Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

20 ANNIVERSARY

Evaluation of Cofinancing in the GEF

An Evaluation Report by the GEF IEO

2025 | January



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Evaluation Report No. 168
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This report was presented to the GEF Council in May 2024.

ISBN: 978-1-64233-061-8

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Cover design: AM Mascia Design + Illustration Inc.
Interior design and layout: Nita Congress
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Cover photo: Filtering garden in Recife, Brazil, implemented under the Promoting Sustainable Cities in Brazil through Integrated Urban Planning and Innovative Technologies project, which received $22.6 million in GEF funding and mobilized $195.7 million in cofinancing. Photo by Neeraj Kumar Negi.

All dollar amounts are U.S. dollars unless otherwise indicated.

GEF replenishment periods: **Pilot phase:** 1991–94; **GEF-1:** 1995–98; **GEF-2:** 1999–2002; **GEF-3:** 2003–06; **GEF-4:** 2006–10; **GEF-5:** 2010–14; **GEF-6:** 2014–18; **GEF-7:** 2018–22; **GEF-8:** 2022–26

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Foreword

The Independent Evaluation Office of the Global Environment Facility (GEF) is pleased to present the Evaluation of Cofinancing in the GEF, undertaken at the request of the GEF Council. The evaluation was shared with the Council at its June 2024 meeting.

This evaluation compares the GEF's cofinancing strategy with those of other multilateral organizations and assesses the effectiveness of the GEF approach in achieving its objectives. It also examines how the GEF and its partners mobilize and manage cofinancing, along with the factors influencing commitments and their realization.

The report highlights both strengths and areas where the GEF approach can be further strengthened. These include placing greater emphasis on the quality of cofinancing, allowing Agencies more flexibility to address project management costs through cofinancing, and enhancing the monitoring of cofinancing realization.

Geeta Batra
Director, GEF Independent Evaluation Office

Acknowledgments

This evaluation was led by Neeraj Kumar Negi, Senior Evaluation Officer at the Independent Evaluation Office (IEO) of the Global Environment Facility (GEF), who also authored the report. The evaluation team included consultants Mariana Calderon Cerbon and Aneesh Kotru, along with Jeneen Garcia, Senior Evaluation Officer.

Neeraj Negi led the development of the evaluation approach, including the survey design, review instruments, the synthesis of information, and the comparative assessment of cofinancing approaches across selected multilateral organizations. Mariana Cerbon, Aneesh Kotru, and Jeneen Garcia conducted the review of completed projects, assessing cofinancing commitments, realization, and influencing factors. Mariana Cerbon also contributed to the development of the review instrument, conducted the quantitative analysis presented in the report, and assisted in key informant interviews. Jeneen Garcia supported the development and administration of the online survey instrument.

The evaluation benefited from oversight and support provided by Geeta Batra, Chief Evaluation Officer and GEF IEO Director since April 2024,; and Juha Uitto, GEF IEO Director until March 2024. Operational and administrative oversight were provided by Juan Jose Portillo, Senior Operations Officer. Karen Holmes edited the report, while Nita Congress designed and laid out the publication and provided editorial quality control.

The evaluation drew on valuable inputs from the GEF Secretariat, GEF Agencies, and member countries through interviews and an online survey. The GEF IEO extends its gratitude to all contributors. Responsibility for the content of this report rests solely with the Office.

Abbreviations

ADB	Asian Development Bank
CBIT	Capacity-Building Initiative for Transparency
CEO	Chief Executive Officer
FAO	Food and Agriculture Organization of the United Nations
GCF	Green Climate Fund
GEF	Global Environment Facility
IEO	Independent Evaluation Office
IFAD	International Fund for Agricultural Development
LDC	least developed country
LDCF	Least Developed Countries Fund
MDB	multilateral development bank
ODA	official development assistance
PIF	project identification form
PIR	project implementation report
PMU	project management unit
SIDS	small island developing states
SCCF	Special Climate Change Fund
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

Executive summary

Since its establishment, the Global Environment Facility (GEF) has disbursed over $24 billion, with partners committing an additional $138 billion in cofinancing for projects aimed at generating global environmental and adaptation benefits. The GEF's 2018 Updated Co-Financing Policy underscores the role of cofinancing in enhancing project effectiveness, sustainability, and the generation of broader environmental benefits, while also fostering partnerships. The GEF Council consistently emphasizes the importance of cofinancing, establishing ambitious goals and monitoring realization. In response to a request made during the June 2022 GEF Council meeting, the GEF Independent Evaluation Office conducted an evaluation of cofinancing in the GEF.

The evaluation examines the GEF's cofinancing strategy by comparing it with that of other multilateral organizations with publicly available cofinancing policies or strategies. It aims to assess the overall effectiveness of cofinancing in achieving its intended benefits, including scaling up activities, achieving results, ensuring the sustainability of outcomes, and strengthening partnerships. Furthermore, it seeks to understand how the GEF and its partners raise and manage cofinancing, as well as the factors influencing cofinancing commitments and their realization.

Main findings

The GEF approach to cofinancing is characterized by ambition and flexibility, as it sets challenging targets while accommodating a diverse range of contributions. The GEF's cofinancing policy allows for greater variation in the types and sources of contributions than the policies of Agencies such as the Asian Development Bank and the World Bank. For example, the GEF permits in-kind cofinancing contributions, which are not included by several other organizations; and it provides for exceptions for emergencies or unforeseen circumstances.

