



GPFP
GLOBAL PUBLIC FINANCE
PARTNERSHIP

Minutes

Global Public Finance Partnership (GPFP)

Inaugural Steering Committee Meeting

January 31, 2024, 8:00 – 10:30

Key Points and Decisions

Following the agenda of the GPFP Inaugural Steering Committee (SC) Meeting, IMF staff made presentations on GPFP's several matters for information and SC endorsement: (i) Financial Updates, (ii) Operational Guidance, (iii) Program Management/Secretariat, and (iv) Inaugural Work Program. After lively discussions in all matters, the SC endorsed:

- *The GPFP's Operational Guidance, incorporating two changes: i) interest income will be accrued in the respective operating units (i.e., GPFP Initiative level, Revenue Component and Spending Component); i) at the end of the GPFP implementation, unspent funds will not rollover automatically to the next phase.*
- *The GPFP's Program Management framework, including the setting up of a Secretariat following the approach presented at the SC.*
- *The GPFP's FY24 workplan and budget and requested additional time to review the FY25 project proposals with an expectation of providing feedback within two weeks. After which, the FY25 workplan and budget are deemed endorsed on a lapse of time (LoT) basis.*

Introduction

1. In the opening remarks, IMF staff noted that the GPFP is designed to be responsive to countries' CD needs, flexible, and agile. In line with the Fiscal Affairs Department's CD strategy, the GPFP framework enhances the impact of CD by deepening the FAD's strategic and country-focused approach across its CD workstreams. The GPFP will support countries' domestic resource mobilization through stronger public finance systems both on the revenue and spending sides, as well as integrate priority areas such as climate, gender/inclusion and digitalization/GovTech. The GPFP builds on the successful experience of the RMTF, MNRW and TADAT thematic funds (TTFs), learnings from the external

evaluation of these TTFs, and collaboration/engagement with bilateral and multilateral partners.

2. IMF staff requested the SC's endorsement of the operational guidance note governing the program's implementation; the program management approach and establishment of a Secretariat; and the GPFP's FY24-25 workplan and its \$36.5 million budget (\$5.9 million in FY24 and \$30.6 million in FY25).

Financial Updates

3. IMF plans to raise \$175-200 million to finance the GPFP over a 5-year period. IMF staff reported on the status of fundraising and expressed gratitude to partners who have already pledged their contributions. The IMF has received \$21.2 million funding commitments at the time of the inaugural SC meeting (both already signed LOUs and firm pledges) from Luxembourg, France, Belgium, China, and Germany. The IMF is engaged in consultations with other partners who currently support RMTF, MNRW and TADAT, as well as prospective new partners, and anticipates finalizing additional contribution agreements worth \$55-60 million before the June 2024 GPFP SC meeting. Additional fundraising efforts in the second half of the CY2024 should secure sufficient resources for the first two years of the GPFP implementation.
4. Financial management arrangements of the GPFP are similar to those of RMTF, MNRW and TADAT. A specific element of the GPFP financial structure is its accounting for earmarks of donor contribution through three operating units—Initiative level, Revenue Component, and Spending Component. Funds earmarked to the Revenue Component and Spending Component will be used exclusively for the work program under the respective component fund. Funds allocated at the initiative level will be used to finance the entire program per the SC's endorsement and can be moved between operating units. Component fund earmarks should be satisfied and respected prior to the transfer of the funds allocated at the initiative level.
5. Given that the \$36.5 million FY24-25 proposed budget funding has not yet been raised fully, workplan implementation will be properly scheduled and prioritized. The workplans are spread out over time. Medium-term planning facilitates the sequencing of activities; some could be shifted to a later date, if needed. Financial reporting will show availability of funding. The GPFP program spending cannot exceed the mobilized (received) funding.
6. Donor partners inquired about the funding committed so far; and requested clarification on fulfillment of the earmarking of funds and the allocation of donor contributions across the 5-year period. IMF staff responded that partners have already committed \$21.2 million at the time of the inaugural SC meeting (and numerous contributions are under discussion) and explained further the financial structure. All resources, whether earmarked or not, are comingled with the rest of the resources in the GPFP subaccount. Some partners provide

funds upfront, while others over 3-5 years. Partners can provide funding either at the Initiative level, or earmarked funds to the Revenue Component or the Spending Component. Earmarked funds will be used exclusively for the respective workstream (i.e., revenue or spending). Funds at the initiative level are fungible and can be used in either spending or revenue and can be returned to the Initiative level (operating unit) per the GPFP program needs. For example, workplans exceed funds earmarked at the spending component and need to drawdown funds from the fungible resources at the initiative level to the spending component. As some of the spending projects conclude early or underspend, some of the leftover funds could go back up to the initiative level after earmarks have been satisfied and later be allocated to other projects under one of the component funds.

