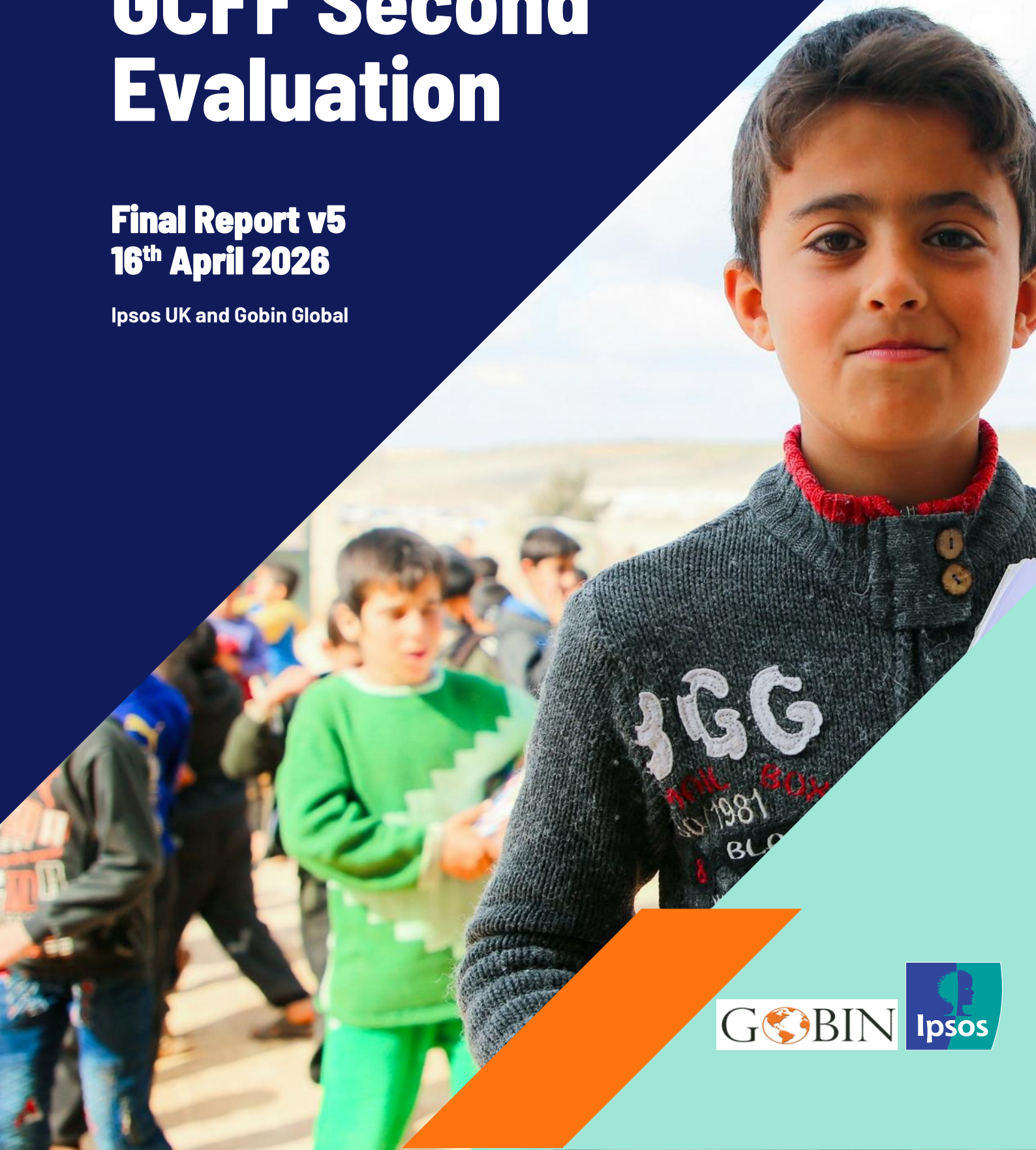


GCFF Second Evaluation

Final Report v5
16th April 2026

Ipsos UK and Gobin Global



G**OBIN**



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List of acronyms

- ARDI** - Agriculture Resilience, Value Chain Development, and Innovation
- BC** - Benefitting Country
- CCC** - Country Coordination Committee
- CIF** - Climate Investment Fund
- CPF** - Country Partnership Framework
- CU** - Coordination Unit
- DLI** - Disbursement-Linked Indicator
- DPO** - Development Policy Operation
- EMBI** - Emerging Markets Bond Index
- ECA** - Europe and Central Asia region
- EQ** - Evaluation Question
- FIF** - Financial Intermediary Fund
- GCF** - Green Climate Fund
- GCFF** - Global Concessional Financing Facility
- GFF** - Global Financing Facility
- IBRD** - International Bank for Reconstruction and Development
- IDB** - Inter-American Development Bank
- IDA** - International Development Association
- ISA** - Implementation Support Agency
- JRP** - Jordan Response Plan
- KPI** - Key Performance Indicator
- LAC** - Latin America and Caribbean
- MDB** - Multilateral Development Bank
- MENA** - Middle East and North Africa
- MoPIC** - Ministry of Planning and International Cooperation
- MIC** - Middle-Income Country
- NGO** - Non-Governmental Organization
- ODA** - Official Development Assistance
- OM** - GCFF's Operations Manual
- PEIC** - Policy Environment and Institutional Capacity
- PSO** - Private Sector Operations
- RF** - Results Framework
- RUMV** - Single Registry for Venezuelan Migrants (Registro Único de Migrantes Venezolanos)

SC – Steering Committee

SWOT – Strengths, Weaknesses, Opportunities and Threats

TA – Technical Assistance

TAG – Technical Advisory Group

ToC – Theory of Change

TORs – Terms of Reference

TPS – Temporary Protection Status (Colombia)

TTL – Task Team Leader

UN – United Nations

UNHCR – United Nations High Commissioner for Refugees

WHR – Window for Host Communities and Refugees

YTM – Yield to Maturity

Executive Summary

Purpose and scope

The Global Concessional Financing Facility (GCFF) commissioned Ipsos UK and Gobin Global to deliver the second independent evaluation of the GCFF to inform the strategic direction and evolution of the GCFF, including informing a decision on the potential extension of the GCFF beyond 2026. The evaluation scope covers 2016–2025, across all Benefiting Countries (BCs: Armenia, Colombia, Costa Rica, Ecuador, Jordan, Lebanon, Moldova) and assesses fund performance, governance, results, and financial architecture.

Methodology

The evaluation took a theory-based, mixed-methods approach, combining document and portfolio review, global and country interviews, five BC field visits, and benchmarking. Analytical tools included contribution analysis, process mapping, Policy Environment and Institutional Capacity analysis, and light financial modeling, balancing fund-wide coverage with country-level depth.

Findings

Strategic positioning: The GCFF was found to occupy a clear niche as the only global mechanism that systematically blends concessionality into Multilateral Development Bank (MDB) lending for refugee-hosting Middle Income Countries (MICs). Alignment with government priorities is stronger where political will and capacity favor inclusion and weaker where these are volatile. As concessional resources become less predictable, Supporting and Benefiting Country stakeholders see added value in GCFF's convening and knowledge-sharing role. This would involve a more active role for the GCFF in facilitating cross-country learning, identifying and promoting areas of best practice and/or successful impact stories, and better leveraging the unique value of partners, such as the United Nations High Commissioner for Refugees (UNHCR).

Governance and institutional arrangements: Lean design, reliance on MDB systems, and strong Trustee functions are viewed as efficient and credible; the Steering Committee (SC) is effective for allocations and policy decisions. The Coordination Unit (CU) plays a pivotal role as the central intermediary, but the GCFF currently lacks a structured mechanism for synthesizing lessons, trends, and emerging risks across projects and countries at the portfolio-level. The Technical Advisory Group (TAG) improves quality during design and planning. Country Coordination Committees (CCCs) add value in contexts without established national or United Nations (UN)-led coordination mechanisms, but are less consistently used where such platforms already exist.

Operational mechanisms: Project-level risk management is robust through MDB processes, but the GCFF lacks a formal SC-facing process to monitor strategic and political risks at the Fund-level, relying instead on ad-hoc discussions that focus primarily on funding fluctuations. The

GCFF expanded rapidly to new BCs, yet constrained funding creates tension between addressing new crises and sustaining predictable support for existing BCs.

Portfolio and project results: The 2022 Results Framework sharpened focus on refugees and host communities, improved aggregation, and aligned reporting with MDB systems, though medium-term outcomes are unevenly captured and duplication remains. By end-2024, GCFF operations reported 6.6 million refugee and 8.3 million host beneficiaries. Strongest gains are system-level improvements in health and education and inclusion in national systems. Jobs and finance outcomes are more modest and context-dependent.

Financial architecture and fund allocation: The GCFF demonstrates high leverage and low overhead. The 25% concessionality cap is binding in the current rate environment, and funding shortfalls mean many projects receive less than calculated support. Promising IDA-equivalent terms is increasingly unrealistic for MICs; concessionality below ~10–15% rarely catalyzes proactive, refugee-focused design. Annual contributions have fallen, with an 80%+ gap between available resources and the pipeline; earmarked windows facilitate donor participation but drive regional imbalances.

Conclusions

The GCFF remains strategically relevant and valued for enabling refugee-inclusive development in MICs at a low transaction cost, with adaptability driven by CU coordination and MDB systems. Governance is broadly fit for purpose, but Fund-level learning and risk oversight need strengthening. GCFF-supported operations are most durable where inclusion is embedded in national systems and budgets; policy influence is primarily indirect and context-specific. Structural constraints in the financial architecture and declining, earmarked funding limit predictability and the Facility's ability to deliver its full value proposition.

Recommendations

- Recommendation 1: Reaffirm and clarify the GCFF's core value proposition under constrained and unpredictable funding conditions.
- Recommendation 2: Strengthen the GCFF's role as a targeted knowledge and convening platform to support policy learning and influence.
- Recommendation 3: Sharpen portfolio-level governance and learning functions without expanding governance architecture.
- Recommendation 4: Strengthen structured portfolio-level discussion of risks and trade-offs.
- Recommendation 5: Strengthen alignment between financing instruments, design, and sustainability considerations during project design and ongoing monitoring.
- Recommendation 6: Adjust the GCFF's concessionality framework to reflect market conditions and deliverable financing terms.

1 Introduction

1.1 Context and key objectives for the evaluation

The Global Concessional Financing Facility (GCFF) was created in 2016; its objective is to support MICs impacted by the influx of refugees through concessional financing and improved coordination for development projects that benefit refugees and host communities. Concessional financing (concessional) is the grant element that reduces the borrowing cost of loans from multilateral development banks (MDBs) toward more affordable terms. Since its launch, the GCFF has expanded beyond the Middle East and North Africa to seven Benefiting Countries (BCs): Armenia, Colombia, Costa Rica, Ecuador, Jordan, Lebanon, and Moldova.

The GCFF commissioned Ipsos and Gobin Global to conduct the second independent evaluation of the GCFF. The purpose of the evaluation is primarily to inform the strategic direction and evolution of the GCFF, including informing a decision on the potential extension of the GCFF beyond 2026. It therefore serves both accountability and learning purposes, assessing performance toward the GCFF's objectives, drawing lessons learned, and recommending any changes to design and management. The GCFF's Steering Committee (SC) met in October 2025 and agreed to a simple extension of the GCFF for five further years, noting continued demand for support to refugee-hosting MICs and that the changing context and lessons learnt mean adjustments are required. The findings and recommendations from the evaluation were shared with the TAG and discussed in a recommendations co-creation workshop in March 2026 and were shared with the SC for feedback in April 2026. Following conclusion of the evaluation, the SC will consider adoption of the recommendations and any required changes to the GCFF, which will take place later in 2026.

1.2 Evaluation scope

The evaluation is both retrospective and forward-looking. At the Fund-level, the evaluation covers the GCFF's lifetime from 2016 to 2024, with particular emphasis on developments since 2021. For portfolio and project results, it reviews operations from 2021 to 2024, also drawing on earlier projects when they are relevant to outcomes or learning. All current BCs are in scope, and the evaluation included five in-depth field visits to Colombia, Ecuador, Jordan, Lebanon, and Moldova, including focus groups with refugee beneficiaries in Jordan. The primary users of the evaluation include the SC, Supporting Countries, BCs, MDBs, the Trustee, and the CU.

The evaluation sought to answer the evaluation questions (EQs) set out in the Terms of Reference (TORs) and revised in an evaluation matrix that was agreed in the Inception Report and included in Annex 2; these EQs are grouped across four key themes: 1) strategic positioning, 2) governance structure and processes, 3) portfolio and project results, and 4) financial architecture. The **strategic positioning evaluation** examined the GCFF's relevance and added value within the refugee and development finance landscape, its alignment with host government priorities and

refugee needs, its adaptability to evolving political and fiscal contexts, and its coordination with MDB country programs. The evaluation also assessed the effectiveness and efficiency of the **GCFF's governance and operations**, which was split into two sub-themes: an **organizational review of GCFF institutional arrangements**; and an **evaluation of two key GCFF operational processes**: its risk management and BC expansion. The **portfolio and project results evaluation** reviewed the Results Framework (RF), different MDB instruments, and the achievement of outcomes for refugees and host communities and relating to policy and institutional influence. Finally, the **financial architecture and fund allocation evaluation** examined the effectiveness of the concessionality model and funding windows, competitiveness versus alternatives, funding predictability and sustainability, and operational efficiency in terms of costs and speed.

1.3 Evaluation methodology

The evaluation methodology is detailed in Annex 1; it used a mixed-methods design to integrate qualitative and quantitative evidence and to triangulate findings across data sources and perspectives, as set out in the evaluation matrix (Annex 2). Methods were selected to balance breadth (Fund-wide coverage) and depth (country-level inquiry and beneficiary perspectives), while remaining proportionate to data availability and timelines. Data collection activities included: an internal and external document review (detailed in Annex 3); a portfolio analysis; stakeholder consultations at global and country levels (detailed in Annex 4); and field visits involving key informant interviews in five countries as well as focus group discussions with refugees in Jordan. Several analytical methods were used to respond to the Evaluation Questions (EQs): the GCFF Theory of Change (ToC, shown in Annex 5) was tested using Contribution Analysis (detailed in Annex 6); cross-country Policy Environment and Institutional Capacity (PEIC) was undertaken for BCs (detailed in Annex 7); comparative analysis was undertaken considering selected concessional financing facilities (detailed in Annex 8), and the strength of evidence was assessed for each EQ (detailed in Annex 9).

1.4 Report structure

The report is structured as follows:

- Section 2: Findings, structured by each evaluation theme.
- Section 3: Conclusions and recommendations, structured by each evaluation theme and also including a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis and a recommendations matrix.

A separate document contains the Annexes: Technical Annex (1); Evaluation matrix (2); List of supporting documents reviewed (3); List of stakeholders consulted (4); Theory of Change (5); Contribution analysis findings (6); PEIC analysis findings (7); Comparative Analysis of Selected Concessional Financing Facilities (8); and Strength of evidence assessments by Evaluation Question (EQ, 9).

2 Findings

2.1 Strategic positioning of the GCFF

The evaluation of the GCFF's strategic positioning considered the GCFF's added value; its relevance, particularly to development initiatives and BCs; its adaptability to ongoing changes; and its integration with BCs' lending programs.

