

# Co-Financing

# co-financing is integral to how the GEF works

“the GEF shall operate [...] for the purpose of providing new and additional grant and concessional funding to meet the **agreed incremental costs** of measures to achieve agreed global environmental benefits”

*(Instrument for the Establishment of the Restructured Global Environment Facility, paragraph 2)*

# co-financing is defined as...

...”financing that is **additional** to GEF Project Financing, and that **supports the implementation** of a GEF-financed project or program and the **achievement of its objective(s)**”

## GEF project



# why co-financing?

co-financing contributes to effectiveness, **impacts and sustainability**, particularly by enabling the GEF to achieve **longer-lasting and larger-scale global environmental benefits**, and by **strengthening partnerships**

# co-financing is required in...

...full-sized  
projects

medium-sized  
projects

programs

## co-financing is encouraged in enabling activities

**NB:** on an exceptional basis, in response to an emergency or other unforeseen circumstance, Agencies may propose FSPs/MSPs without co-financing

co-financing can come  
in a variety of sources  
and types

## Sources

GEF Agencies

donor agencies

Governments

private sector

CSOs

beneficiaries

other

## Types

grant

loan

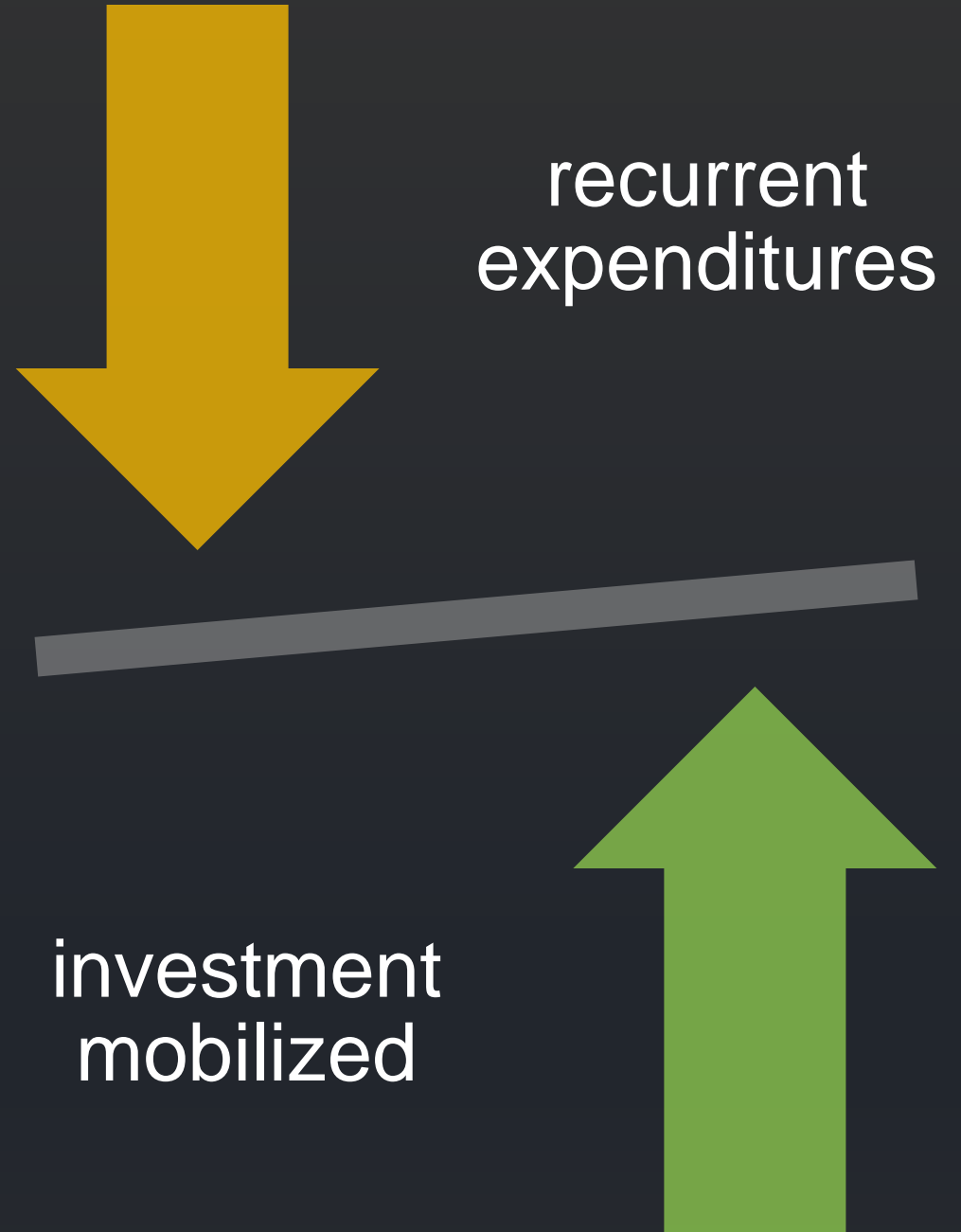
equity

guarantee

in-kind

other

in GEF-7, focus on  
investment financing



# co-financing in the project cycle

- **indicative** co-financing by source, type, and investment/ recurrent

PIF/PFD

CEO Endorsement/  
Approval

- **confirmed** co-financing by source, type, and investment/ recurrent
- supporting evidence (e.g. letter from entity that provides co-financing)

- **materialized** co-financing by source, type, and investment/ recurrent at mid-term and completion

post-approval



# level of ambition

the co-financing policy **does not prescribe minimum thresholds and/or specific types or sources** of co-financing for individual projects or countries

**across the portfolio at large**, the policy sets out an ambition for the GEF to reach a co-financing ratio of at least **7:1**, and

for the portfolio in Upper-Middle Income Countries and High-Income Countries that are not Small Island Developing States or Least Developed Countries to reach a ratio of Investment Mobilized to GEF financing of at least **5:1**



projects approved in GEF-6 reached a co-financing ratio of **8:1**

# references

## *Policy on Co-Financing*

[http://www.thegef.org/sites/default/files/documents/Cofinancing\\_Policy.pdf](http://www.thegef.org/sites/default/files/documents/Cofinancing_Policy.pdf)

## *Guidelines on Co-Financing*

[http://www.thegef.org/sites/default/files/documents/Cofinancing\\_Guidelines.pdf](http://www.thegef.org/sites/default/files/documents/Cofinancing_Guidelines.pdf)