Operational Guidance Note

7. IMF staff described the governance and administrative arrangements, which draw from learnings from best practices of the currently active TTFs. The operational guidance discusses: the roles and responsibilities of the SC and the chair and vice chair; the decision-making process, which is by consensus based on endorsement by donor partners; the IMF's periodic reporting to the SC on progress of GPFP projects, financial status, adjustments to the workplan, and new proposals. Donor partners contributing to the GPFP are entitled to designate two official representatives who will intervene/vote at SC meetings. Staff reiterated that component funds are designed to ensure accountability to partners, and financial management will be transparent. The discussion on the management of unspent funds at the end of the GPFP phase is being set aside for now and will be discussed later.

GPFP Program Management/Secretariat

8. The GPFP secretariat will be composed of up to 5 full-time equivalents (FTE)¹ of the IMF, which is aligned with the breath, scope and size of the GPFP. The secretariat will receive strategic guidance from the SC in preparing plans, implementing, and overseeing the management and execution of the GPFP program. Its responsibilities include the consolidation of the GPFP's workplan and financial management, SC administration, partnership communication and visibility, and the transition of legacy TTFs (RMTE, MNRW and TADAT). The secretariat's costs will not exceed 5% of the total workplan cost and are expected to be charged across all components. A donor partner commented on the number of FTEs.

Inaugural Work Program

9. IMF staff presented the inaugural workplan, which is programmatic, country-focused, comprehensive (aiming to cover both revenue and spending) and designed towards meeting the CD demands of countries to assist in improving their public finance system. The project

¹ Full-time equivalent (FTE) is a unit of measurement used to figure out the number of full-time hours worked by employees based on a standard 40-hour work week.

proposals cover 42 country-focused proposals including 4 multi-country LTXs, 3 country-specific macroeconomic projection tool development and training, as well as 3 analytical tools and training, and TADAT. The workplan covers 4 out of 5 regions. The country beneficiaries are mostly LIDCs and FCS, and to a lesser extent, emerging market economies. Two-thirds of the country proposals will cover both components – i.e., with CD support in revenue and spending across FAD workstreams – and cross-cutting issues such as climate change, gender/inclusion, and digitalization/GovTech are embedded in multiple country proposals. CD support will be provided through various channels: in person and remote engagements; workshop and training activities; in-country advisors and regional LTXs.

Reporting Framework

10. Progress reporting of the workplan to the SC will be country focused. The IMF will produce annual and mid-year reports that include a strategic level summary, thematic discussions, financial update by components, and matters for endorsement. IMF staff envision having a central repository of project reports, proposals and assessments, financial information, TA reports, and historical information, which will be a one-stop shop where partners can have a holistic view of a country's reform progress. Staff also plan to create a GPFP public website presenting success stories and updates, calendar of events, annual reports, etc. Partners welcomed the plans for centralized reporting.

Discussion

11. Donor partners and staff engaged in active discussions. Questions and comments provided before the meeting were mostly addressed during the meeting, and subsequent to the meeting full written responses were provided. Partners gave comments and asked questions as follows.
12. A donor partner inquired about managing the imbalance between the revenue and spending components. IMF staff responded that the proposed workplan shows implicit earmarking. As stated in the program document, we expect that the GPFP work program costs will be split across the two components at approximately 2/3 revenue and 1/3 spending. This estimate is based on the historical and ongoing multi-donor thematic funds on the revenue side (e.g., RMTF, MNRW, TADAT) and the historical primarily bi-lateral funding framework for CD on the spending side. Separate from the GPFP, CD delivered by FAD on spending side is just as large as the full CD delivered by FAD on the revenue side considering all funding sources (i.e., IMF, multi-donor thematic funds and bi-lateral funding). While funding using multi-donor thematic funds is more developed on the revenue side, funding for CD on spending through the multi-donor GPFP is expected to grow over time as some bilateral programs/partners are expected to migrate their bilateral funding for CD support in public finance to the GPFP.

13. A donor partner commented on their preference to earmark contributions at the module level to ensure financing for TADAT, which is a priority for them. Another donor partner commented on contribution earmarking at the module level and component level to ensure transparency on use of resources and accountability to their country's taxpayers. IMF staff responded that work programs are very granular and transparent enabling contributors to see funding allocated per module and per component. However, as explained during the meeting, GPFP allows earmarking at the Initiative level, Revenue Component, and Spending Component.
14. A donor partner commented about raising awareness among beneficiary countries of the GPFP's broader reach covering not only the revenue side—that has more impetus from the legacy TTFs—but also the spending side. IMF staff responded that this is a high priority for the IMF with a view to offer countries a comprehensive CD support in public finances. In this sense, the GPFP's communication campaign to countries will pay high attention to illustrate and showcase this nature of GPFP.
15. A donor partner supported the LIDC focus and requested a cap on the share of GPFP funds that support upper- or middle-income countries. Another partner seconded the comment on LIDC focus and flagged a possible geographical imbalance in the inaugural workplan between English and non-English speaking countries in Africa. IMF staff explained that workplans will be dynamic through GPFP implementation and appropriate balance across regions and income groups will be monitored and ongoing dialogue will be maintained with the SC on the share of beneficiary countries.
16. A donor partner commented on the division of labor between GPFP and RCDCs. IMF staff explained the integrated work between HQ and the field (including RCDCs)—the workplan is centralized in HQ, and the RCDC long-term experts are among several modalities for implementing workplans under close coordination and supervision by HQ through CD program management and backstopping.
17. A donor partner suggested an addition to the SC reporting package--of a country overview/assessment, which helps to provide context and a broader understanding of the countries' needs. IMF staff explained that this is somehow reflected as part of the integration of capacity development, surveillance, and lending, the three core functions of the IMF, but it will be further stressed. The IMF's CD departments have a continuous dialogue and close collaboration with the Area Departments (AD) on identifying the country's needs and formulating complementary activities while considering the country's political economy, commitment, and capacity to absorb CD.
18. A donor partner inquired about the relation between the country-focused approach and RBM and CDMAP systems. IMF staff informed that FAD is undertaking a pilot program