2.1.1 The GCFF's unique and added value to the development response to forced displacement in MICs

Stakeholders consistently viewed the GCFF as having a niche and highly distinctive offer within the international financing landscape. Key features which were consistently identified by stakeholders include the Fund's focus on both refugee and host communities, its availability to MICs, the concessionality element, and its ability to leverage MDB lending. While other financing instruments offered some of these elements, as shown in the table below, stakeholders consistently positioned the GCFF as the only global mechanism that systematically blends concessional finance into MDB lending for refugee-hosting MICs. The sole exception is the Inter-American Development Bank (IDB) Migration Facility, which has a similar distinctive offer, but has a slightly different geographic focus – instead targeting countries by income level, it is only available in Latin America and Caribbean (LAC) countries. Whilst the IDB Migration Facility offer is similar in LAC countries specifically, it is the global focus of the GCFF that makes it distinct from the IDB Migration Facility.

Table 2.1: GCFF unique added value compared to other financing instruments

Features	GCFF	IDB Migration Facility	Other concessional facilities (CIF, GCF, GFF) ¹	International Development Association (IDA)	EU Trust Funds ²	Other MDB facilities	Humanitarian financing
Targets MICs	Yes	Yes – but solely in LAC	Yes (CIF, GCF); limited (GFF)	No	Yes	Sometimes	Sometimes
Focus on refugees and hosting communities	Yes	Yes	No	No – broad focus	Sometimes	No	Sometimes
Concessional financing	Yes	Yes	Yes	Yes	Sometimes	Mixed	No
Integrated with MDB pipelines	Yes	Yes	Yes	Yes	Limited	Yes	No

¹ Climate Investment Fund (CIF), Green Climate Fund (GCF), Global Financing Facility (GFF).

² Bekou EU Trust Fund, EU Regional Trust Fund in Response to the Syrian Crisis, EU Emergency Trust Fund for Africa, The EU Trust Fund for Colombia.

The GCFF has enabled larger and more ambitious operations that would not have otherwise been possible, where concessionality is predictable and sufficient. The GCFF allows governments to buy down MDB borrowing costs for refugee-hosting MICs by linking concessionality to the scale of sovereign operations. This has encouraged governments and MDBs to pursue larger loan envelopes and to embed more ambitious policy-linked and multi-sector operations that would likely not proceed at scale on standard MDB terms alone. Integration of considerations relating to refugee integration is mixed, and covered in more detail in Section 2.4.1.

However, the GCFF does not always unlock larger funds from MDBs nor lead to more ambitious projects. Declining and uncertain funding increasingly limits GCFF's ability to sustain this demand across existing and new countries. Furthermore, qualitative evidence from stakeholders suggests that political shifts and implementation bottlenecks have affected the pace and scope of delivery of some projects, although the evaluation did not identify evidence of specific projects which were formally scaled-down.

As the GCFF's financial leverage becomes less certain, some stakeholders see a future role for the Facility as a more intentional convening and knowledge-sharing platform. This would provide a different kind of value beyond concessional financing alone. Stakeholders consistently pointed towards the value of the GCFF's unique position linking donors, MDBs, BCs and UN actors; however, they viewed its current external influence as largely underdeveloped. Interviewees explained the GCFF could address this by producing external communication products, such as human-impact stories; facilitate cross-country learning; and better leveraging of UNHCR's partnership.

2.1.2 The GCFF's unique and added value to Supporting Countries

For Supporting Countries, the GCFF is widely viewed as an effective and efficient mechanism to support refugee-hosting MICs, leveraging relatively small grant contributions to unlock significantly larger MDB lending while reinforcing government-led, development-oriented approaches.

The GCFF provides a trusted and efficient channel for concessional development financing. In addition to meeting development objectives, interviewees noted that Supporting Countries' geopolitical priorities align with the GCFF's purpose, including migration/refugee management and regional stability. This alignment is largely enabled via earmarking funds through the GCFF's flexible cross-sector support offer, and the geographic funding windows.

Views are mixed on the extent to which the GCFF facilitates meaningful donor coordination, policy dialogue, and learning. There was broad agreement among Supporting Country interview participants that, in principle, the GCFF provides coordination spaces through the SC, TAG, CU-led processes, and CCCs. Supporting Countries valued these global-level spaces for oversight, transparency, and visibility into allocation decisions and project progress. However, they did not view them as venues for intensive policy dialogue or discussing funding priorities. Stakeholders

consistently noted that these spaces do not influence or shape how donors allocate resources across regions nor are they sufficiently utilized for sharing knowledge and learnings to inform future projects, despite a consensus that greater collective discussion about these issues among Supporting Countries and MDBs would be beneficial. Further, country-level coordination mechanisms, particularly CCCs (where they exist), are widely perceived as limited in strategic depth and influence and do not facilitate donor coordination and learning.

Supporting Country participation in the GCFF has, in a limited number of cases, allowed them to influence the GCFF in a way that is aligned to their priorities. Clear examples include SC members proposing new BCs, shaping GCFF governance reforms, and influencing funding modalities and policy conditionality (e.g. gender integration, refugee inclusion in large sovereign operations). In a limited number of cases, donors have also benefited by re-establishing bilateral links with other countries.

In most cases, however, GCFF participation reinforces or legitimizes existing donor priorities rather than driving new policy directions. For many Supporting Countries, involvement in the GCFF does not influence their wider policies or funding choices outside the Facility; its effects are largely limited to GCFF-related decisions only. However, the Fund does not fundamentally reshape Supporting Countries' broader refugee or migration policy priorities. While there was strong support for these alignment mechanisms from Supporting Countries, some stakeholders noted that, while outside the current scope of GCFF as described in the Operations Manual (OM), this ultimately hinders wider collective strategy and donor coordination. Overall, Supporting Countries described the GCFF as one tool among many financing tools which they use to achieve their priorities.

2.1.3 The GCFF's relevance and strategic alignment with host government priorities and the needs of refugees

The GCFF is generally aligned with BC government priorities. Stakeholders agreed that refugee crises will continue to persist, and there will continue to be a need to support refugees in MICs. Therefore, they viewed the GCFF as generally aligned with wider issues and that it would continue to be aligned in the future. Alignment with government priorities was specifically viewed to be driven by three factors:

- 1) Strong engagement and priority-setting with BC governments, with a centralized role of the Ministries of Finance and/or Planning, and projects initiated, prioritized and formally submitted by host governments;
- 2) Embedding GCFF support into existing MDB country programming frameworks (discussed further in Section 2.1.5), ensuring that GCFF grants already meet MDB requirements and sit within medium-term development trajectories; and

- 3) Aligning operations to national strategies to justify, design and sequence GCFF-supported projects.

Together, these mechanisms help ensure that GCFF financing supports government-owned priorities and mainstreams refugee inclusion within national systems, rather than creating parallel responses.

“[The GCFF] is aligned with the National Development Plan and mainly focused on the public policy of social protection... and aligning with the sustainable development goals.” – BC Government representative

Visibility of the GCFF within BC national development frameworks is often implicit rather than explicitly anchored in national plans. Stakeholders consistently reported that GCFF-supported operations align with national priorities through their integration into government-led borrowing programs, budget processes, and sector reforms. However, this alignment is often implicit, relying on fiscal and operational consistency rather than explicit anchoring to named national development plans or strategies. GCFF visibility was low amongst some BC stakeholders (e.g., Ecuador, Lebanon), which risked impacting alignment. While the implicit approach supports flexibility and government ownership, it limits the visibility and evidentiary strength of GCFF’s contribution to longer-term national development objectives.

However, alignment is not uniform across contexts and tends to weaken where political or policy positions on refugees shift over time. In several cases, interviewees described how changes in government leadership, sovereignty concerns, or evolving narratives around refugees constrained implementation or stalled refugee-related components, even where initial alignment at approval was strong. Alignment is consistently strongest in contexts where governments have clearly articulated and institutionalized hosting or inclusion strategies—such as Armenia, Colombia, Ecuador, Moldova, and Jordan—allowing GCFF support to reinforce existing policy trajectories and systems. By contrast, alignment is weaker and more fragile where political will is limited, contested, or unstable, as seen in Lebanon and in parts of the Jordan portfolio at specific moments.

Across BCs, GCFF-supported operations are widely viewed as relevant to refugees’ and host communities’ needs. It was felt to be particularly relevant where support is embedded in national systems and aligned with government-led inclusion strategies. This was further felt to be strongest where governments are politically willing and institutionally able to pursue refugee inclusion, and where GCFF concessionality is sufficient to offset fiscal and political constraints.

However, relevance is weakened where the refugee component of GCFF-supported operations is insufficiently defined at design stage (discussed further under Section 2.4.2). Evidence on refugees’ own perceptions of relevance is limited, suggesting a need for more systematic inclusion of beneficiary perspectives.

2.1.4 The GCFF's relevance, adaptability, and influence within evolving political, institutional, and fiscal contexts across both Benefitting and Supporting Countries

While the Facility has proven to be adaptable to evolving contexts within BCs and remains of relevance to them, the GCFF's long-term relevance and sustainability are challenged by the evolving political and fiscal context within its Supporting Countries.

Overall, GCFF has remained relevant in MICs affected by forced displacement primarily because it provides access to concessional financing that enables governments to stabilize services and pursue refugee-inclusive development responses under fiscal and political constraints, as evidenced across protracted (e.g. Jordan, Lebanon, Colombia, and Ecuador) and sudden-onset (e.g. Moldova, Armenia) displacement contexts. Its adaptability has been exercised mainly through flexible use of existing MDB systems, informal governance practices, and engagement with governments brokered by the CU, rather than through the SC. However, the GCFF's influence and ability to adapt strategically are increasingly shaped, and constrained, by declining and unpredictable donor contributions, heightened political sensitivity around refugee inclusion, and the absence of institutionalized portfolio-level mechanisms to manage trade-offs and learning across contexts.

This relevance is facilitated by the GCFF's instruments and processes. Development Policy Operations (DPOs) in particular were noted for allowing the GCFF to directly support national policy agendas of BCs (although some stakeholders questioned the value of DPOs in supporting the GCFF's objectives, noting sometimes tenuous links to refugee policies). The introduction of new instruments like the Private Sector Operations (PSO) window and use of exceptional grant operations further demonstrates the Facility's capacity to evolve in response to BC needs. Section 2.4.3 details the pros and cons of different financing instruments in more detail. The GCFF is furthermore described as a "nimble" mechanism and BC stakeholders noted the Facility's flexibility in responding to change requests as highly positive. MDB stakeholders further noted the GCFF to be easier and more efficient to work with compared to stand-alone donor funds.

However, evidence suggests that the GCFF (unlike other major financing instruments, FIFs and trust funds) does not have a predictable replenishment mechanism, making it highly sensitive to political and fiscal changes in Supporting Countries and poses a risk to the Facility's relevance and influence. For BCs, particularly in regions perceived as less of a priority for donors, the lack of predictable funding limits the incentive to engage. As one MDB representative for the LAC region stated, when countries know there are no resources, they question "*this whole effort to lobby and everything if we're going to get nothing?*". The lack of sufficient funding also limits the GCFF's strategic positioning – for example, uncertainty over sufficient future funding has prevented several interested MICs to join the GCFF, limiting the Facility's global presence and impact. Stakeholders in the GCFF's governance structure agree that a clear strategy to address the underlying issue of unpredictable financing is needed, although noting the inherent barriers

(namely, Supporting Countries' desire for flexibility and control of where funds are going) preventing this.

Furthermore, the GCFF's adaptability has not been uniform across contexts, but has varied according to displacement typology, political sensitivity, and scale. In sudden-onset crises (e.g. Armenia, Moldova), adaptability has been exercised through rapid mobilization and reliance on MDB systems, while in protracted displacement contexts (e.g. Jordan, Lebanon, Colombia and Ecuador), it has centered on sustaining fiscally feasible, politically acceptable integration through national systems over time. These differences reflect contextual constraints rather than inconsistent performance and underline that GCFF adaptability has been primarily pragmatic and context-driven rather than formally codified.

2.1.5 The GCFF's coordination and integration with each BC's lending program

The GCFF generally coordinates and integrates effectively with World Bank lending programs, while partner MDBs tends to be more uneven and ad-hoc.

- **There is strong coordination and integration between the GCFF and World Bank country lending programs.** Across most contexts, the GCFF was assessed as well aligned with Country Partnership Frameworks (CPFs), with stakeholders noting that GCFF support typically operates through the CPF rather than alongside it. In practice, GCFF concessionality is blended into World Bank lending instruments, including DPOs, Program-for-Results, and Investment Project Financing, anchoring refugee inclusion within mainstream country programs. Overall, this alignment was viewed as functional and effective.
- **Coordination and integration with BC lending programs involving partner MDBs was considered more uneven and largely ad hoc.** While the GCFF is formally open to multiple MDBs in principle, in practice, integration with non-World Bank MDBs remains limited. Stakeholders attributed this primarily to a lack of visibility of GCFF pipelines at the country level. Where the evaluation did identify some successful instances of integration with partner MDBs, particularly in Jordan, these were attributed to strong planning led by central governments between the World Bank and partner MDBs. These findings suggest that where government coordination is lacking, clearer and more direct coordination at the country level, potentially through Country Coordination Committees (CCCs), could help to improve MDB integration.

CCCs are a promising but unevenly functioning mechanism for alignment. Where they are active and well-owned by governments (i.e., Armenia, Costa Rica), CCCs have begun to support earlier and clearer alignment between GCFF operations, World Bank pipelines, partner MDB lending, and national priorities. However, in many contexts they remain nascent, inconsistently applied, or insufficiently embedded, limiting their current contribution to systematic alignment. This is discussed further in Section 3.1.2.

2.2 Organizational review of GCFF institutional arrangements

The organizational review of GCFF institutional arrangements examined the effectiveness of the GCFF's institutional arrangements and governance structures in delivering strategic oversight, accountability, learning, and high-quality project delivery, in line with the Facility's intended role as a lean and catalytic Financial Intermediary Fund (FIF).

2.2.1 Effectiveness of governance structures

Stakeholders across governance bodies broadly consider the GCFF's governance arrangements to be proportionate and fit for purpose given its mandate and scale. The lean model, avoiding duplication of MDB fiduciary, appraisal, and supervision systems, is widely viewed as a strength, enabling rapid responses to displacement shocks (e.g. Moldova, Armenia) and sustained engagement in protracted contexts (e.g. Colombia, Ecuador, Jordan, Lebanon). Comparative analysis with other FIFs reinforces that such lean models can be effective when strategic roles and escalation pathways are sufficiently clear, even where execution relies on informal coordination rather than heavy procedures.

However, the same features that enable efficiency also constrain the GCFF's ability to exercise systematic portfolio-level oversight. Accountability at the GCFF level is strongest for individual allocation decisions and compliance with fiduciary rules, and weaker for collective performance, learning, and strategic risk management across countries and instruments. These constraints are mediated by national institutional capacity within BCs, which shapes how effectively GCFF-supported operations are coordinated and sustained at country level, even though the GCFF does not exercise direct oversight in-country. Where national capacity and policy coherence are strong (e.g., Armenia Jordan, Colombia), many portfolio-level functions are effectively carried out through existing government-led and MDB country management structures, such as regular pipeline planning, inter-ministerial coordination, and routine implementation monitoring, thereby reducing reliance on GCFF-led, systematic portfolio mechanisms (e.g., cross-country synthesis, consolidated Fund-level risk tracking, or structured portfolio-wide learning reviews). By contrast, where capacity is constrained or political environments are volatile (e.g. Lebanon, Ecuador, Moldova), the absence of more structured portfolio-level governance mechanisms limits the GCFF's ability, through the CU and SC, to anticipate cross-cutting risks, adapt strategically across the portfolio, and systematically draw transferable lessons.

