

Global Concessional Financing Facility
Steering Committee Meeting
October 31, 2022, by Video Conference

Key Decisions

- *The Steering Committee took note of the indicative project pipelines in the Funding Plan, as well as the estimated GCFF financing requirements and targets for the 2022-2023 calendar period. The Steering Committee endorsed the recommendations on proposed adjustments to GCFF funding and governance modalities outlined in the Funding Plan.*

Summary of Meeting

1. Introductory Remarks

The two co-chairs of the meeting, Ms. **Luz Stella Campillo Hernandez**, 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, including the new representatives of Japan. **Mr. Teuten** introduced Ms. Campillo as the Colombian representative to the GCFF and Steering Committee Co-Chair.

Ms. Soukeyna Kane, Director of the Fragility, Conflict and Violence Group, World Bank, welcomed participants to the meeting. Ms. Kane congratulated the government of Ecuador and the IBRD on the recent approval of the funding request for the *Second Green and Resilient Recovery Development Policy Financing Operation* and thanked the United States and Canada for the contributions that made this allocation possible. Ms. Kane provided an overview of the agenda for the meeting. Ms. Kane thanked Committee members for their continued active engagement and support, noting that the impact of current global shocks are particularly pronounced for the most vulnerable, underscoring the value and importance of instruments like the GCFF in helping countries provide global public goods.

2. Item for Decision

GCFF Funding Plan (2022-2023)

Mr. Teuten introduced the discussion item, noting that Committee members had been consulted on the draft Funding Plan, and that it reflects common views regarding the right level of ambition with respect to funding targets and the changes needed to further strengthen the strategic support provided by the GCFF. Following a brief presentation by **Mr. Spyros Demetriou, GCFF Coordination Unit**, **Mr. Teuten** opened the floor for comments. **(Please find copy of the presentation in attachment)**

The United States welcomed the draft Funding Plan and underscored the need to ensure regular and timely updating of the project pipelines. The pipelines and funding targets highlight potentially robust demand for GCFF support from Benefiting Countries, which is good to see despite current

global challenges. The United States noted the trends in donor contributions to the GCFF over time. The United States was pleased to continue supporting the facility, and interested to explore with other Supporting Countries how a more ambitious level of financing could be achieved (i.e. moving from funding target Option B to Option A). The United States noted that it is strongly supportive of the recommendations and welcomed in particular the emphasis on Benefiting Country leadership and strengthened country level dialogue and coordination. The United States also agreed to the proposed changes in the GCFF window structure and the establishment of a standing Technical Committee, noting that its relationship to the Steering Committee will need to be carefully defined.

Germany shares the views of the United States and agrees with the recommendations for strengthening the GCFF's strategic approach. In addition, Germany highlighted the importance of ensuring the sustainability of GCFF support through larger scale structural projects, rather than short-term emergency operations, given its role as a development financing instrument. Germany welcomed the recommendations on strengthening the GCFF, noting the importance of consistency across country level GCFF coordination arrangements. Germany also welcomed the creation of regional windows, while noting challenges to further expansion of the GCFF in a context of constrained resources. Germany indicated that Funding Option B is more realistic and called for more assessments of GCFF impact.

The United Kingdom echoed comments made by Germany on challenges to further GCFF expansion and agreed with the importance of measuring impact and results achieved through the support of the facility. The United Kingdom noted that demand for GCFF support is clearly growing, as evidenced by the project pipelines, and welcomed the recommendations in the Funding Plan.

The Netherlands agreed with the views of the United States and Germany and also welcomed the recommendations made in the draft Funding Plan, while noting the need to clearly distinguish between the roles of the Steering Committee, the Technical Committee and country level coordination structures to avoid duplication. The Netherlands requested that there be a clear pathway on how country level discussions would impact decisions of the Steering Committee. The Netherlands agreed that Funding Option B is the most realistic. The Netherlands supports the further institutionalization of the facility provided a clear impact is demonstrated, including at policy levels.

Norway indicated its support to the statements made by other Supporting Countries and its appreciation for the Funding Plan. Norway noted that they would appreciate if more donors' visits to projects supported by the GCFF in Benefiting Countries could be organized and also noted its interest in the organization of a field trip by the Steering Committee (Members) to see firsthand the projects supported by the GCFF.

In his summary of the discussion **Mr. Teuten** noted that the Funding Plan was welcomed by the Steering Committee, and that there was a consensus among its members on the recommendations. While Committee members agreed that the Funding Option B was the most realistic, there was potential interest in pursuing a more ambitious target, and that further discussions between Supporting Countries on this could take place. Mr. Teuten indicated that the Coordination Unit

would provide proposed terms of reference to clearly define and delineate the roles and responsibilities of the proposed Technical Committee and the country level coordination structures in relation to the Steering Committee. The Coordination Unit was also requested to undertake consultations with other donor countries with potential interest in the GCFF and to report back to the Steering Committee at its next meeting.

The Steering Committee agreed to reflect its decisions on the Funding Plan in the minutes of the meeting. Accordingly, the following decision will be adopted with the approval of these minutes:

Decision

The Steering Committee takes note of the indicative project pipelines in the Funding Plan, as well as the estimated GCFF financing requirements and targets for the 2022-2023 calendar period.

