. This would include approximately US\$ 40-50 million for the Lebanon Electricity Sector Reforms and Emergency Services project; and US\$ 15-20 million for the Jordan ARDI program. **Mr. Jha** indicated that the allocation of US\$ 69.8 million would be returned to the GCFE Windows from which they were originally allocated following the expected cancellation of the Lebanon Greater Beirut Public Transport Project (GCFE financing approved in January 2018).

Mr. Teuten requested the GCFE Coordination Unit provide: a) the current balance available in the respective windows for Lebanon and Jordan; and b) an overview of the windows from which financing for the Lebanon Greater Beirut Public Transport Project were allocated. The Coordination Unit provided the following information to be included in the meeting minutes. This indicates likely available funding of \$119m compared to the \$150-200m required:

GCFE funds available to support future funding decisions (as of May 5, 2022)	
Lebanon / Jordan Window:	US\$ 42.058 million
Jordan Window:	US\$ 6.63 million
Lebanon Window:	US\$ 0.0

Allocation of GCFE funds for the Lebanon Greater Beirut Public Transport Project by window (as of SC decision of January 2018)

Global Window:	US\$ 25.39 million
Lebanon / Jordan Window:	US\$ 32.35 million
Lebanon Window:	US\$ 12.07 million

5. Item for Decision

Approval of the proposed amendments to the GCFE Operations Manual

In view of time constraints, it was agreed that the proposed amendments to the GCFE Operations Manual would be circulated by the Coordination Unit for virtual review by the Steering Committee, with a decision expected on a no-objection basis.

6. Item for Discussion

Next steps on GCFE project pipeline development and replenishment.

Mr. Teuten introduced the discussion item, reminding Steering Committee members of the decisions adopted in December 2021 on the GCFE forward agenda, comprised of: 1) preparation of a GCFE Funding Plan for 2022/2023; 2) invitation of potential Benefiting and Supporting Countries to participate in GCFE meetings as observers; and 3) organization of a high-level in person GCFE meeting combined with a knowledge/learning event.

Mr. Teuten invited **Mr. Spyros Demetriou, GCFE Coordination Unit**, to provide a brief update. An outline of the GCFE Funding Plan had been prepared following the December meeting, but consultations were postponed in February following the onset of war in Ukraine and discussions on convening the Extraordinary Meeting held in March. Mr. Demetriou proposed that the process for developing the Funding Plan be resumed, based on the following roadmap:

- Consultations with SC Members on the outline of the Funding Plan (May/June)
- Preparation of Benefiting Country overviews (priorities, pipelines, funding needs/targets) and validation by country level GCFE coordination mechanisms (May/June)
- Preparation of consolidated GCFE targets by window and identification of funding needs for 2022/2023 (by early June)
- Bilateral consultations with Supporting Countries (June)
- GCFE Steering Committee review and discussion of draft Funding Plan (July)
- High level GCFE Meeting to endorse GCFE Funding Plan, Funding Targets and agree on replenishment modalities: September 2022 (combined with learning event)

Mr. Teuten proposed that several options could be considered with respect to the convening of a high level GCFF Steering Committee following the summer break (September). These could include:

- A ministerial level meeting on the margins of the WBG/IMF Annual Meeting
- A Senior Officials level meeting to be organized in person in one of the Benefiting Countries, taking advantage of another high-level event.

Mr. Teuten invited SC members present at the meeting to take the floor to provide their views and any additional comments they might wish to make.

The **United States** expressed its appreciation of the work undertaken to date and highlighted the importance of Steering Committee discussion on Benefiting Country pipelines, concurred with the roadmap and timeline proposed, and stated that it looked forward to working with the Steering Committee and the Coordination Unit on the further development of the Funding Plan. The **Netherlands and Denmark** agreed with the proposed roadmap and timeline.

Based on this discussion, it was agreed that the GCFF Coordination Unit would initiate consultations with Benefiting and Supporting Countries with a view to developing the Funding Strategy in accordance with the above roadmap.

7. Conclusion

Ms. Rodriguez summarized the main outcomes of the discussion and decisions reached, as well as immediate next steps as agreed by the SC meeting:

- The Steering Committee decided to include Moldova as a Benefiting Country to the GCFF;
- The Steering Committee agreed on the roadmap and timeline for the preparation of the GCFF Funding Plan, which will be coordinated by the GCFF Coordination Unit.
- The Steering Committee agreed to organize its next regular meeting in the first half of July 2022.