The CU is consistently identified as the central enabling actor within the GCFF governance system. Stakeholders across SC, MDBs, and BCs described the CU as the primary broker and problem-solver, facilitating alignment between donors, MDB pipelines, national priorities, and GCFF requirements. This brokerage role is particularly critical in contexts characterized by sudden displacement shocks (Armenia and Moldova) or acute fiscal and institutional stress (Lebanon), where early upstream engagement and realistic design are essential to avoid overburdening institutions.

At the same time, evidence indicates that CU capacity is stretched. As set out in the GCFF's OM, the CU's formal role focuses on supporting GCFF governance and operational processes, including coordination with MDBs, facilitation of SC processes, donor engagement, pipeline coordination, bi-annual reporting, and aggregation of results and portfolio-level risks for discussion by the SC. Evidence indicates that **the CU is broadly fulfilling these core functions as defined. However, responsibilities have expanded over time to include donor engagement, pipeline coordination, reporting, and results aggregation, while expectations around knowledge sharing and learning have increased, without commensurate increase in funding.** Several stakeholders, including donors and former CU staff, noted that portfolio-level learning and cross-country knowledge sharing remain limited and heavily dependent on individual initiative rather than institutionalized processes. While CU stakeholders themselves generally consider resourcing adequate for current core functions, the evidence suggests that expanded expectations (e.g. serving as a knowledge platform) may not be achievable without clearer prioritization, additional capacity, or both.

The evaluation also finds some lack of clarity among stakeholders regarding the CU's role at country level. The OM does not assign the CU a mandate or dedicated capacity for country-level coordination or oversight, which remains the responsibility of governments and MDBs, sometimes supported through CCCs. Where expectations for greater CU engagement at country level arise, these reflect informal practices or perceived coordination gaps rather than defined responsibilities within the GCFF's governance framework.

The Trustee and Treasury functions are perceived as providing strong fiduciary oversight and financial integrity, in line with World Bank FIF standards. Stakeholders expressed high confidence in financial controls, reporting, and compliance mechanisms, which underpin donor trust in the GCFF. The Trustee's role is clearly defined and generally uncontested. However, Trustee processes focus primarily on financial and fiduciary risk rather than programmatic or strategic risks. As a result, while financial sustainability risks are clearly visible within governance discussions, other portfolio-level risks, such as political shifts affecting refugee inclusion or declining absorptive capacity, are not currently consolidated into a systematic portfolio-level synthesis for SC discussions.

The SC is widely viewed as an effective and legitimate decision-making body, particularly for allocation decisions, eligibility, and major policy directions. Supporting Countries value the SC as a forum for transparency, oversight, and confidence that funds are being used as intended. Nevertheless, evidence suggests that the SC's strategic oversight function is uneven. SC engagement is strongest at discrete decision points and less sustained in structured review of portfolio-wide results, discussion of cross-country learning, and consideration of portfolio-level tradeoffs, such as balancing expansion to new BCs with continued depth of support to existing ones under constrained resources. Time constraints, senior-level participation, and the absence of structured tools for portfolio discussion limit deeper strategic engagement. This contributes to a diffusion of accountability for GCFF-wide performance, which reflects design choices within the

FIF model but constrains the SC's ability to proactively steer the GCFF in a tightening funding and political environment.

The TAG is generally regarded as a valuable source of technical expertise, particularly at upstream stages of project and policy design. TAG input has helped strengthen analytical quality and refugee inclusion in several contexts, especially where national capacity is limited or where refugee components risk being treated as addons (e.g. Moldova, Ecuador, and parts of Jordan). TAG influence is primarily advisory and concentrated at early design stages, consistent with its mandate. Some stakeholders noted that clearer feedback mechanisms on how TAG advice is considered in subsequent SC discussions could enhance transparency and learning. Strengthening process clarity and feedback loops, without altering the TAG's advisory role or the SC's decision-making authority, could improve efficiency and shared understanding.

CCCs were intended to support country-level coordination, alignment, and learning. In practice, **the effectiveness and necessity of CCCs varies significantly by context.** Stakeholders, including the CU, emphasized that CCCs were intended to build on existing structures where possible, but in practice this has proven difficult to operationalize consistently. Costa Rica stands out as the clearest case where a CCC has added value, supporting upstream strategic dialogue, government ownership, and portfolio coherence. This reflects strong institutional capacity, political alignment with refugee inclusion, and the absence of alternative, well-established coordination platforms. In several other contexts, CCCs have either not been established, remain inactive, or function primarily as information-sharing fora. In countries such as Jordan and Lebanon, coordination of refugee responses is largely anchored in pre-existing national or UN-led platforms (e.g. Jordan's Jordan Response Plan (JRP) framework; UN-led coordination mechanisms in Lebanon), reducing the added value of a standalone CCC and contributing to uneven uptake. By contrast, in some lower-capacity or more fluid contexts (e.g., Moldova and Armenia), CCC mechanisms are still evolving. In Armenia, CCC meetings have been convened, particularly in relation to funding plan development, though the mechanism has not yet become fully institutionalized as a sustained cross-portfolio coordination and learning platform. In Moldova, while coordination around GCFF-supported operations occurs through government-MDB engagement, a formalized CCC mechanism or equivalent platform for cross-operation learning and pipeline alignment remains limited. The absence of either a consistently functioning CCC or an equivalent coordination mechanism limits opportunities for structured cross-operation learning, early alignment across MDB pipelines, and sustained dialogue on how GCFF support fits within evolving national strategies. Evidence suggests that underperformance of CCCs is driven less by design flaws and more by political economy conditions, capacity constraints, and the presence, or absence, of alternative coordination mechanisms. Where no effective coordination platform exists, the lack of structured dialogue increases reliance on bilateral engagement and informal relationships, making alignment and learning more fragile over time.

2.2.2 Learnings from other FIFs on institutional arrangements

Comparative analysis with other FIFs, including Climate Investment Fund (CIF), Green Climate Fund (GCF), and Global Financing Facility (GFF), highlights that effective lean governance depends on clarity of roles and selective institutionalization of learning and portfolio-level risk review functions. Successful facilities distinguish clearly between fiduciary and financial risk oversight (typically managed through Trustee and implementing partner systems) and broader strategic or programmatic risks (such as political shifts, funding volatility, or implementation capacity constraints). These facilities also invest modestly in portfolio-level learning and risk synthesis without duplicating implementing partner systems. These lessons reinforce the importance for GCFF of sharpening accountability and portfolio-level learning functions rather than expanding governance architecture.

2.2.3 Engagement with non-decision-making members (MDBs and Observers)

Engagement with MDBs and Observers is frequent and generally constructive. MDBs play a dominant role in shaping pipelines, ensuring project quality, and supporting implementation, which is particularly important in newer or capacity-constrained contexts (e.g. Moldova and Lebanon). Observers and MDBs value GCFF for primarily for information-sharing, transparency, and operational coordination. Engagement is primarily consultative, reflecting GCFF's design as an MDB-anchored financing facility rather than a lack of willingness to collaborate. Supporting Countries, MDBs, and Observers, expressed interest in stronger feedback loops on results, learning, and emerging Fund-level risks, rather than expanded formal decision rights.

UNHCR plays an important role within the GCFF as an Observer and as a key actor through its production of Refugee Policy and Protection Reviews and in country-level refugee coordination. In many contexts, UNHCR-led coordination frameworks, such as Country and Regional Refugee Response Plans and related national response platforms, provide the broader humanitarian and policy architecture within which GCFF-supported operations are situated. The extent to which MDB-led project design and portfolio learning processes are explicitly aligned with these frameworks varies across countries. This reflects differences in national institutional arrangements and the GCFF's mandate as a development financing mechanism rather than a humanitarian coordination body. However, some stakeholders reflected that enhanced engagement with UNHCR throughout the project cycle would result in GCFF-funded activities making fuller use of the available knowledge and data in the project to address the refugees' needs and barriers more fully.

2.3 Process evaluation of GCFF operational mechanisms

The process evaluation of the GCFF's operational mechanisms explores two key processes: how the GCFF manages Fund-level risks and expansion to new BCs.

2.3.1 The GCFF's approach to discussing and mitigating Fund-level risks

Fund-level risks refer to the challenges that could affect the entire Facility's sustainability, relevance and effectiveness, beyond simply threatening implementation and success of individual supported interventions; these include strategic, programmatic, political and socio-economic, and financial, risks. The OM outlines the GCFF's approach to risk monitoring, with Implementation Support Agencies (ISAs) responsible for managing and reporting on **project-level risks**, and the CU having a role to identify and share risks to the portfolio with the SC as part of its bi-annual progress reporting.

The evaluation has identified a gap in the GCFF's governance framework, which does not include a formal ongoing process for systematically monitoring and mitigating Fund-level risks that could negatively impact the effectiveness of the Facility and portfolio. While such Fund-level risks are formally considered through periodic independent evaluations, and the World Bank carries out a risk assessment (covering inter alia strategic, operational, financial and legal risks, in accordance with World Bank internal policies) at the point where the GCFF as a FIF would be extended, these mechanisms are restricted to specific points in time (e.g., every five years in the case of the evaluation). Furthermore, they are not consolidated into a systematic, standing framework that is SC-facing for portfolio-level risk identification, monitoring, and mitigation.

This leaves the GCFF to rely on informal processes. Namely, Fund-level risks are discussed frequently within the SC, but this happens on an ad-hoc basis and is concentrated on funding (uncertainty and fluctuation of contributions to the GCFF), which stakeholders from the SC consider the most significant risk. This set-up can result in risks which are seen as less pressing, but which could systemically undermine the Facility's long-term effectiveness (e.g., systematic underperformance across the GCFF's portfolio) to be neglected. Namely, a few stakeholders expressed that risks to programmatic effectiveness are not systematically monitored at the Fund-level, preventing SC members from being fully informed on Fund-level impact. Additionally, reliance on proactive discussion in the SC prevents issues which may be politically sensitive from being brought up. As one Supporting Country representative noted, broader strategic risks such as major political developments in BCs and wider regions "have not been consistently discussed strategically" in the SC, with another stakeholder noting that political sensitivities at times prevent acknowledgement of issues and restricts proactive discussion.

The lack of a formal process in Fund-level risk identification extends to the monitoring of how these are addressed (risk mitigation measures). During the evaluation period, the GCFF (including in response to the previous evaluation) has introduced mitigation measures to Fund-level risks impacting the effectiveness and efficiency of the GCFF's implementation identified - such as introducing the CCCs and the TAG - but several SC members reported that **ongoing monitoring of the progress and impact of these mitigation measures was not sufficiently discussed within the SC.** The previous 2021 evaluation of the GCFF identified similar issues present at the time, leading to a recommendation to develop a Fund-level risk matrix, which could facilitate oversight for the

SC. This recommendation was formally endorsed by the GCFF in a 2021 technical paper (stating that “a brief Fund-level Risk Matrix shall be developed using a streamlined approach”), however no evidence was found that this was institutionalized. This could enhance the GCFF’s current approach to Fund-level risk management by improving strategic oversight and thus increasing the SC’s ability to proactively steer the portfolio.

2.3.2 Processes and criteria for BC expansion and continued support

Since 2021, the GCFF has expanded its set of BC members to include Moldova, Costa Rica, and Armenia, demonstrating its capacity to respond to new and emerging forced displacement contexts.

The formal process for adding new BCs is largely seen as effective and efficient. This was evident in the rapid inclusion of Moldova following the onset of the war in Ukraine, with the process initiated in March 2022, followed by approval by the SC in May of the same year. As described by one ISA representative involved during that process, “*accepting [Moldova] as a Beneficiary Country, it seemed like it was pretty quick decision, I would say it was pretty efficient*”. This was echoed as regards Costa Rica’s and Armenia’s addition to the GCFF, with stakeholders from the BCs themselves, as well as the SC and the CU, reporting that the process was clear, efficient and cooperative. **A majority of stakeholders from the GCFF’s governance bodies view the Facility’s ability to act as a rapid and relevant financing instrument for new crises as one of its greatest strengths.** This speed is critical not only for addressing immediate needs BCs face but is also seen as unlocking larger MDB financing at a crucial moment.

However, this responsiveness has created a tension between the mandate to address new crises and the demand from existing BCs for ongoing, predictable support. Introduction of new BCs compounds problems posed by the GCFF’s already constrained funding environment, where responding to new needs “*splits the pie further*”, as expressed by one Supporting Country representative. There are concerns that some BCs do not receive sufficient support. **The persistent lack of funding for certain regions, particularly Latin America (see Section 2.5.3), risks leading to disengagement and could potentially damage the GCFF’s credibility.** This creates a risk of BCs becoming disengaged if their projects are not funded. As noted by one ISA representative that after a pre-approved project was unable to secure funding, “*the government has not... consider[ed] GCFF as seriously as before*”. This also has a signaling effect to potential candidate BCs, with some SC stakeholders reporting that several countries in talks to join the GCFF decided not to pursue membership further due to funding uncertainty.

Armenia’s phased membership as a potential model

When Armenia was approved as a BC in December 2023, the GCFF introduced a new “phased” approach to BC membership, originally only granted eligibility for an “initial period of one year,” with a commitment to review the situation to determine the need for future support.

Armenia's initial one year period membership to the GCFF for 2024 was subsequently extended by the SC in accordance with paragraph 9 of the GCFF OM.

This process is seen positively by both the BC, as well as SC stakeholders, with one highlighting it as a model that "could make a lot of sense" for managing expectations and introducing a mechanism for periodic reassessment.

Some Supporting Countries question whether providing indefinite support aligns with the GCFF's objective to support MICs impacted by an "influx" of refugees, rather than provide ongoing financing to countries faced with protracted refugee situations.

While some stakeholders, particularly from Supporting Countries, considered that a formal exit process should be added to the OM, significant political barriers to such a process remain. A formal exit strategy was argued to ensure ongoing relevance of the GCFF in responding to emerging crises and was also seen as a way in which to manage situations where a BC no longer meets the GCFF's underlying criteria, e.g., in terms of demonstrating "*a commitment to progressive policy or legal reforms with regard to refugees*". However, other stakeholders identified considerable political challenges to such a process. The introduction of periodic Regional Reviews in 2024 was meant to facilitate a discussion within the SC of – inter alia – ongoing eligibility of BCs, but initial efforts to implement a Regional Review of the Middle East and North Africa (MENA) region was hindered by conflict in the region and hesitation within the SC to engage in critical discussions. The current more indirect approaches to managing the portfolio via funding allocation decisions was deemed by most stakeholders to be more appropriate and effective within the current situation, with escalation routes available should the SC deem this necessary.

2.4 Portfolio and project results

The evaluation of the GCFF's portfolio and project results assessed the effectiveness of the GCFF's Results Framework (RF); the extent to which GCFF-supported projects achieving meaningful, measurable, and sustainable outcomes for refugees and host communities; the extent to which the GCFF has shaped policy dialogue, improved hosting policies, and sustainably influenced government approaches to refugees; and the pros and cons of utilizing different financing instruments.

2.4.1 Effectiveness of the RF in improving the delivery and outcomes achieved by GCFF supported MDB projects

The GCFF RF has strengthened delivery of GCFF-supported operations by incentivizing and tracking refugee and host community inclusion into operations, aligning reporting with MDB and country systems where feasible, and enabling clearer aggregation and oversight. However, the RF currently draws on MDB monitoring information and is therefore not consistently capturing medium-term outcomes or driving course-correction across all projects and contexts. Stronger alignment, instrument- and region-specific tailoring, targeted qualitative evidence, and clearer

Fund-level targets would improve its usefulness for learning, accountability, and strategic decision-making.