With respect to the recommendations on proposed adjustments to GCFF funding and governance modalities, the Steering Committee:

- *Endorses the recommendation to update the project pipelines in the Funding Plan every six months to inform dialogue on priorities for GCFF support, and requests the Coordination Unit to coordinate this exercise, taking into account the feedback received on the funding targets.*
- *Endorses the recommendation to strengthen country level coordination between GCFF stakeholders, under the leadership of the respective Benefiting Countries and as part of existing country level development coordination structures and requests the Coordination Unit to coordinate the preparation of Terms of Reference for review by the Steering Committee at its next meeting.*
- *Agrees to reconfigure the GCFF window structure to a) establish regional windows for Latin America and East and Central Europe; b) rename the existing Lebanon/Jordan window as the Middle East and North Africa window; and c) retain the Global Window and the Jordan and Lebanon windows.*
- *Agrees to establish a standing GCFF Technical Committee to support the work of the Steering Committee and requests the Coordination Unit to prepare draft Terms of Reference for consideration by the Steering Committee at its next meeting.*

3. Item for Presentation

2022 GCFF Annual Report

Ms. Campillo introduced this agenda item. Ms. Campillo noted that preparation of the GCFF Annual Report for 2022 presents an important opportunity to take stock of the work and results of the GCFF to date, taking into account the new theory of change and revised results framework endorsed by the Steering Committee in December 2021.

Mr. Spyros Demetriou, GCFF Coordination Unit, provided a brief presentation on the outline of the 2022 Annual Report (**Please find attached the presentation delivered**).

Germany noted its appreciation for the emphasis on impact in the proposed report outline, which it welcomes. In its view the report should clearly highlight adjustments made to the results framework in 2021, while the overview of project results should be detailed and provide a basis for identifying lessons and priorities for future engagement.

The United States welcomes the focus on assessing the programmatic and policy impacts of GCFE support and urged inclusion of the reflections and perspectives of Benefiting Countries in the Annual Report to better understand the value provided by the GCFE in addressing forced displacement priorities.

The United Kingdom welcomed the proposed Annual Report outline and its framing in relation to the revised indicators to measure the impact of GCFE supported projects. This exercise should assess whether there is a need to modify any of the indicators in light of the experience of reporting against them. The United Kingdom suggested that the next iteration of the Annual Report should also include focus on a specific cross-cutting theme. The United Kingdom also suggested consideration of how the results of project evaluations undertaken during the reporting period could be summarized in the Annual Report.

Ms. Camillo thanked Committee members for their useful comments and suggestions and asked the Coordination Unit to proceed with preparation of the Annual Report, taking into account the feedback provided.

4. Item for Presentation

Update on the application of the revised GCFE concessionality approach

Mr. Teuten introduced the agenda item, noting that the Steering Committee endorsed a revision of the concessionality approach in June 2021, which has been used as the basis of GCFE funding allocations since then. As recommended in the accompanying Technical Note, the Coordination Unit has kindly agreed to update the Steering Committee on the implementation of the revised approach.

Ms. Concepcion Aisa, Treasury Department, World Bank, provided a brief presentation and update on the implementation of the revised concessionality approach to date (**please find attached the presentation delivered**).

Mr. Teuten opened the floor for questions and comment:

- In response to a question by the **United States** on the impact of increasing interest rates on IBRD lending, Ms. Aisa clarified that the 25% cap on GCFE concessionality amounts helps defray the impact of increased interest rates, while ensuring the sustainability of GCFE support and the equity of the platform among implementation agencies and projects.
- The **United Kingdom** asked whether there were any concerns about what determined the level of adequate financing for large versus smaller underlying operations and welcomed suggestions on how funding could be rationalized for different instruments. Ms. Aisa clarified

that with the new GCFF concessionality approach approved as of June 2022, the cap is set up as a percentage which gives to GCFF concessionality calculations the flexibility to adapt to different project sizes better than in the past.

In his summary, **Mr. Teuten** stated that the Steering Committee was reassured by the experience in implementing the revised concessionality approach over the past year, including the performance of the 25% cap on concessionality. Mr. Teuten requested the Coordination Unit to provide a further update in one year.

5. Item for Presentation

Presentation of the Moldova RPPR and Update on the Costa Rica RPPR

Ms. Campillo introduced the agenda item, thanking UNHCR for agreeing to provide updates on the Moldova and Costa Rica Refugee Policy and Protection Reviews (RPPR). Ms. Campillo reminded Committee members that the Moldova RPPR was initiated with the protection review component in March 2022 to inform the decision on the inclusion of Moldova as a Benefiting Country. The full RPPR is now in the process of being finalized. In addition, UNHCR is currently preparing an RPPR for Costa Rica to inform Steering Committee decision on its inclusion later this year.

Ms. Angela Li Rosi, Deputy Director, UNHCR Bureau for Europe, delivered a brief presentation on the findings and outcomes of the Moldova RPPR (see attached presentation). Ms. Rosi also indicated that the Moldova RPPA is expected in November. The submission of the Costa Rica RPPR is also expected for end-November, but this will in part depend on the timing of government feedback.

The United States welcomed the briefing while noting the urgency of ensuring the timely submission of the Costa Rica RPPR.

6. Conclusion and Closing Remarks

Mr. Teuten summarized the main outcomes of the meeting. The Steering Committee welcomed the GCFF Funding Plan and endorsed its key recommendations. The Committee also welcomed and appreciated the update on the implementation of the revised concessionality approach, as well as the outline for the 2022 Annual Report. The Steering Committee welcomed the update on the RPPRs for Moldova and Costa Rica.

Mr. Teuten indicated that the next GCFF Steering Committee will be scheduled in December, with a focus on reviewing Costa Rica's eligibility, discussing a possible field trip in 2023, and reviewing terms of reference for the Technical Committee and country level coordination bodies that will be prepared by the Coordination Unit.