



Policy: FI/PL/01
Approved on June 26, 2018

POLICY ON CO-FINANCING

Summary	This Policy sets out the definitions, level of ambition and requirements for Co-Financing in GEF projects and programs with a view to mobilizing greater public and private investments in measures to achieve global environmental benefits.
Approved By	GEF Council (54 th Council meeting)
Approval Date	June 26, 2018
Effective Date	July 1, 2018
Applicability	This Policy applies to the Secretariat and all GEF Partner Agencies (hereafter referred to as “Agencies”); and all projects and programs financed with resources from the GEF Trust Fund.
Council Document	Updated Co-Financing Policy (GEF/C.54/10/Rev.01)
Related Documents	Co-Financing Guidelines (FI/GN/01) Project and Program Cycle Policy (OP/PL/01) Project and Program Cycle Guidelines
Contact	Mr. Roland Sundstrom, Sr. Policy Officer GEF Secretariat

Definitions

Agency Fee means the financing provided to a GEF Partner Agency in connection with a GEF project or program

CEO Approval means the approval of a fully developed Medium-Sized Project or Enabling Activity by the GEF CEO

CEO Endorsement means the endorsement of a fully developed Full-Sized Project by the GEF CEO

Co-Financing means 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)

Enabling Activity means a project for the preparation of a plan, strategy or report to fulfill commitments under a Convention

Full-Sized Project means a project with GEF Project Financing exceeding US\$2 million

GEF Partner Agency means an agency eligible to request and receive GEF resources directly for the design, implementation, and supervision of GEF projects and programs

GEF Project Financing means a grant or concessional financing provided from any GEF-managed trust fund to support the implementation of any Full-Sized Project, Medium-Sized Project, Enabling Activity or Program, excluding Co-Financing, Agency Fees and Project Preparation Grants

Investment Mobilized means Co-Financing that excludes recurrent expenditures

Medium-Sized Project means a project with GEF Project Financing of up to US\$2 million

Program Framework Document means the document that sets forth the concept of a program that is proposed for GEF financing

Project Identification Form means the document that sets forth the concept of a Full-Sized Project or Medium-Sized Project that is requesting GEF financing

Work Program means a group of Full-Sized Projects and/ or Programmatic Approaches that is presented for Council approval in a Council meeting

Introduction

1. Co-Financing contributes to the effectiveness, impacts and sustainability of GEF projects and programs, particularly by enabling the GEF to achieve longer-lasting and larger-scale global environmental benefits, and by strengthening partnerships with recipient country governments, multilateral, bilateral and national financing institutions, the private sector, and civil society.
2. This Policy sets out the definitions, level of ambition and requirements for Co-Financing in GEF projects and programs with a view to mobilizing greater public and private investments in measures to achieve global environmental benefits.

Application

3. This Policy applies to the Secretariat and all GEF Partner Agencies (hereafter “Agencies”). The Policy applies to all projects and programs financed with resources from the GEF Trust Fund.

Level of Ambition

4. This Policy sets out an ambition for the overall GEF portfolio to reach a ratio of Co-Financing to GEF Project Financing of at least 7:1, and for the portfolio of projects and programs approved in Upper-Middle Income Countries and High-Income Countries¹ that are not Small Island Developing States or Least Developed Countries² to reach a ratio of Investment Mobilized to GEF financing of at least 5:1. Countries with the capacity to do so are encouraged to seek even higher levels of Co-Financing and Investment Mobilized. Over time, all countries should seek to mobilize greater investments.
5. The Secretariat does not impose minimum thresholds and/or specific types or sources of Co-Financing or Investment Mobilized in its review of individual projects and programs.

Policy Requirements

6. This Policy sets out mandatory requirements for Co-Financing throughout the GEF project and program cycles, as well as for portfolio monitoring and reporting by the Secretariat.
7. Co-Financing is required for all GEF-financed Full-Sized Projects, Medium-Sized Projects and programs. Co-Financing is encouraged for all Enabling Activities.

Co-Financing in GEF-Financed Projects and Programs

¹ As per the World Bank Country and Lending Groups

² As defined by the United Nations

8. Agencies, in collaboration with recipient countries and executing partners, identify, document, monitor and report on amounts, sources and types of Co-Financing for all GEF-financed projects and programs for which Co-Financing is available.
9. In Project Identification Forms and Program Framework Documents submitted for Work Program entry or CEO Approval, Agencies provide indicative information regarding the expected amounts, sources and types of Co-Financing, and the sub-set of such Co-Financing that meets the definition of Investment Mobilized.
10. At CEO Endorsement/ Approval, Agencies provide confirmed information regarding the expected amounts, sources and types of Co-Financing and Investment Mobilized, with appropriate supporting evidence.
11. Agencies ensure that any Co-Financing identified in Program Framework Documents, Project Identification Forms or requests for CEO Endorsement/ Approval has not been previously identified or reported as Co-Financing towards another GEF-financed project or program.
12. The Secretariat, in its review of Program Framework Documents, Project Identification Forms and Requests for CEO Endorsement/ Approval, assesses whether the indicative and confirmed, expected amounts, sources and types of Co-Financing and Investment Mobilized are adequately documented and consistent with the requirements of this Policy.
13. Agencies may propose, on an exceptional basis, Full-Sized Projects or Medium-Sized Projects without Co-Financing in response to an emergency or other unforeseen circumstance. In such cases Agencies justify why Co-Financing is not available and not necessary to achieve the objectives of the project.
14. For Full-Sized Projects and Medium-Sized Projects proposed for Work Program entry or CEO Endorsement/ Approval without Co-Financing, the Secretariat assesses whether adequate justification is provided to support an exception as described in Paragraph 13 above.
15. Agencies provide information on the actual amounts, sources and types of Co-Financing and Investment Mobilized in their mid-term reviews and terminal evaluations.
16. The Secretariat updates and maintains publicly available and easily accessible project and program templates and guidelines to support the effective implementation of the requirements set out in paragraphs 7—15 above.

Portfolio Monitoring and Reporting

17. The Secretariat collects data and information on expected and actual Co-Financing and Investment Mobilized across all GEF-financed projects and programs and reports annually to the Council on trends and progress against the level of ambition indicated in Paragraph 4 above.

Review of This Policy

18. The Council decides on the review and revision of this Policy.

Effectiveness

19. The Policy will come into effect on July 1, 2018, and will remain in effect until amended or superseded by the Council. The Policy applies to all new GEF-financed projects and programs submitted on or after the date of effectiveness. For GEF-financed projects and programs under implementation, the Policy applies to all annual project implementation reports as well as mid-term reviews and terminal evaluations submitted after one year of the date of effectiveness.

References and Related Documents

- Co-Financing Guidelines (FI/GN/01)
- Project and Program Cycle Policy (OP/PL/01)
- Guidelines on the Project and Program Cycle Policy (GEF/C.52/Inf.06)