Changes made to the GCFF RF in 2022 have supported the delivery of GCFF-supported operations by mandating refugee and host community in project design, aligning reporting with existing systems where feasible, and giving the SC, TAG, and CCCs (where these are in place) a clearer view of performance. The mandatory refugee/host and sex-disaggregated indicators have sharpened project focus, while also enabling aggregation from project to country and Fund-level. Alignment between the GCFF indicators and MDB monitoring and support from country administrative systems has resulted in lower burden for MDBs and improved course-correction during implementation. For example, in the *Improving Quality of Health Care Services and Efficiency in Colombia* operation, reporting was generated directly from routine payment data, and in Moldova's *Education Quality Improvement* project, the education management information system supported regular refugee/sex-disaggregated monitoring. In Jordan's Program-for-Results Financing operations, disbursement-linked indicators (DLIs) were used by task teams to translate the RF into delivery standards such as minimum shares for Syrians and women, health and safety, and environmental and social measures.

The RF has contributed to the achievement of the GCFF's objectives by making refugee/host benefits visible across the portfolio, anchoring inclusion and safeguards in operations, and strengthening accountability. Annual and progress reports present refugee/host results at country and Fund-level, which supports oversight by the SC, TAG, and CCCs and helps keep projects focused on refugee and host outcomes. RF-linked requirements, including DLIs in Program-for-Results Financing operations, have helped institutionalize inclusion and improved monitoring capacity in several ministries. For example, in the *Emergency Health* operation in Jordan, GCFF requirements (refugee/gender disaggregation and safeguards) were built into the program design and verified for disbursement, which, according to one stakeholder, encouraged the ministry to enhance monitoring, evaluation, and reporting systems. Country management units also noted that repeated monitoring against the RF has led to more realistic indicators and targets in subsequent operations.

Evidence from stakeholder indicators and the document review shows that the RF is most effectively used when project indicators are co-designed early and reviewed regularly. Early agreement on feasible indicators, baselines, and verification, followed by periodic review by task teams and BC counterparts, makes indicators realistic and more embedded rather than box-ticking. While indicators are not typically tailored to the type of financing instrument used, findings from stakeholder interviews and the document review showed that co-development of key performance indicators (KPIs) on the Jordan Private Sector Guarantee Facility PSO has enabled more relevant monitoring. Some stakeholders reported that the alignment of the GCFF RF with MDB project Results Frameworks and the use of standard MDB monitoring products—such as the World Bank's Implementation Status and Results Reports during implementation, and

Implementation Completion and Results Reports after closure—helps keep reporting timely, consistent, and low burden. However, this is also a key barrier, in that it limits the scope of monitoring (discussed further below).

Interviews and the document review consistently identified areas for improvement for the RF, including: a need to capture medium-term outcomes that can inform course correction, desire for more detailed break-downs of beneficiary groups, duplication between different monitoring and reporting activities, a need for more tailoring to different financing instruments, and data quality issues. Several country stakeholders—notably in parts of MENA and Ecuador—observed that the RF (and the MDB monitoring processes that inform it) do not consistently evidence medium-term outcomes such as social cohesion, and that indicator data are often used descriptively by MDBs and BCs rather than to guide adjustments. Supporting Countries echoed this by repeatedly calling for clearer stories of change and portfolio-level benchmarks to show what changed and why concessionality mattered (a need confirmed in SC/TAG minutes and annual/progress reports that encouraged including short, case-based outcome evidence alongside portfolio tables). Definitional issues relating to beneficiaries also limits comparability in some settings: in LAC, stakeholders wanted the RF to distinguish refugees from broader human-mobility categories (migrants, returnees and IDPs) to reflect the displacement context, and better capture the nuances of host communities (e.g., age, geography); in parts of MENA, sensitivities around explicit refugee counts (and Lebanon’s preference for percentages over absolute numbers) further complicated aggregation. Some regional tailoring of the RF, agreed in partnership with BCs and local MDB teams, would help increase the relevance and usefulness of results.

Many task teams and government counterparts reported duplication created by parallel GCFF templates (i.e. RF monitoring tables, Progress Reports, Annual Reports, Private Sector Window Key Performance Indicator (KPI) reporting) that sit alongside MDB reporting; SC and TAG stakeholders likewise encouraged embedding GCFF requirements in MDB project results frameworks at design and for CU to take the results and progress data directly from the MDB reports to inform GCFF outputs instead of asking task teams to re-enter information (although this would be challenging for non-World Bank implemented projects, where the CU does not have access to internal reporting systems). Stakeholders also highlighted a mismatch between people-level indicators and some financing instruments: Development Policy Operations and Bank-executed technical assistance (TA) aim to achieve policy, systems, and capacity outcomes that are often realized after closure, while stakeholders involved in the Private Sector Operation found co-developed KPIs helpful but highlighted the need for metrics that capture real labor-market outcomes for refugees.

2.4.2 GCFF outcomes

GCFF-supported operations have contributed to policy reforms integrating refugees into national frameworks, most notably in Armenia, Colombia, Ecuador, and Moldova, with 33 policies

explicitly supported that codify or expand rights and protections for refugees and host communities. Most stakeholders perceive the GCFF as contributing meaningfully to more development-oriented, government-led responses to support refugees and host communities and to improvements in hosting policies—where political will and institutional capacity exist.

At the beneficiary level, at the end of 2024, **GCFF-supported operations had supported 6.6 million refugee beneficiaries and over 8.3 million host community beneficiaries.**³ The evaluation found that GCFF-supported operations have most consistently delivered system-level gains in health, education, and the inclusion of refugees in national systems, with more modest and indirect effects on jobs and access to finance. Outcomes were strongest and more likely to be sustainable where concessional financing underpinned policy reforms and national delivery systems, and weaker where benefits relied on temporary measures, early-stage implementation, or were constrained by macro-fiscal pressures and administrative capacity.

Stakeholders at the global and country levels broadly view the GCFF as helping to sustain and expand access to public services for refugees and host communities and embed inclusion in some national systems while contributing more modestly and indirectly to increasing access to jobs and finance. Evidence is strongest in health and education (e.g. supporting the Colombian government’s policy to extend insurance coverage to all legal migrants; restored subsidized primary and secondary healthcare services for Syrians and education system improvements in Jordan; school readiness and capacity to enroll children from refugee and host communities in Moldova).

Concessional financing is widely viewed as a lever for policy reforms and for embedding refugee inclusion in national systems via Development Policy Financing, Program-for-Results and Investment Project Financing projects, creating space for policy dialogue with ministries of finance and line ministries, and making borrowing “palatable” for refugee objectives. Evidence of innovation is strongest where BC governments were already making reforms to support refugees (e.g. Armenia’s temporary protection status Colombia’s regularization programs; Ecuador’s social registry; Jordan’s digital systems and Private Sector Window pilot), with GCFF enabling scale and pace. Capacity increases are typically achieved through institutionalization (data/registries, delivery systems, inter-ministerial coordination), though results can be fragile where benefits hinge on temporary subsidies (e.g. temporary permit fee waivers in Jordan).

Where project results fell short (e.g. delayed implementation in Lebanon; low job quality for refugees and challenges with women’s labor force participation in Jordan; persistent under-registration in LAC), stakeholders attributed gaps to alternative factors—domestic policy choices (e.g. work permit fee waivers being withdrawn in Jordan), macro-fiscal and economic constraints, and administrative capacity. Stakeholders cautioned that in some projects, the refugee elements

³ GCFF Annual Report 2024, Available at: https://www.globalcff.org/wp-content/uploads/2025/07/01_Rpt-WBG-3970-GCFF-Annual-R6-v1-FIN-WEB-1.pdf

appeared appended rather than fully embedded, resulting in modest refugee coverage or limited transformative impact. Some stakeholders felt that there was a need for the CU to play a stronger role in supporting the inclusion of refugee elements in the design phase which would require adjustments to its mandate under the OM.

Sustainability is perceived as strongest when inclusion is codified in laws, budgets, and systems; weaker where benefits rely on temporary measures or humanitarian flows. Political will and engagement are key for achieving outcomes relating to policy and systems change and achieving beneficiary level outcomes, highlighting that the GCFF-supported operations are often one part of a much wider context; attribution of outcomes to the GCFF alone is difficult. On balance, the portfolio shows responsiveness to new crises (e.g. Armenia and Moldova) alongside evidence of sustained inclusion in public services in some contexts (e.g. Colombia), though stakeholders flagged the need for more predictable multi-year support (particularly in LAC) to protect gains from policy reversals.

Country level findings are included below, drawing on findings from the field visits, global stakeholder interviews and document/portfolio analysis. Costa Rica is excluded due to the nascent stage of implementation, and Armenia is excluded as the final implementation status and results report is not yet available for the *Second Green, Inclusive and Sustainable Development Policy Operation*.

Jordan: GCFF-supported operations delivered tangible benefits for refugees and host communities while supporting policy and systems shifts across health, education, and labor. In health, GCFF-supported operations contributed to restored access to primary/secondary care for Syrians and under the World Bank's Emergency Health Project Additional Financing used an innovative legal covenant to reverse the co-payment for Syrian refugees from 80% back to 20%, supporting a shift toward financing inclusion through national systems and more equitable access to health services; stakeholders also highlighted digital upgrades in health and education as innovations. In education, the *Jordan Education Reform Support Program* was cited by stakeholders as a vehicle to develop and institutionalize blended learning and inclusion measures including expanded KG2 access, introducing inclusive vocational pathways, and providing blended learning and socio-emotional support in refugee-hosting areas. The GCFF also supported economic inclusion, The *Improving Economic Opportunities for Syrian Refugees and Host Communities Program-for-Results Financing* expanded refugee work permits (340,000 in total), enabled home-based businesses, and improved labor inspection; agriculture programs scaled training/certification opportunities. However, when permit fee waivers ended, perceived gains for refugees deteriorated; women's participation was flagged as an additional barrier; and civil society flagged potential risks relating to predatory microfinance practices. Market demand (e.g., seasonal agriculture) supported temporary roles but constrained durable employment.

Stakeholders described how GCFF concessionality lowered borrowing costs and created fiscal space that helped enable the Government to implement policy and program measures that

benefited refugee and host communities, with annual GCFF–World Bank– Ministry of Planning and International Cooperation (MoPIC) pipeline discussions and SC interactions described by task teams as reinforcing country-level dialogue and strengthening MoPIC’s internal hand by signaling donor-backed reform momentum. Some stakeholders in Jordan noted that large infrastructure projects have tended to yield more dispersed, system-level benefits that are less visible and less directly attributable to refugees.

Alternative factors are a key determining factor: the Government of Jordan distinguishes humanitarian from development funding and makes sovereign decisions on policy continuity; concessional incentives help but do not override these choices (for example GCFF-supported operations cannot guarantee the continuation of time-bound policies beyond the project timeline). Sustainability is mixed; while outcomes are most durable where inclusion is embedded in national policies, budgets, and delivery systems, concessional incentives cannot guarantee time-bound measures will continue.

“What we call tech hub or the platform was launched last year and it was built in Marka especially for the accessibility. So Marka is just outside of Amman and it's accessible for the Zaatari camp. It's central, yet it's accessible to many Syrian refugee communities. So it's an open space, it's a co-working space that they can use. We offer open workshops, training courses within the digital upskilling sphere industry. We also revamped the whole ICT curriculum for the national schools in Jordan, so this also included the Syrian refugees. We introduced the new curriculum for grade seven to 12th... this also included the Syrian community in Jordan.” – BC government representative

Lebanon

In a highly constrained political and fiscal context, GCFF primarily stabilizes public systems rather than enabling policy dialogue or shifting national policies, while beneficiary-level outcomes have been dominated by alternative factors (prolonged crisis, public finance stress, and implementation capacity limits). GCFF-supported operations helped maintain primary health care delivery for Lebanese people and refugees and incentivized the Ministry of Public Health to design inclusive vaccination campaigns which also included refugees (through the *Lebanon Health Resilience and Strengthening Lebanon’s COVID-19 Response projects*), and bridged the price shock and helped stabilize the supply of bread wheat under national leadership (through the *Lebanon Wheat Supply Emergency Response Project*) despite severe fiscal stress. The GCFF helped sustain health and education systems under pressure, but tangible service gains were delayed: hospitals and primary healthcare facilities received equipment, yet installation and use was delayed given infrastructure and fiscal constraints. Job outcomes were largely constrained by macroeconomic instability.

While this reflects meaningful system-level contributions to the humanitarian–development nexus, broader refugee inclusion reforms remain limited due to structural constraints and reliance on declining humanitarian co-financing. Sustainability risks are high: equipment and capacity can go

under-utilized as funding declines, reinforcing the need for strong line ministry buy in and support, targeted technical assistance, and fit-for-purpose in-country coordination with UNHCR to protect refugee access.

Colombia: Systems-based inclusion policies and programs in Colombia have extended health insurance coverage to all legal migrants, and regularization reforms have opened access to formal employment, social services, and finance. The number of individuals granted Temporary Protection Status (TPS) as of 2023 stood at 1.992m. Stakeholders linked regularization reforms to reductions in poverty for Venezuelans (12–13%), increases in formal employment (>10 percentage points), and income gains (30–60%). GCFF support is widely seen as catalytic and complementary: its concessionality signaled strong donor backing that helped sustain the 10-year TPS and negotiate sector inclusion reforms, while concessionality-backed Development Policy Financing and sector Investment Project Financing supported national coverage, integration into health, housing, and social protection systems (including subnational implementation and data systems), and the creation of a Single Registry for Venezuelan Migrants (Registro Único de Migrantes Venezolanos, RUMV) to help identify, collect data on, and target beneficiaries. Task teams described multi-agency policy engagement involving line ministries that GCFF packages helped enable.

Technical assistance (for example funded by the Canadian government) was reported by some stakeholders as key to turning GCFF-backed policy commitments in Colombia into implementable, high-impact programs for migrants. Technical assistance provided analytics, political economy insights, regulatory drafting, and embedded staff (e.g., in the Border Management Office).

Innovation included large-scale regularization, a migration observatory, and short-term rental subsidy pilots, with lessons shared with partners in Europe and Central Asia to inform responses to the Ukrainian refugee crisis (e.g., the *Policy Reform Support Program for the Social and Economic Inclusion of the Venezuelan Migrant Population* supported institutional coordination and policy mechanisms to certify migrants' professional and educational qualifications).

Alternative drivers—strong political will, a clear national policy framework, and COVID-19 accelerating health inclusion—were pivotal; government and partners viewed the GCFF as “one tool among many” that nonetheless elevated migration on policy agendas by lowering borrowing costs, creating policy leverage, and helping sustain operations through changes in government. Political transitions slowed some housing implementation, underlining that continuity and follow-through are key. Sustainability is likely to be strongest where reforms are codified and budgeted; document sources recommend second-phase operations and post-financing assessments to consolidate gains. Given the challenging development funding context globally, some stakeholders felt that the GCFF has a role to play in funding technical assistance to support transformative, high-quality work and pragmatic knowledge sharing to support future GCFF-supported projects in the country and the wider inclusion agenda in Colombia and in the region. Stakeholders also noted

that political transitions slowed some housing implementation, highlighting that continuity and follow-through are key for sustained results.

