

BIC Primer: Global Concessional Financing Facility

What is the GCFF?

The [Global Concessional Financing Facility](#), or GCFF, is a global “financial intermediary fund” trust fund, initiated in 2016 by the World Bank and financed by donor governments that include: Canada, European Commission, Denmark, Germany, Japan, Norway, Netherlands, Sweden, United Kingdom, and United States.

The GCFF was formed to address the refugee crisis from the development side: to complement shorter-term humanitarian aid with longer-term development projects benefiting both refugees and host communities by making low cost financing accessible to middle income countries hosting refugees.

How does the GCFF work?

1. Donors commit funds to the GCFF.
2. Middle income countries that meet a set of requirements for hosting a minimum number of refugees make basic commitments to humane treatment of refugees in order to have access to the funds. Currently, Jordan and Lebanon are the only two member countries.
3. Member countries propose development projects being implemented with one of the fund’s designated “implementation support agencies” (currently the World Bank, European Investment Bank, European Bank for Reconstruction and Development, Islamic Development Bank, and several United Nations agencies) as candidates to receive concessional rates through the GCFF.
4. The proposed projects are approved for interest rate buy-down using GCFF funds by a Steering Committee made up of representatives of each of the member countries, donor countries, and implementation support agencies.
5. The funds are allocated to approved projects as a grant alongside the existing market rate loan, bringing the overall interest rate for the project to concessional levels. Effectively this means that the borrowing country will be responsible for paying back the loan amount but will not be paying interest on the loan.
6. The proposed projects go also through the designated implementation support agency regular approval process, and follow its procedures and requirements.

What is the World Bank’s role in the GCFF?

The World Bank acts as Trustee for the GCFF, houses the GCFF Coordination Unit, chairs the Steering Committee, and acts as one of the implementation support agencies.

What issues or concerns have civil society raised about the GCFF?

- While the GCFF allows members countries to avoid paying market rate interest rates on development projects that benefit refugees, some national groups are concerned that GCFF and its donors still encourage member countries to take on unsustainable additional debt to accommodate large numbers of refugees.
- There is a lack of civil society participation or observation in the GCFF Steering Committee or operations. National CSOs would like to see a civil society voting or observer seat on the Committee to enhance transparency and accountability.
- Projects receiving funds from the GCFF follow the procedures and requirements of the implementing government and financing implementation support agency. The Islamic Development Bank is known to lack transparency around its project implementation and does not have the same level of environmental and social standards as other project implementers. In addition, the Islamic Development Bank does not have an independent accountability mechanism to address complaints from negatively impacted communities. CSOs from donor countries have expressed concerns that all projects using taxpayer money should adhere to minimum environmental and social standards, as well as disclosure requirements, that meet international norms.
- CSOs would like to see lists of projects receiving funds from the GCFF and in the pipeline, along with relevant project documents, made easily accessible on the GCFF website in English and Arabic.

What openings for civil society participation or influence exist?

- CSOs from donor countries can ask their governments to require minimum international standards for environmental and social safeguards, information disclosure, and consultation for all projects funded by the GCFF, and for a civil society seat at the table for decision making around the use of these funds.
- Local civil society from member countries can advocate for more direct representation of their asks and concerns on the GCFF Steering Committee with their governments, with donor governments, and with implementation support agencies.
- Local civil society and project stakeholders can participate in project consultations in their countries, and engage with implementation support agencies (for example, the World Bank country office or specific project management unit) to learn how they can participate in project implementation.

Contact Katelyn Gallagher at the Bank Information Center for further information and resources: kgallagher@bankinformationcenter.org

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