



# Co-Financing


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An aerial, high-angle photograph of a bustling, narrow street in an informal settlement or market. The street is filled with people, many carrying goods on their heads or backs. Stalls and makeshift structures are visible along the sides, with various items like produce and fabrics laid out. The overall scene depicts a dense, active community space.

# 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

GEF  
financing

co-financing



# 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



recurrent  
expenditures

in GEF-7, focus on  
investment financing

investment  
mobilized

# 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)

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