"[Through the GCFF-supported operations in Colombia] you are treating an immigrant as if they were national, that is, you are regularizing them, so you are already kind of absorbing them into your social programs.... [The GCFF] had the flexibility to be part of it, that is, it was not a parallel agenda. So [the GCFF] was going to pool resources... it could help us solve the underlying problem we had." – BC government representative

Ecuador: GCFF-supported operations have helped to embed refugee inclusion across education, labor codes, and human mobility agendas, importantly, supported a shift from short, stand-alone donor projects to state-led institutionalization. Development Policy Financing projects on *Inclusive and Sustainable Growth* and *Green and Resilient Recovery* supported regularization and access to services, and the *Social Safety Net Project* has been building a Social Registry for highly mobile displaced populations, an investment in information systems for planning and monitoring. These efforts align with the Quito Process and the Regional Strategy for Socioeconomic Integration (ERIS), with the GCFF credited by one stakeholder as the instrument enabling the national Human Mobility Agenda at a time of fiscal constraint.

However, several social program operations are at an early stage, limiting assessment of outcomes, and several stakeholders did not feel able to discuss beneficiary level outcomes due to limitations in the monitoring systems. Results are also mediated by alternative factors, including implementation timing, market structure, increased negativity toward migrants in public discourse, political shifts, and inter-ministerial coordination challenges, underscoring the need for country-level coordination (such as a CCC) to keep inclusion on the agenda. Sustainability prospects are dependent on the institutionalization of reforms and systems.

Moldova: GCFF support has helped bridge from emergency to development in Moldova by stabilizing services and advancing system and policy changes. Sequenced *Emergency Response, Resilience, and Competitiveness* DPOs and the *Education Quality Improvement* Investment Project Financing supported asylum/labor code changes, education measures (such as equipping and training schools and kindergartens, expanding capacity in areas hosting Ukrainian children and initiating model school renovations), a refugee support unit, and modernizing migration systems with partnerships between integration centers, authorities, and Non-Governmental Organizations (NGOs). Stakeholders highlighted how the *Refugee and Community Support Technical Assistance project* is setting up joint coordination/implementation platforms that bring together government authorities, integration centers and NGOs in an innovative way. Several stakeholders linked the GCFF's concessional support to a narrative that inclusion supports EU-integration and social stability, which reportedly supports ministries counter more negative narratives. Stakeholders also noted that also noted that concessional support improved affordability and coherence across

phases, Early-stage implementation in some migration services means outcomes are still emerging.

Alternative drivers, such as EU accession/ roadmap conditionalities, macro shocks, administrative capacity and support from other partners and donors shaped direction and the pace and depth of implementation. Sustainability is strongest where reforms are codified and budgeted and where upgrades are embedded in the Education Management Information System and education infrastructure.

The portfolio demonstrates responsiveness while sustaining longer-term inclusion in some instances, but stakeholders cautioned that short funding cycles and policy reversals can erode gains. Outcomes are more sustainable where GCFF-backed reforms are embedded in laws, budgets, and national systems (more likely in countries with strong political commitment to integrate refugees); they are shorter-term where dependent on temporary measures or low implementation capacity.

Agriculture Resilience, Value Chain Development, and Innovation (ARDI) Program case study

The Agriculture Resilience, Value Chain Development, and Innovation (ARDI) Program is a Program-for-Results operation in Jordan, approved in May 2022, with total financing of \$125m including \$23.9m concessional financing from the GCFF and additional co-financing from the Partnership for Improving Prospects for Forcibly Displaced Persons and Host Communities. Its Program Development Objective (PDO) is to **strengthen climate resilience and improve the enabling environment for agricultural development in selected value chains, focusing on two core result areas: climate resilience and sustainability and competitiveness and exports of the agri-food sector in Jordan.**⁴ Host communities and refugees are expected to benefit through improved climate resilience of farming households, supporting training of semi-skilled workers and professionals to fill gaps in the agri-food business and addressing constraints faced by producers and agribusinesses in the value chain.

The operation combines a PforR component with an Investment Project Financing component that provides **technical assistance and implementation support** to the Ministry of Agriculture, and is structured around Disbursement Linked Indicators that include scaling up sustainable rainwater harvesting, strengthening institutional capacity and innovation, improving enabling services for value chain development and export promotion, and enhancing labor skills and matching in the agri-food sector.⁵

⁴ Agriculture Resilience, Value Chain Development and Innovation (Ardi) Program for Results Program Appraisal Document, The World Bank, 2022. Available at: <https://www.globalcff.org/wp-content/uploads/2023/06/Agriculture-Resilience-Value-Chain-Development-and-Innovation-ARDI-Program.pdf>

⁵ US\$125 million to Support Jordan's Agriculture Sector and Improve its Climate Resilience, The World Bank, 2022. Available at: <https://www.worldbank.org/en/news/press-release/2022/10/11/us-125-million-to-support-jordan-s-agriculture-sector-and-improve-its-climate-resilience>

Implementation to date has supported activities such as training farmers in climate-smart agriculture, expanding rainwater harvesting capacity, developing national rainwater harvesting guidelines, providing farmers with zero-interest loans to adopt water-use efficient technologies, and strengthening digital systems and service delivery.⁶

Ipsos conducted two focus groups with Syrian refugees who had been involved in the ARDI program. Participants took part in several activities including weekly classroom and hands-on field sessions (on association plots, in greenhouses, and sometimes at home) covering soil testing and preparation, seedling production, drip irrigation/greenhouse and hydroponic methods, climate and pest management, making organic fertilizers and home pesticides, basic processing, and short modules on entrepreneurship/digital marketing and Jordan's labor law/work permits, often delivered with the Ministry of Agriculture and the Red Crescent.

Relevance and responsiveness of the ARDI program to the needs of refugees:

ARDI's content and delivery were widely seen as relevant and practical for refugees, with participants valuing hands-on training in soil testing, climate-smart practices, pest management, greenhouses, hydroponics, and basic processing, and sessions were generally accessible (weekly, timed around school hours, often close by). **But responsiveness to refugees' core livelihood needs was limited** and gains were often limited to increased knowledge or usage within small households (discussed further below). Transport costs were also a barrier to field training in some areas.

Outcomes achieved for beneficiaries:

ARDI built practical skills and produced modest, tangible gains for refugees, but income benefits were concentrated among those who already had land or an active project.

Participants described putting new techniques to use at home (e.g. rooftop and backyard planting of vegetables and herbs), solving farm problems (controlling crop disease, saving water, adjusting watering and pruning), and in a few cases securing short paid work or small sales through the practical, hands-on skills built and new links with local partners. One farmer reported higher productivity after applying advice on pest control and water reuse in hydroponics; others noted practice shifts on farms toward drip irrigation and dwarf fruit trees. However, in many cases core livelihood constraints blocked a pathway to earnings, including no access to land or start-up capital, high-cost and risky work permits, and limited follow-up after training.

Where change occurred, it was enabled by hands-on field training, timely and practical guidance from engineers, and delivery with the Ministry of Agriculture and the Red Crescent; weekly scheduling also fit family routines, especially for women with school-aged children. At the same time, **structural barriers consistently dampened results:** Syrians cannot own land and often cannot afford to rent; work permits are costly and enforcement risks deter employers; some feared losing humanitarian aid if they accepted grants or jobs; transport costs made field sessions hard to reach in areas like Zarqa; age limits excluded

⁶ GCFF Progress Report January 1, 2025 – July 31, 2025. Available at: https://www.globalcff.org/wp-content/uploads/2025/08/GCFF_Progress-Report-1.pdf

older applicants; licensing challenges blocked sales of some products; and in some localities water constraints limited viability.

“We do not have lands—financial empowerment should have been the next step... they taught us important information...you should have either given me a grant or connect me to land owners or let me invest with lands owned by the state.” – Focus group participant, female

“The course is useful for people who have their own projects... however people without a project will just get information.” – Focus group participant, male

There are signs of sustainability at the household and practice level: some participants discussed continuing home production for family use, shared techniques with relatives, and adopted changes such as pruning (rather than uprooting) and drip irrigation. Yet broader livelihood sustainability remains unlikely without targeted post-training support.

Key takeaway:

The ARDI program has been relevant and practical for participants thus far and has improved what refugees know and can do; turning this into job opportunities and improved socio-economic conditions and inclusion is dependent on several key enablers—access to grants, land, certification and market links, and follow-up to help translate skills to earnings.

2.4.3 Pros and cons of different financing instruments

Across countries, different MDB instruments delivered distinct strengths and weaknesses in supporting the achievement of GCFF objectives. Development Policy Financing helps to provide faster fiscal support and support policy change, Program-for-Results Financing to support the achievement of measurable results through national programs, and Investment Project Financing to deliver tangible services and systems. The findings show that grants/TA enable readiness, and that while PSO show promise, there is insufficient evidence on their effectiveness at this stage. Table 2.2 sets out the key pros and cons identified from stakeholders at the country and global levels, as well as findings from the portfolio analysis.

Table 2.2: Pros and cons of financing instruments

	Pros	Cons
DPOs/DPF	<ul style="list-style-type: none"> Fast fiscal support in crises; easiest to attach GCFF quickly (e.g. Colombia Migration DPFs; Armenia sustainable development DPO; Moldova emergency response). Strong leverage for legal/policy change (e.g. recognition/regularization, work rights, access to national systems in Colombia/Ecuador/Jordan). High incentives for Ministries of Finance. 	<ul style="list-style-type: none"> Weaker traceability to refugee outcomes; funds can remain in Treasury and not reach sectors; visibility lower than projects (reported in Colombia and by global stakeholders). Politically contingent; limited feasibility/traction in periods of paralysis (e.g. Lebanon at times). Measurement focuses on “prior actions” and beneficiary outcomes more challenging to evidence
IPF	<ul style="list-style-type: none"> Direct, tangible service delivery with clear beneficiary tracking (e.g. Lebanon municipal works). Suited to longer-term system strengthening with richer Monitoring & Evaluation and flexibility to restructure; fully blended GCFF grant/loan lowers transaction costs (Jordan/Lebanon). Good vehicle to embed refugee access in sector operations (e.g. social registry, health). 	<ul style="list-style-type: none"> Slower preparation/implementation; procurement bottlenecks and extensions common (Lebanon). Budget-cycle misalignment (late-year approvals, no rollovers) and duplicative reporting add transaction costs (Colombia). Refugee additionality harder to attribute to “generic” infrastructure unless design targets refugee-hosting areas and users.
PforR	<ul style="list-style-type: none"> Strong incentives via DLIs; channels resources to line ministries; aligns with country programs (Jordan education; Colombia stakeholders). Can anchor refugee-specific DLIs (e.g. work permits, access targets) and sustain multi-year reforms when well-designed. 	<ul style="list-style-type: none"> High data/verification demands; poorly calibrated DLIs can block disbursements and strain capacity (Jordan health). Integrating refugee DLIs into existing programs is not easy and can narrow attention to DLIs over practice change; sustainability challenging without accompanying policy shifts (Jordan).
PSOs	<ul style="list-style-type: none"> Potential to reach wider range of businesses and jobs; guarantees are revolving and can leverage private finance (Jordan pilot). Relevant sectors for migrants/refugees include agriculture, services/tourism, manufacturing/retail, and digital/call centers (LAC stakeholder insights). 	<ul style="list-style-type: none"> Very limited GCFF evidence to date; low awareness of early pilots and donor calls for clearer results and additionality. Stakeholders questioned the value of PSO for finding jobs and income for refugees; microfinance risks to borrowers noted in Jordan, including deepened vulnerability and indebtedness.
Grants/TA	<ul style="list-style-type: none"> Critical enablers of reform/readiness, analytics, and coordination; useful where loan approval is slow (e.g. Moldova GCFF TA; Lebanon sector diagnostics). 	<ul style="list-style-type: none"> Limited scale vs. needs; sustainability requires follow-on lending or policy operations. Some Supporting Countries would prefer the GCFF to focus on concessionality.

2.5 Evaluation of the GCFF's financial architecture and fund allocation process

The evaluation of the GCFF's financial architecture (i.e., its concessionality model, IDA benchmark relevance and funding windows) and fund allocation process considered whether the funding modality is effective at achieving the Fund's objectives and the level of funding necessary to meet these. The evaluation found that the **GCFF's financial architecture demonstrates strong operational efficiency and leverage performance, but structural design constraints prevent the Facility from fully delivering on its value proposition.** Analysis revealed that the concessionality formula, while transparent and rules-based, is constrained by caps (affected by a shifting macro-economic environment) and decreasing funding stemming from constrained Official Development Assistance (ODA) budgets and competing global crises. The window structure is necessary for sustaining donor engagement but leads to regional imbalances and at times prevents merit-based allocation of funds to projects.⁷

2.5.1 Effectiveness of the concessionality formula and model⁸

The GCFF concessionality formula demonstrates strong leverage performance and stakeholder acceptance. Analysis of 22 projects funded during the evaluation period demonstrates exceptional leverage: \$407.5 million in GCFF grants unlocked \$3,855.8 million in ISA loans (1:9.5 ratio), exceeding 1:10 when including \$258.9 million in co-financing. Stakeholders consistently recognized the formula as transparent, standardized, and aligned with GCFF's objective of enabling development-scale financing. The formula's simplicity generates BC acceptance, with BCs rarely questioning the calculation methodology. Evidence demonstrates that **GCFF-supported MDB lending provides value even at modest concessionality levels by offering terms superior to BCs' actual financing alternatives.**

However, **GCFF's concessionality delivery is constrained by several distinct structural problems: (i) the 25% concessionality cap binding on almost all projects in the current macro environment, (ii) funding shortfalls preventing even capped levels from being delivered, and (iii) benchmark misalignment creating unrealistic expectations.**

Post mid-2022, when global interest rates spiked and the concessionality spread exceeded 300 basis points, the 25% cap became binding on nearly all funding requests. The cap was designed to manage exceptional cases, not become the operational norm. Average portfolio-level concessionality is 10.6% (total grant funding relative to total ISA loans), while average project-level

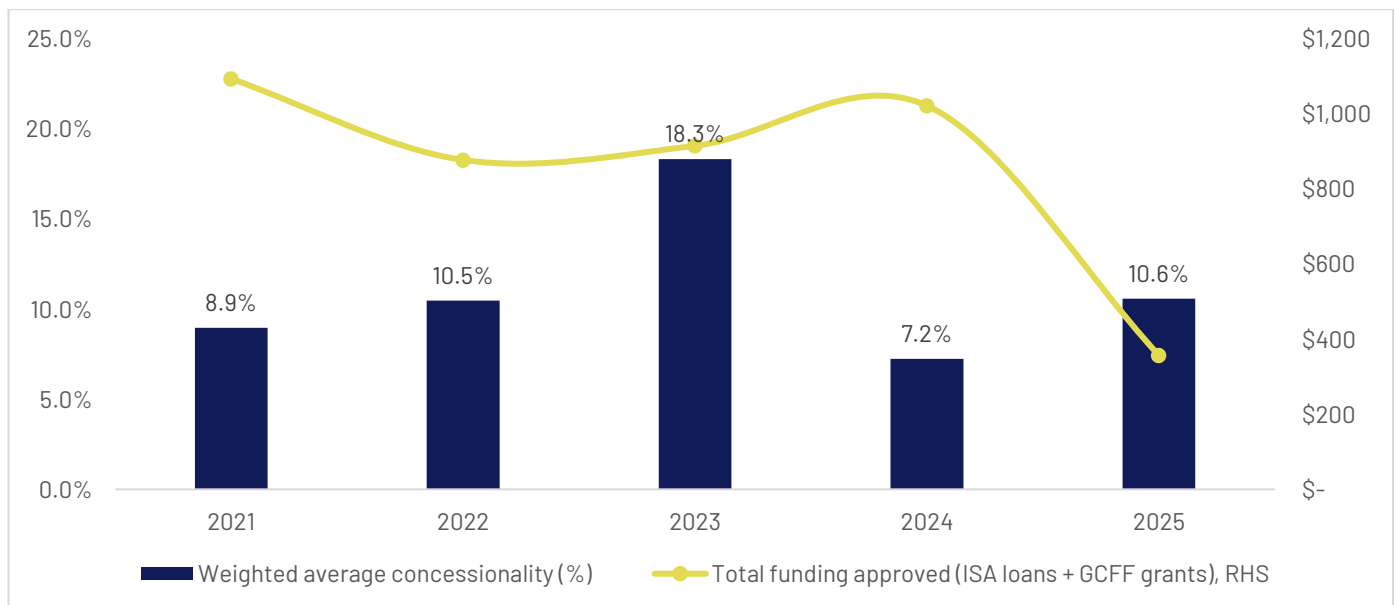
⁷ The Inception Report proposed quantitative modeling of alternative financial architecture scenarios; however, the evaluation worked with partial concessionality data, precluding the full quantitative analysis originally envisioned. Findings nonetheless provide sufficient evidence to support the financial architecture recommendations in Section 3.3.

