Co-Financing

Roland Sundstrom
Senior Policy Officer, GEF Secretariat
GEF Introduction Seminar
Washington, DC
January 23, 2019
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)"
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.

<table>
<thead>
<tr>
<th>Sources</th>
<th>Types</th>
</tr>
</thead>
<tbody>
<tr>
<td>GEF Agencies</td>
<td>grant</td>
</tr>
<tr>
<td>donor agencies</td>
<td>loan</td>
</tr>
<tr>
<td>Governments</td>
<td>equity</td>
</tr>
<tr>
<td>private sector</td>
<td>guarantee</td>
</tr>
<tr>
<td>CSOs</td>
<td>in-kind</td>
</tr>
<tr>
<td>beneficiaries</td>
<td>other</td>
</tr>
<tr>
<td>other</td>
<td>other</td>
</tr>
</tbody>
</table>
in GEF-7, focus on investment financing
co-financing in the project cycle

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

- **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

- CEO Endorsement/Approval

- PIF/PFD

- post-approval
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
Policy on Co-Financing

Guidelines on Co-Financing

For follow-up questions:
ksundstrom@thegef.org