linking systems and processes such as RBM and CDMAP to the country-focused approach; and added that RBM is specific at the workstream level and has been updated to enhance transparency and enable improved analysis.

19. A donor partner asked about the possibility of focused SCs (i.e., per component) instead of a single SC. The IMF staff explained that the country-focused approach to public finance is a priority to the IMF and demand by countries, notably at bilateral meetings during Annual and Spring Meetings. Financial information and results-based management (RBM) will be reported at component level.
20. A donor partner asked about tagging work related to climate change, gender and Govtech on a project level to make these themes more visible. The IMF explained that there are plans to aggregate reporting on these themes.
21. A donor partner inquired if the SC could be informed a priori on two issues—validation of small projects and budget adjustments that are less than the 25% budget threshold. This was not addressed in the meeting but was provided by IMF staff in the subsequent written response to this question.

Both the ability to quickly launch a small project and the 25% expansions/reductions flexibility are practices consistent with the guidance and practice in the RMTF and MNRW which have provided the means for IMF to quickly deliver targeted CD that benefit participating countries. *The flexibility of the 25% expansion/reduction is especially practical and relevant for smaller projects which have less space for differentials between the indicative workplan and the actual costs. The ability to quickly launch a small project has historically been useful to support CD in areas such as peer-to-peer learning and technical notes in emerging areas. Both practices are fully documented in the report to the SC at the next either annual or mid-year meeting.*

22. A donor partner asked if there is a minimum contribution to the GPFP? IMF staff responded that there is no minimum contribution. However, considering the importance and scope of the GPFP, IMF staff ask donor partners to at least match their combined contributions to the fiscal TTFs (RMTF, MNRW, TADAT), and ideally consider increasing their financial support.
23. A donor partner inquired whether private foundations could contribute to the GPFP and have role in the SC? The IMF responded that in general, fundraising for the GPFP is not open to private foundations at this time.
24. A donor partner inquired about completion reports for the fiscal TTFs. The progress report for the final year of the RMTF will be incorporated into the GPFP FY24 annual report and staff will produce closing reports for the RMTF and MNRW including outcome ratings for projects and the program indicators.

25. A donor partner inquired whether future evaluations will be country-centered as well. IMF staff informed that an external evaluation is envisioned in FY28. The scope for the evaluation has yet to be defined taking into consideration the structure and modalities for the GPFP. Case studies have normally been part of the external evaluations, and the criteria for the selection of the case studies is defined during the inception phase by the evaluators and agreed with the Evaluation Sub-Committee members. Generally, the criteria for selection of the case studies may consider elements such as regional focus of the CD delivered, thematic priorities within the GPFP, fragility and other cross cutting priorities, among other factors. Case studies may be focused at the workstream level, or country level. However, it's still premature to discuss the particularities of the evaluation when the scope has yet to be defined, work that is estimated to begin around FY27.
26. A donor partner suggested regular interactions between IMF staff and local delegations to reinforce programs. IMF staff explained that good coordination enhanced synergies among partners is a key objective of GPFP. In this regard, staff delivering GPFP CD programs will be encouraged to meet routinely with local partners on the ground and other CD providers to enhance coordination and avoid duplication of efforts.
27. Several representatives from donor partners announced their support of the GPFP, committing contributions to be completed in the coming weeks: the Netherlands (US\$10 million), Switzerland (CHF 9 million), Sweden (the amount to be announced later). These contributions will require additional approval on partner side before we proceed to signing the LOUs. IMF staff thanked donor representatives for embracing GPFP in a visible and concrete manner and expressed appreciation for the announced contributions.

Closing

28. The IMF expressed appreciation to those who have contributed and thanked the SC and all meeting participants for a useful discussion and close partnership. IMF hopes to continue the dialogue with partners and are available also for bilateral discussions, as needed.
29. The next SC meeting will be in-person at IMF headquarters in the last week of June 2024. IMF is organizing GPFP outreach activities for the IMF Spring Meetings and the June SC meeting.
30. IMF staff will promote the GPFP brand and ensure visibility of donor partners through outreach events, press engagements, a dedicated public website, and the IMF's CD social

media platforms. IMF Staff also expressed that GPFP branding can also contribute to partner events, previous coordination with the GPFP Secretariat.

31. The meeting was adjourned at 10:45 (Washington DC time).