⁸ The GCFF concessionality approach provides an upfront lump-sum grant designed to bring MDB lending terms down to IDA levels for MICs. The grant value is calculated by applying the concessionality spread (the difference between the ISA's lending rate and IDA regular terms) to the loan's projected outstanding balances over its lifetime, discounted to present value using the corresponding swap curve, and capped at 25% of the loan amount.

concessional stands at 15.1% across 21 concessional projects. This gap reveals an unintended consequence: larger projects systematically receive lower concessional since limited funding is spread across the portfolio, even though the formula itself is designed to be agnostic to project size

Even with the cap being triggered on most projects since mid-2022, only 27% of projects received the capped 25% concessional during the evaluation period, while five projects received less than 6.6%. GCFE achieved peak concessional performance in 2023 with 18.3% average concessional, followed by sharp declines as interest rates rose and new funding dwindled down. Of the six projects that received the capped 25% concessional during the evaluation period, five were approved before 2024 (three in 2023 alone) while only one project has received capped 25% concessional since, as resource constraints force rationing even when projects would otherwise qualify for higher concessional.

Figure 2.1: GCFE Concessional and Funding Declined Sharply Post-2023

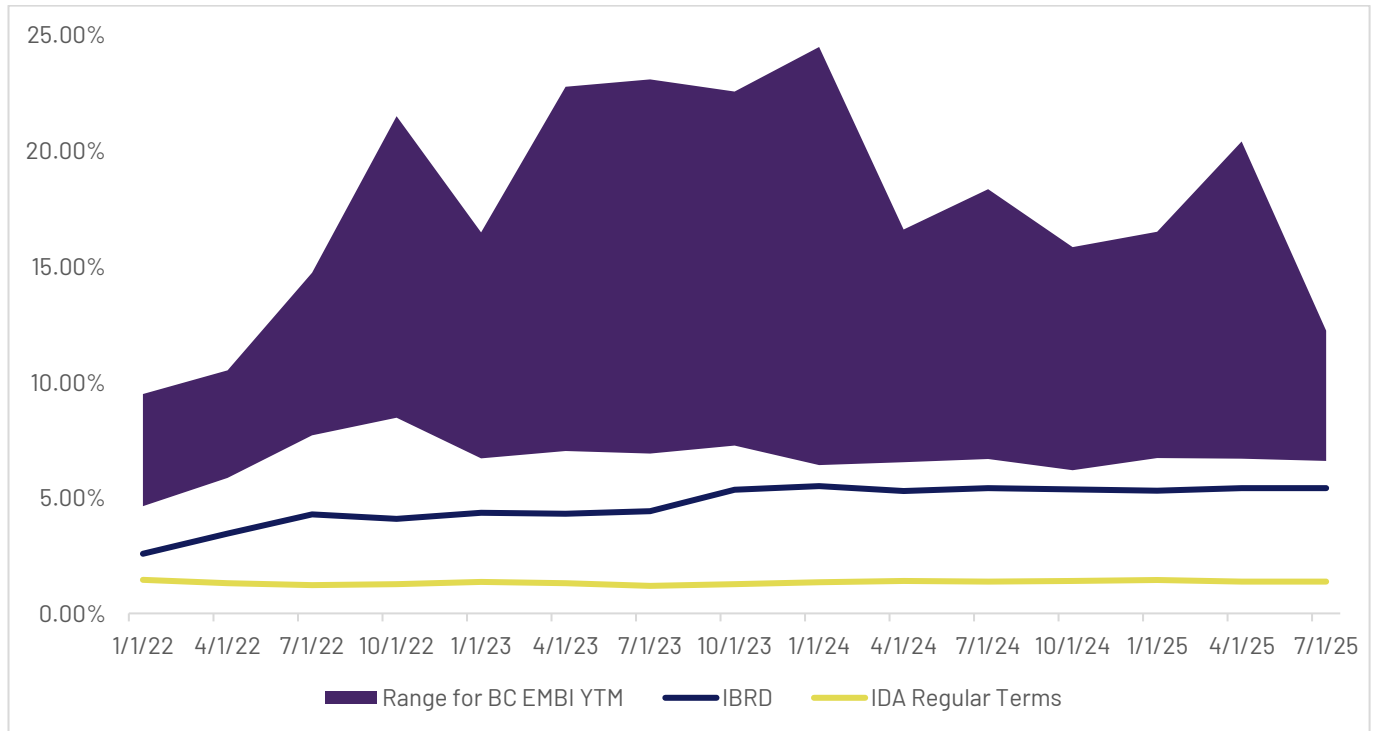


Source: Analysis of GCFE Portfolio data, November 2025

The IDA benchmark requires substantial resources under current market conditions yet bears little relevance to BCs who cannot access IDA financing elsewhere. Analysis of sovereign bond market data demonstrates that for five BCs (Colombia, Costa Rica, Jordan, Armenia, and Ecuador), Emerging Markets Bond Index (EMBI) yields to maturity ranged from 6.68% to 17.69% during 2022–2025, consistently exceeding both International Bank for Reconstruction and Development (IBRD) terms (averaging 4.48%) and IDA terms (approximately 1.37%). Moldova has not issued sovereign bonds in international capital markets, while Lebanon's distressed debt trades at yields exceeding 200–300%, effectively excluding it from capital market financing. Moldova's reluctance to tap international capital markets illustrates the value of MDB access: even IBRD terms without concessional are more attractive than market alternatives. Thus, the IDA benchmark creates unrealistic expectations rather than reflecting actual BC implied needs.

Further, the same percentage concessionality delivers different actual benefits, in terms of the effective interest rate, depending on the loan structure. Technical analysis shows that a 100-basis point reduction in loan interest rates requires on average grant funding equal to approximately 10% of the loan principal. This ratio varied from 4.5% to 12.8% across the projects analyzed, depending on loan maturity, grace period length, repayment schedule type and disbursement schedule, with loan maturity demonstrating the strongest effect on grant requirements⁹.

Figure 2.2: Benefitting Country Sovereign Yields vs. IBRD and IDA Terms (2022-2025)



Source: Analysis of GCFF Historical Concessional Spread data and Bloomberg Market Data for BCs EMBI YTM

Interviews with BC stakeholders revealed that GCFF grants help governments politically justify refugee-focused borrowing by demonstrating that costs are shared internationally rather than born solely by domestic taxpayers. However, concessionality below 10-15% fails to incentivize BCs (and potential BCs) to proactively seek participation in the GCFF, even though partial concessionality on large loans still delivers material absolute grant amounts. Evidence from Colombia illustrates this threshold effect: when concessionality dropped from expected levels of 20-25% to approximately 5%, government officials indicated the mechanism "becomes just another credit," insufficient to justify the proactive structuring effort required for GCFF-supported MDB operations. Jordan and Moldova, facing tighter fiscal constraints, accept concessionality at any level, though officials consistently emphasized that "more is better for the ambition of

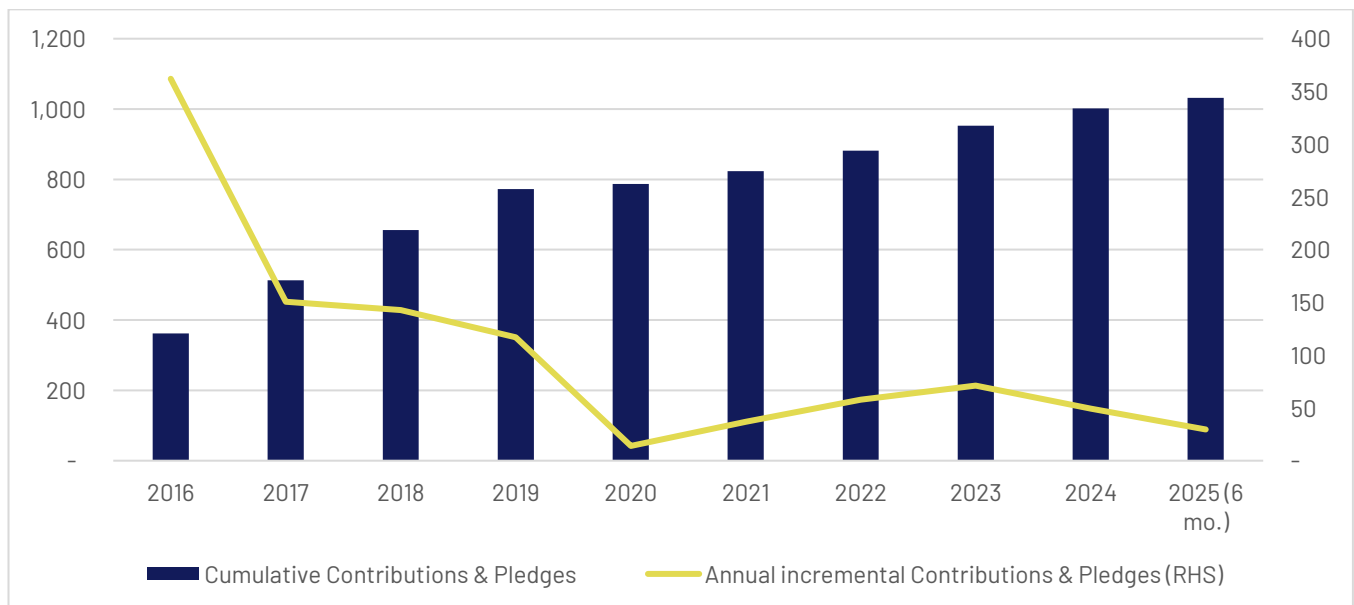
⁹ Full concessionality calculation was obtained on the following projects: Moldova Supporting Growth and Resilience DPO, Moldova Supporting Economic Opportunities and Climate Transition DPO, Moldova Emergency Response, Resilience, and Competitiveness DPO2, Moldova Higher Education Project AF.

projects." Stakeholder interviews across BCs consistently noted that when actual concessionality delivery (5-10%) falls far short of the IDA-equivalent promise, the gap undermines GCFF's perceived value and credibility. While the limited sample size (22 projects) does not allow for a precise econometric threshold estimation, triangulated qualitative evidence from interviews across seven BCs and portfolio patterns consistently points to minimum effective concessionality within the 10-15% grant equivalent range for GCFF to function as a catalytic mechanism to benefit refugees rather than merely a cost-reduction tool for pre-existing operations.

2.5.2 Sustainability of donor financing

GCFF donor financing has declined from \$350m annually in 2016 to \$50m recently, creating systematic funding gaps that prevent GCFF from operating at the intended scale (as shown in Figure 2.3). According to the October 2025 funding plan, funding availability stood at \$117.7m while facing a \$334.6m pipeline, representing a 65% funding gap. However, this gap is calculated using 19% average historical concessionality, while current market conditions mean most projects would qualify for the 25% cap, making the actual shortfall substantially larger. The absence of systematic replenishment cycles creates unpredictability; establishing formal multi-year donor commitment periods with clear targets for concessionality levels could provide the predictability needed for strategic planning and BC engagement.

Figure 2.3: GCFF Cumulative and Annual Contributions (2016-2025)



Source: Analysis of GCFF Funding Plans

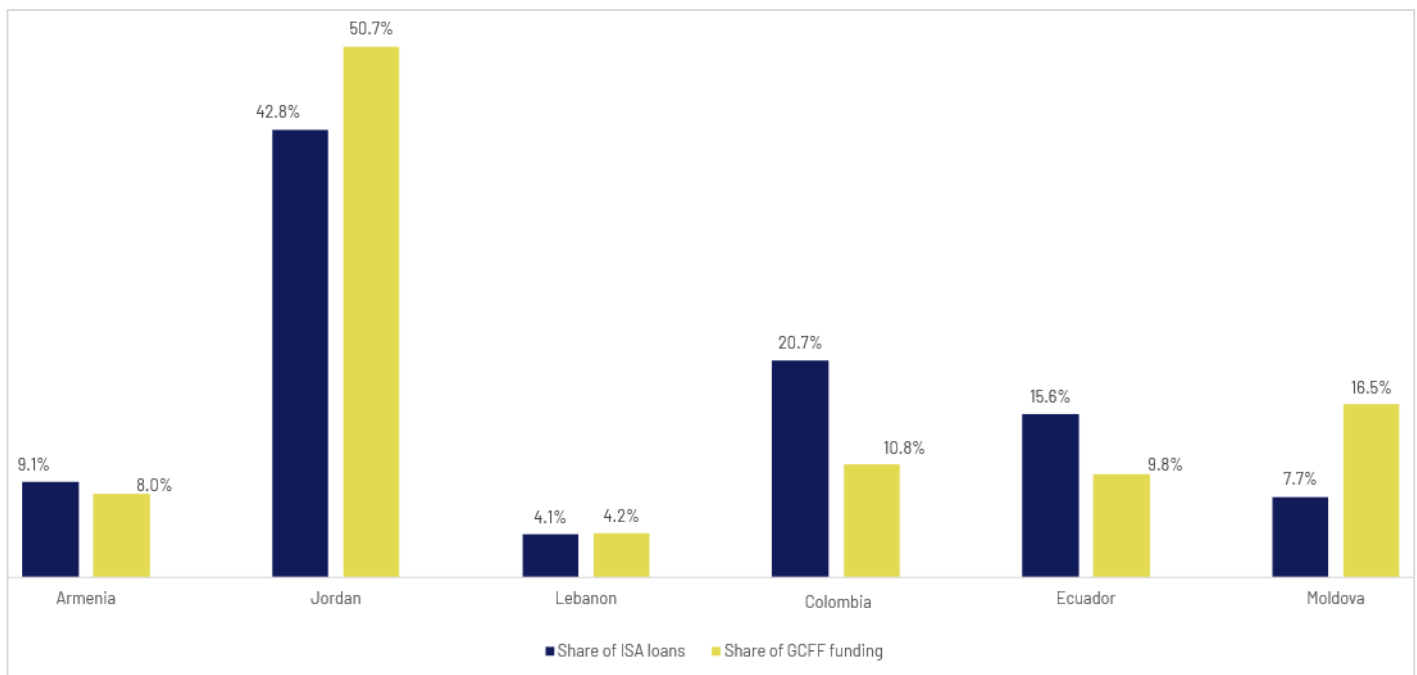
Several structural factors drive the decline: recent geopolitical priority shifts have redirected donor attention toward crises closer to home, domestic fiscal constraints reduce available ODA, and refugee financing faces tighter political economy constraints than comparable areas like climate finance. Crisis focus follows donor political priorities, a structural feature GCFF must navigate, having itself emerged from geopolitical circumstances surrounding the Syrian refugee

crisis. Donor interviews suggest that increasing contribution levels requires stronger results communication and visibility and clearer demonstration of value-for-money relative to competing instruments.

2.5.3 Effectiveness of the funding windows

The GCFF window structure prioritizes donor contribution facilitation over allocative flexibility, leading inevitably to certain regional imbalances. Six funding windows: Jordan, Lebanon, MENA (Jordan and Lebanon), ECA (Armenia and Moldova), LAC (Colombia, Costa Rica, Ecuador), and Global, enable Supporting Countries to align contributions with their national priorities, accommodating parliamentary processes and earmarking and visibility requirements that facilitate political approval. Portfolio analysis of projects during the evaluation period revealed that LAC countries (Colombia and Ecuador) accounted for 36% of GCFF-supported ISA loan operations but received only 21% of concessional grant allocations, while Jordan represented 43% of loan operations but received 51% of grant funding (Figure 2.4).

Figure 2.4: Share of ISA Loans vs. Share of GCFF Funding by Country in the evaluation period



Source: Analysis of GCFF Portfolio

The Jordan window received \$305.9m, with a large contribution from the UK (\$180.1m), enabling Jordan to access dedicated country-specific funding alongside the MENA window (\$365.6m from seven donors) and global window (\$239m).

Funding allocation follows window designation and donor preferences rather than project merit or strategic prioritization, with funds locked in specific windows. This structure enables Jordan to draw from three overlapping windows (Jordan, MENA and global) simultaneously while LAC countries compete for limited global window resources (given that only \$10m was committed to

LAC), resulting in differential concessionality levels across BCs: Jordan (17.6%), **Lebanon (22.0%), and Moldova (22.6%) receive substantially higher average concessionality than Colombia (7.6%), Ecuador (3.8%), and Armenia (9.2%).** Addressing allocation imbalances would require structural reforms such as consolidating overlapping windows or requiring partial global window allocations. However, the deeper challenge is reversing overall funding decline: donor interviews reveal this requires stronger results communication and clearer value demonstration, though structural ODA constraints and domestic political pressures for earmarking make significant funding increases unlikely.

2.5.4 Learnings from other FIFs' financial architecture and fund allocation processes

Comparative analysis of three global financing facilities reveals relevant design approaches for GCFF's financial architecture challenges. The CIF provides the longest-standing example of rules-based concessionality frameworks across MICs; GCF demonstrates grant-heavy climate finance with differentiated country access; and GFF most closely parallels GCFF's model of upfront grants to subsidize MDB lending costs. A detailed comparison across objectives, governance, and allocation mechanisms is provided in Annex 8.

GCF and GFF offer complementary lessons on resource mobilization and predictable allocation.

GCF mobilized \$13.5B in pledges through systematic four-year replenishment cycles, providing donors with predictable planning horizons. Its model differentiates concessionality by country income level (grants for LDCs, concessional loans for MICs), though its project-by-project approval process creates higher transaction costs than GCFF's approach of blending into existing MDB pipelines. GFF provides closer structural parallels to GCFF, using trust fund grants to buy down IDA lending costs while leveraging the World Bank implementation systems. GFF employs multi-year country allocation envelopes that provide governments and MDBs with predictable resource availability for planning. Both facilities operate in different political economy contexts than GCFF, with climate and health financing maintaining stronger donor priority than refugee financing in MICs.

CIF's tiered concessionality model represents the most implementable reform for GCFF, addressing the 25% cap constraint without operational complexity. The approach links grant support levels to transparent indicators; for GCFF, this could calibrate concessionality to refugee burden (refugees as share of host country population) or a combination of refugee burden and country income classification. This would deliver predictability (BCs will know what concessionality to expect) and credibility (promising fixed basis point reduction upfront, rather than undeliverable IDA-equivalent terms). The model requires no new instruments, risk management frameworks, or verification systems.

Alternative financing mechanisms analyzed (such as blended impact bonds and credit guarantees) would introduce operational demands disproportionate to GCFF's context. Impact bonds require third-party investors, outcome verification systems, and large transaction sizes beyond GCFF's scale, while credit guarantees deliver value primarily when unlocking otherwise

unavailable financing, but GCFF BCs already access MDB lending. Both require contingent liability management and specialized systems beyond GCFF's current capacity.

Beyond standalone financing facilities, the evaluation examined the World Bank's Window for Host Communities and Refugees (WHR) to understand alternative allocation models within the MDB architecture. WHR operates differently, i.e., it is integrated within IDA replenishment cycles for low-income countries rather than as a separate trust fund. Operating across 21 eligible countries, WHR provides grants and highly concessional loans (terms vary by debt risk). WHR eliminates donor earmarking, allocating its \$2.4 billion budget proportionally across regions based on refugee numbers, then distributing within regions by country demand and merit. This has avoided GCFF's concentration patterns. However, WHR trades donor visibility and influence for merit-based allocation, which is a compromise that may not align with GCFF Supporting Countries' needs for earmarking and visibility. The WHR experience nonetheless demonstrates that proportional allocation based on refugee burden is operationally feasible.

2.5.5 Overall financial design and cost-effectiveness

GCFF demonstrates strong cost-effectiveness through exceptional leverage performance and minimal administrative overhead. As of September 30, 2025, \$407.5m in grants unlocked \$3,855.8m in ISA loans (1:9.5 ratio), with total administrative costs of \$12.2m representing just 1.2% of \$1,020m in funding decisions. ISA implementation costs totaled \$2.7m (0.3%), while CU and Trustee administrative budgets combined reached \$9.5m (0.9%), substantially lower than comparable multilateral financing facilities, with ISA costs minimized through integration with existing MDB operational systems.

The Facility's operational model delivers efficiency through simplicity. Concessionality is added to MDB loans (some of which are already in country pipelines), reducing donor transaction costs while maintaining BC government leadership. The blending model is operationally simpler than parallel financing arrangements. Governance processes enable rapid deployment when funding is available with streamlined approval cycles (two-week SC reviews, email-based decisions). Armenia and Moldova were added as BCs "in record time" during displacement crises. Disbursement speed to beneficiaries varies by country context, with some reporting rapid fund flows while others face some constraints from domestic budget cycle misalignments – a characteristic of MDB operations generally rather than GCFF-specific processes.

3 Conclusions and recommendations

3.1 Conclusions

3.1.1 Strategic positioning

Given the ongoing need to support MICs with refugee crises, the GCFF will continue to remain relevant for both Benefiting and Supporting Countries. It has remained strategically relevant in

MICs affected by forced displacement, primarily by enabling access to concessional financing that supports fiscally and politically feasible refugee-inclusive development responses. Similarly, the Fund is valued by Supporting Countries in that it allows them to leverage small amounts of funds for larger projects, embedded within development and government-led principles, and ensures funds can be directed to priority areas.

This relevance has been sustained across diverse contexts, including both protracted displacement situations and sudden-onset crises, where GCFF support has helped governments stabilize services and integrate displacement considerations within national systems. A key strength of the GCFF is its adaptability, which has been exercised primarily through pragmatic, context-specific approaches rather than through formal strategic steering at Fund-level. In practice, adaptability has relied on flexible use of MDB systems, upstream engagement brokered by the CU, and informal governance arrangements that allow responsiveness to differing displacement typologies, political sensitivities, and scales of need. While this approach has enabled practical problem-solving across contexts, it has also limited the extent to which adaptability is institutionalized (i.e. through national development plans) across the portfolio.

Beyond its financing role, the GCFF's influence on policy dialogue and coordination has been primarily indirect and uneven across contexts. Influence has operated largely through alignment with MDB-led policy engagement and national systems. As a result, the depth of policy and systems influence has varied according to national political economy conditions, the strength of existing policy frameworks, and the predictability of concessional resources. Taken together, these findings indicate that **the GCFF's strategic relevance is grounded in its financing function and alignment with existing systems, while its adaptability and influence are increasingly shaped, and constrained, by external factors, including funding volatility and heightened political sensitivity around refugee inclusion.** Sustaining relevance over time will therefore depend not only on governance and operational arrangements, but also how these are adapted to constrained and uncertain financing conditions.

3.1.2 Governance structures

The evaluation finds that the GCFF's institutional arrangements are broadly fit for purpose and well aligned with its intended role as a lean, catalytic FIF. Across diverse political and institutional contexts, governance effectiveness has been driven less by formal committee structures and more by the interaction between GCFF arrangements, MDB delivery systems, and national policy and capacity conditions. This design has enabled flexibility, speed, and credibility, particularly in crisis-affected and capacity-constrained MICs.

At the same time, the evaluation identifies a persistent gap between GCFF's strategic ambitions and the degree to which portfolio-level accountability, learning, and strategic risk management are institutionalized at the Fund-level. Accountability mechanisms function strongly for fiduciary oversight and individual project quality, largely through MDB and Trustee systems, but are weaker for collective results, cross-country learning, and forward-looking management of strategic trade-

offs. These limitations do not undermine delivery of individual operations, but they constrain the GCFF's ability to systematically learn, adapt, and communicate its impact in a context of declining concessionality and heightened political sensitivity.

The CU plays a central and highly valued brokerage role, enabling alignment across donors, MDBs, and national actors. However, governance effectiveness is vulnerable to capacity constraints and reliance on informal practices and institutional memory. Expectations placed on the CU, particularly around knowledge sharing, learning, and donor visibility, have expanded over time without equivalent formalization or prioritization, creating risks to sustainability. CCCs illustrate the importance of context in governance effectiveness. Where political alignment and institutional capacity are strong, CCCs can support upstream coordination and portfolio coherence (as in Costa Rica). In many other contexts, however, CCCs are constrained by political economy factors, limited capacity, or the presence of alternative coordination platforms, suggesting that uniform expectations are neither realistic nor efficient.

Overall, the GCFF's institutional arrangements work largely because of strong relationships, trust, and MDB systems rather than formalized governance controls. Preserving these strengths while selectively strengthening portfolio-level functions is critical to sustaining effectiveness.

3.1.3 Operational mechanisms

The GCFF's operational mechanisms have been effective in supporting the design and delivery of individual projects through MDB-led processes, enabling responsiveness across a diverse group of BCs. Project-level risk identification and mitigation are generally robust, reflecting the application of MDB systems, fiduciary controls and eligibility and allocation decisions that align GCFF support with national priorities and implementation capacity. At the Fund-level, however, risk identification, monitoring, and mitigation are less institutionalized. While strategic, operational, financial, and legal risks are addressed through periodic independent evaluations, Trustee risk assessments, and ad hoc discussions within the SC and the CU, these mechanisms are not consolidated into a standing, portfolio-level framework. As a result, Fund-level risks, particularly those related to funding volatility, portfolio balance and trade-offs between extending support to more countries versus continued support to existing BCs (in light of constrained funding) tend to not be formally discussed and managed within the SC, and SC members would like more transparent and regular discussion of Fund-level risks.

Further, decisions related to portfolio expansion, continuation, or scaling back of engagement are shaped by external constraints, notably the availability and predictability of concessional resources, rather than by explicit strategic criteria applied consistently across contexts. In practice, trade-offs between expanding to new BCs and sustaining engagement in existing ones are addressed on a case-by-case basis, without a formalized mechanism to support transparent prioritization across the portfolio. Taken together, these findings indicate that the GCFF's operational mechanisms function effectively at the project level but provide more limited support for proactive portfolio-level risk management and strategic decision-making. As funding

pressures intensify and displacement dynamics evolve, the absence of structured processes to aggregate and assess Fund-level risks and trade-offs across the portfolio may constrain the GCFF's ability to manage uncertainty and communicate strategic choices clearly to stakeholders.

3.1.4 Portfolio and project results

The GCFF's eligibility criteria and RF help to ensure that projects in the GCFF portfolio directly benefit refugees and host communities, a key value-add of the GCFF. GCFF-supported operations have contributed to improved access to services and strengthened delivery systems for refugees and hosts, primarily through their integration within MDB-financed projects and national systems. These contributions are most evident at the output and intermediate outcome levels, particularly in sectors such as education, health, and social protection, where GCFF concessionality has enabled the inclusion of displaced populations within development investments. GCFF support has helped sustain and, in some contexts, expand refugee-inclusive service provision, including under conditions of fiscal stress and political sensitivity. However, attribution of longer-term development outcomes remains shared with MDBs, governments, and other actors, reflecting the GCFF's role as a financing mechanism. Variability in results across countries tends to be shaped by national policy environments, institutional capacity, and the maturity of displacement responses. These patterns highlight both the value of the GCFF's contribution to development responses to forced displacement and the methodological and practical limits of attributing broader policy change to a financing mechanism operating within complex institutional environments.

Further, the GCFF's influence on policy dialogue and systems change has been primarily indirect and context-specific. Where national frameworks and political conditions were conducive, GCFF financing has supported incremental shifts toward refugee inclusion within national systems, largely through alignment with MDB-led policy engagement. In more politically sensitive or crisis-affected contexts, policy influence has been more limited, with GCFF support focused on sustaining service delivery rather than driving broader systems change. Overall, these findings indicate that the GCFF has made a meaningful contribution to development responses to forced displacement by enabling refugee-inclusive investments at scale, while operating within clear limits on attribution and policy influence. Expectations regarding results and systems change therefore need to remain aligned with the GCFF's role, mandate, and operating model.

3.1.5 Financial architecture and fund allocation process

The GCFF's financial architecture has been central to its relevance and operational reach, enabling the provision of concessional resources that support refugee-inclusive development responses in MICs. Across contexts, access to concessionality has remained the primary determinant of where and how the GCFF is able to engage, shaping both the scale of operations and the nature of partnerships with governments and MDBs. However, structural design constraints combined with funding decline have created a credibility gap: the GCFF promises IDA-equivalent terms but in many cases delivers single-digit concessionality. The credibility gap risks undermining

stakeholder confidence and the GCFF's ability to communicate a clear value proposition to both donors and BCs.

The current financial architecture has allowed flexibility in responding to diverse displacement contexts, but it provides limited mechanisms to manage cumulative exposure, regional balance, and strategic focus under constrained resources. The 25% concessionality cap, designed to manage exceptional cases, now binds on nearly all projects under current interest rate conditions. The IDA benchmark proves irrelevant for MICs creating unrealistic expectations. As a result, decisions related to portfolio composition, pacing, and depth of engagement are influenced more by funding availability than by articulated long-term strategic objectives.

Addressing these constraints does not require fundamental restructuring of the financial architecture, but rather a more deliberate use of existing mechanisms, alongside a shift toward fixed, outcome-based concessionality terms that better reflect current market realities.

3.1.6 SWOT analysis

Figure 3.1 below provides an overall assessment of the strengths, weaknesses, opportunities and threats (SWOT) identified for the GCFF.

Figure 3.1: SWOT analysis

Strengths

Strategic positioning: Clear niche: concessional financing for refugee-hosting MICs; integrates refugee + host benefits; leverages MDB lending; embedded in government-led, MDB pipelines. Relevance across protracted and sudden-onset contexts; nimble, pragmatic adaptation in BCs via MDB systems and CU support. Generally aligned with BC priorities through MoF/Planning leadership and CPF linkages.

Governance structures: Lean FIF model with low transaction costs; strong Trustee fiduciary; SC legitimacy; CU perceived as effective broker; TAG adds upstream technical quality. Reliance on MDB systems supports speed and coherence. Supporting Countries appreciate the ability for their funding to be received by priority countries/ projects and have oversight.

Operational mechanisms: Project-level risk managed through MDB processes; rapid, efficient BC additions.

Portfolio & project results: 2022 RF supported delivery and oversight, improving relevance of projects to GCFF objectives. System-level gains in health/education; inclusion embedded in national systems (strongest in Colombia, Ecuador, Moldova; sector gains in Jordan). Instrument mix (DPF/PforR/IPF) offers complementary strengths.

Financial architecture & fund allocation: High leverage ($\approx 1:9.5$); very low admin overhead ($\sim 1.2\%$); simple blending model; fast approvals; MDB terms superior to market alternatives for BCs. Strong fiduciary control via Trustee/WB policies.

Opportunities

Strategic positioning: Demand for greater visibility: knowledge sharing platform. Greater leverage of UNHCR and operationalization of CCCs where useful. Earlier pipeline signalling; explicit portfolio choices under funding scenarios; greater predictability for BCs.

Governance structures: Demand for increased institutionalization: more frequent portfolio discussions at SC; concise synthesis on results/risks; clearer feedback loops on TAG advice. Context-specific expectations for CCCs; purposeful engagement of Observers/MDBs for learning and early risk signalling.

Operational mechanisms: Demand for fund-level risk matrix and formalized discussion of risks as a standing SC item; inclusion of in-country voices (UNHCR, embassies) when relevant. Phased/time-bound BC eligibility (Armenia model); shift to portfolio-based pipeline management.

Portfolio & project results: Tailoring of RF by instrument/region; use results from ISR/ICRs; selective additional research/M&E; institutionalization of cross-country learning. Strategic use of results-linked financing and requirements for sustainability/transition plans and relevant policy reforms at entry; light TA for upstream design.

Financial architecture & fund allocation: Reframe of concessionality (e.g. fixed basis -point reduction and/or tiered model by refugee burden/income); consolidation of/limit overlapping windows; requirement of partial global-window allocation. Multi-year replenishment/partner conferences; sharpening of donor value proposition with concrete rate-reduction outcomes and clearer results comms.

Weaknesses

Strategic positioning: Declining/unpredictable donor funding reduces leverage and pipeline credibility. Convening/knowledge role under-developed; SC/TAG spaces used more for oversight than joint strategy/learning. Refugee components unevenly specified in some operations. Low GCFF visibility among some BC stakeholders.

Governance structures: Portfolio-wide accountability, learning, and strategic risk oversight are underdeveloped, with processes largely informal and led by individuals. CU capacity stretched vs expanding expectations; SC/TAG role overlaps; CCCs uneven/inactive in many contexts.

Operational mechanisms: No standing, SC-facing fund-level risk matrix resulting in limited monitoring or mitigation measures. Portfolio trade-offs (expansion vs continuity) not proactively managed by the GCFF, instead indirectly handled on a case-by-case basis during funding decisions.

Portfolio & project results: Medium-term outcomes and social cohesion not consistently captured; reporting duplication for MDBs; financing instrument-context mismatches. Outcomes context-dependent; limited PSO evidence.

Financial architecture & fund allocation: IDA benchmark is irrelevant for MICs, creating expectation-delivery gap while concessionality formula lacks automatic adjustment to macro conditions. Window earmarking constrains allocative flexibility and drives regional imbalances; limited cross-window reallocation. Concessionality often below catalytic 10-15% threshold for proactive, migration-focused design.

Threats

Strategic positioning: Political shifts and sensitivities in BCs; implementation bottlenecks. Competing ODA priorities and earmarking drive regional imbalances; reputational risk if some BCs see persistent under-funding.

Governance structures: Capacity constraints (CU/BC); variable national coordination platforms and national government capacities; without adjustments, weakened strategic oversight in a tight funding context.

Operational mechanisms: Funding volatility widens pipeline-resource gap; persistent regional imbalances erode credibility; political constraints limit frank SC discussion on trade-offs.

Portfolio & project results: Policy reversals and macro shocks undermine gains; short funding cycles and declining humanitarian co-financing; political shifts reduce alignment.

Financial architecture & fund allocation: Continued ODA contraction and competing crises; sustained earmarking; inability to deliver credible concessionality undermines catalytic function; BC disengagement and pipeline-resource mismatch.

3.2 Recommendations

This section presents the preliminary recommendations, drawing on the evaluation findings. The recommendations are organized under four thematic clusters and are designed to strengthen the GCFF's effectiveness while preserving its lean, catalytic model. Illustrative operational options are provided where appropriate, consistent with the GCFF's governance structure and mandate. It should be noted that recommendations will be further refined through a co-creation workshop with the TAG in March 2026 where findings will be presented and the preliminary recommendations discussed and updated.

3.2.1 Strategic positioning and funding predictability

Recommendation 1: Reaffirm and clarify the GCFF's core value proposition under constrained and unpredictable funding conditions.

The GCFF should continue to prioritize its core role in enabling access to concessional financing for refugee-hosting MICs, recognizing this as the primary mechanism through which it remains strategically relevant and valued by both BCs and Supporting Countries. Strategic positioning discussions should more explicitly account for funding predictability and the implications of constrained concessional resources. This would strengthen alignment between strategic intent and financial feasibility. Illustrative operational options could include:

- Complement the Funding Plan with forward-looking scenario analysis that models the implications of different funding levels (e.g., constrained, stable, or increased resources) for portfolio expansion, concessional depth, and multi-year engagement planning.
- Explicitly frame future strategic discussions around realistic concessional levels and deliverable financing terms.

Recommendation 2: Strengthen the GCFF's role as a targeted knowledge and convening platform to support policy learning and influence.

The GCFF should more explicitly position itself as a practice-oriented knowledge and convening platform for structured peer exchange and learning on refugee inclusion in development systems. This role should remain focused on showcasing credible results, and facilitating structured exchange between BCs, MDBs, and donors, rather than on broad knowledge production given capacity challenges. This would respond to stakeholder interest in stronger feedback loops on results and emerging risks, as well as improving alignment of projects with refugees' needs, while avoiding governance expansion and additional burden on MDBs. Illustrative operational options could include:

- Develop a Learning Strategy. This should include a set of learning questions tailored to specific stakeholder objectives (for example, how to ensure refugees are meaningfully integrated, outlining what works in different contexts, and how to anticipate and reduce the

impact of policy changes on projects) and identify priority cross-cutting issues (e.g., labor market inclusion, system-level service integration); it should set out the key audiences and target outputs for each (including learning reviews, lessons-learned reports, concise executive summaries and infographics); and use ICRs or equivalent to systematically identify projects that are candidates for retrospective evaluation and review activities (e.g., covering projects that would be well placed to provide findings around what works well and less well). It should draw on the GCFF's and the World Bank's country and global level networks (including through CCCs where operational) to support with the dissemination of policy learning outputs beyond the SC (i.e., to BC governments, policymakers and experts).

- Introduce a dedicated portfolio-level learning session during one SC meeting each year at minimum.
- Periodically conduct targeted thematic learning reviews on key learning questions and cross-cutting issues, using existing documentation and stakeholder interviews rather than large-scale new data collection.
- Add a brief structured synthesis section to the Progress Report template to facilitate portfolio-level aggregation (e.g., key refugee inclusion objectives, implementation bottlenecks, and emerging risks), without altering or duplicating the existing performance ratings table. New trends, changes or risks at the portfolio-level could be discussed at SC/TAG meetings where time allows.
- Seek to include impact evaluation and research budgets in all project designs and/or commission external evaluations for project-level activities to support the capture of medium- and longer-term outcomes. Explore whether this could be included in operational budgets or ISA fees, and the extent to which this will impact project budgets. Further explore the feasibility of impact evaluation activities during Funding Request preparation discussions.

3.2.2 Governance structures and portfolio-level steering

Recommendation 3: Sharpen portfolio-level governance and learning functions without expanding governance architecture.

The GCFF's institutional arrangements are broadly fit for purpose. However, there is scope to strengthen structured portfolio-level synthesis, further roles in learning and oversight functions, and enhance forward-looking discussion within existing governance mechanisms, without expanding formal architecture. This would enhance strategic oversight while preserving the GCFF's lean governance model. Illustrative operational options could include:

- Introduce a structured bi-annual portfolio review segment within TAG meetings, focused on cross-country trends, emerging portfolio-level risks, and lessons rather than individual project design.
- Modify the bi-annual progress report to include a concise portfolio synthesis section, drawing on existing monitoring data and evidence to summarize results trends, key Fund-level risks (strategic, programmatic, and financial), and portfolio balance considerations.
- Consider including a rating for refugee inclusion alignment to the project performance ratings in the Progress Reports, while remaining mindful of the GCFF's scope.
- Build on the existing bi-annual portfolio review process by introducing a light-touch, structured opportunity for MDBs and observers to provide portfolio-level reflections on results, cross-cutting learning, and emerging risks, supported by a concise synthesis of key insights to inform SC and TAG discussions.
- Clarify the expected purpose and minimum functions of CCCs and adopt a context-sensitive approach to their operationalization (e.g., defining when standalone CCCs add value versus when integration into existing national coordination platforms is preferable).

Recommendation 4: Strengthen structured portfolio-level discussion of Fund-level risks and trade-offs.

While fiduciary and project-level financial risks are appropriately managed through Trustee and MDB systems, broader Fund-level risks, i.e., portfolio-level strategic and programmatic risks (including funding volatility, political shifts affecting refugee inclusion, absorptive capacity constraints) are not consistently consolidated into structured SC-facing discussions. Similarly, portfolio-level trade-offs, such as balancing expansion to new BCs with sustained engagement in existing ones under constrained resources, are often addressed implicitly rather than systematically. This would enhance transparency and strategic clarity without altering Trustee responsibilities. Illustrative operational options could include:

- Incorporating a concise Fund-level risk synthesis within existing biannual reporting, drawing on existing monitoring information and evidence sources.
- Structuring periodic SC discussions around Fund-level risks beyond funding risks, and forward-looking portfolio balance considerations (e.g., depth versus breadth of support).
- Introduce light-touch prioritization criteria to complement pipeline readiness when funding constraints prevent simultaneous approval of all proposals. Design of such criteria should be agreed on within the SC, acknowledging potential for impact, feasibility and funding certainty, and portfolio balance, but also enabling sufficient flexibility, i.e., to respond to crisis situations.

3.2.3 Portfolio design, instruments, and results

Recommendation 5: Strengthen alignment between financing instruments, design, and sustainability considerations during project design and ongoing monitoring.

To close the gap between strategic intent and delivery, the GCFF should more explicitly ensure that instrument choice and project design are aligned with intended outcomes for refugees and host communities, and that sustainability considerations are addressed during project design and approval. This should include making systematic use of available refugee data and operational knowledge to inform both design and implementation. Strengthening alignment across instruments and contexts would support more consistent integration of refugee inclusion objectives. Illustrative operational options could include:

- Introduce concise requirements within Funding Requests to explain the reasons for using the selected financing instrument (Development Policy Operation, Investment Project Financing, Program-for-Results).
- Tailor the Funding Request template to ensure these provide sufficient information on alignment with the GCFF's ToC and development impact, e.g.:
 - Section 7: Edit to read “Objective of Underlying Operation (Project Development Objective) and how it aligns with short- and medium-term outcome(s) and longer term impact(s) in the GCFF ToC”.
 - New Section 12: “Brief description of processes in place to support sustainability beyond the lifetime of the operation”.
- Formalize early CU-MDB dialogue, during pipeline preparation discussions and Funding Request preparation, to ensure alignment with GCFF objectives (e.g., Development Policy Financing for policy change, Investment Project Financing for service delivery, Program-for-Results financing for results-linked reforms).
- Consider further clarification of the process in the OM to provide the GCFF with an additional safeguard beyond MDB processes to pause or amend undisbursed allocations when projects substantially deviate from GCFF objectives (e.g., loss of refugee inclusion benefits or policy reversals), with objective triggers, a corrective action plan, and a reallocation pathway if needed.
- Encouraging structured engagement with UNHCR (consistent with its observer role) at key stages of the project cycle, particularly during Funding Request preparation and mid-term implementation review, by: (i) drawing on existing UNHCR analytical inputs (such as Refugee Policy and Protection Reviews and relevant data products), and (ii) inviting targeted UNHCR inputs at these stages where feasible, to help ensure that refugee needs,

barriers, and protection considerations are more consistently reflected in project design and implementation.

3.2.4 Financial Architecture and Resource Mobilization

Recommendation 6: Adjust the GCFF's concessionality framework to reflect market conditions and deliverable financing terms.

The current concessionality framework, particularly the reliance on IDA benchmarking, has become increasingly misaligned with market conditions and available resources. This creates a credibility gap and constrains the GCFF's ability to communicate a clear and deliverable value proposition. The GCFF should consider simplifying and clarifying how concessionality is defined, differentiated, and communicated, while preserving its core objective of supporting refugee-hosting MICs facing disproportionate burdens. These adjustments would improve credibility, support more transparent allocation decisions, and strengthen the GCFF's external value proposition without altering its core mandate. Importantly, adjusting the framework's structure and reference points would not reduce the volume of financing support that BCs receive, it would only better reflect what the GCFF can actually deliver. Illustrative operational options could include:

- Activate the existing concessionality review mechanism to ensure that the maximum percentage of concessionality (currently at 25%) is regularly adjusted to reflect available funding and market conditions.
- Move toward fixed concessionality bands (e.g., 10–15%) or defined basis-point reductions (e.g., 100–150 basis points) to improve transparency and predictability, eliminating the IDA benchmark as the primary reference point, retaining it only as a protective floor if market conditions shift.
- Frame concessionality more consistently in terms of measurable financing outcomes (e.g., interest rate reductions enabled by a given contribution), rather than IDA equivalence.
- Explore a simplified tiered concessionality structure linked to objective refugee burden indicators (e.g., refugees as a share of host population), to enhance equity without reducing overall financing available to BCs.

Table 3.1: Recommendations matrix¹⁰

Recommendation	Link to EQ	Level of priority	Level of resource requirement	Level of risk	Responsible
Recommendation 1: Reaffirm and clarify the GCFF's core value proposition under constrained and unpredictable funding conditions.	EQ1, EQ2, EQ4, EQ14, EQ15,	High	Medium	Medium	CU, SC
Recommendation 2: Strengthen the GCFF's role as a targeted knowledge and convening platform to support policy learning and influence.	EQ1, EQ2, EQ4, EQ8, EQ13	Medium	High	Low	CU
Recommendation 3: Sharpen portfolio-level governance and learning functions without expanding governance architecture.	EQ6, EQ7	High	Low	Low	CU; SC
Recommendation 4: Strengthen structured portfolio-level discussion of risks and trade-offs.	EQ4, EQ6, EQ9, EQ10	High	Low	Low	CU; SC
Recommendation 5: Strengthen alignment between financing instruments, design, and sustainability considerations during project design and ongoing monitoring.	EQ3, EQ11, EQ12, EQ13	High	Medium	Low	CU; SC
Recommendation 6: Adjust the GCFF's concessionality framework to reflect market conditions and deliverable financing terms.	EQ1, EQ4, EQ14, EQ15	Low	Low	Low	Treasury

¹⁰ Level of priority, resource requirement and risk to be discussed during co-creation workshop

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