There is widespread acknowledgment of the critical role cofinancing plays in amplifying the environmental benefits pursued by the GEF. Stakeholders recognize that cofinancing facilitates the expansion of project scope, enabling the GEF to address environmental challenges on a larger scale. Cofinancing is seen as fostering enhanced national ownership, evidenced by governments' commitment to providing additional funding, consequently enhancing project outcomes and sustainability. Moreover, cofinancing is seen to enhance project effectiveness and impact by leveraging resources from a variety of stakeholders, promoting collaboration, and aligning with national priorities.

The GEF's cofinancing targets are more ambitious than that of other Agencies. The GEF has a cofinancing target of 7:1 for its overall portfolio and 5:1 for investments mobilized in non-small island developing states (SIDS), upper-middle-income countries, and high-income countries. These targets are more ambitious than those of its comparators. For example, the International Fund for Agricultural Development has a target of 1.2:1. Gavi's cofinancing targets range from 0.25 to a maximum of

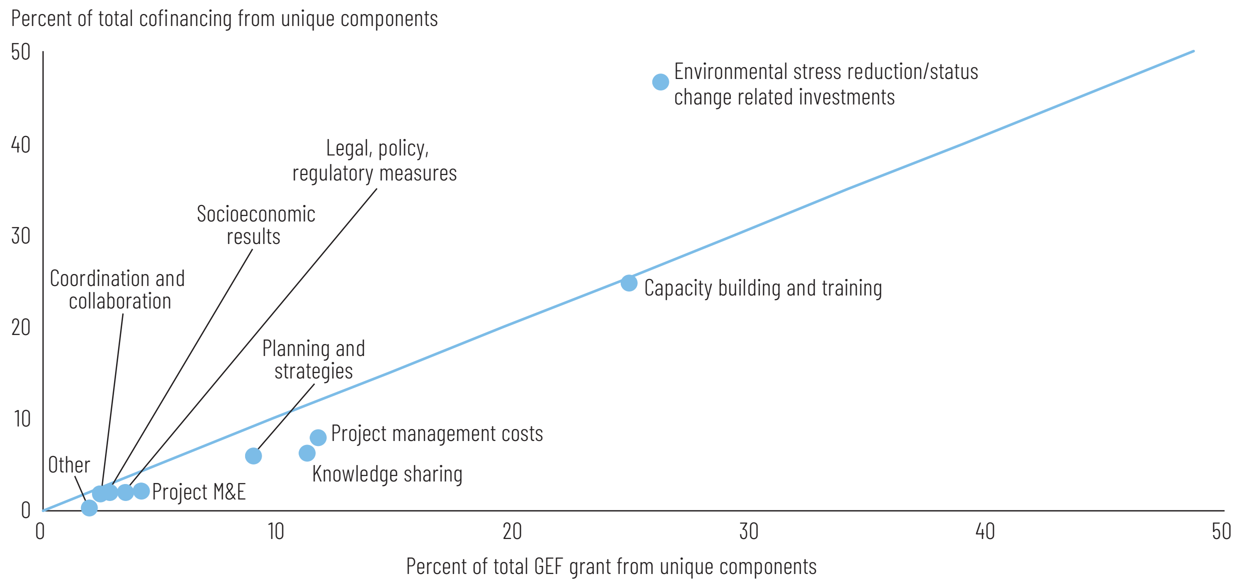
$9 per dollar of Gavi investment. Several other organizations that seek cofinancing—such as the Global Fund, the Green Climate Fund, the Asian Development Bank, and the World Bank—do not specify cofinancing targets.

Cofinancing is an important consideration in appraising the quality of a project proposal. At the project identification form (PIF) clearance stage, GEF Secretariat program managers assess the alignment, realism, and sufficiency of cofinancing. At the Chief Executive Officer (CEO) endorsement/approval stage, program managers ensure the completeness of documentation and assess deviations from the cofinancing contributions indicated at PIF approval. During these appraisals, almost all proposals receive comments. More than half of the projects require changes in cofinancing classification, proportionality in management costs, or reassignment of cofinancing; and less than a fifth need confirmation letters to be submitted.

GEF Agencies develop cofinancing packages based on a project's design features, focal area, recipient country, level of GEF funding, and the Agencies' own strengths. They recognize the necessity of mobilizing higher levels of cofinancing for projects that involve investments in mature technologies, revenue-generating activities, and private sector engagement particularly in upper-middle-income countries and emerging economies. Similarly, projects implemented by multilateral development banks (MDBs) typically have higher cofinancing expectations.

Activities that are directly related to environmental stress reduction attract a higher level of cofinancing (figure ES.1). Specifically, project components involving infrastructure development, technology demonstration, and procurement of efficient equipment and vehicles receive substantial cofinancing. In contrast, activities such as capacity building, legal and policy development, and project monitoring generally attract lower levels of cofinancing.

Figure ES.1 Project components and share in GEF financing for completed GEF-6 and GEF-7 projects



Source: Project documents.
Note: *n* = 118.

GEF Agencies employ diverse approaches to raise cofinancing. MDBs primarily use their internal resources, adjusting their cofinancing strategies based on the required level of concessionality and whether the project involves a loan investment or an advisory product. In contrast, United Nations (UN) entities and international nongovernmental organizations seek external funding sources. They cultivate long-term partnerships and engage closely with executing partners to identify cofinancing avenues, often relying on in-kind contributions and funding from recipient governments.

The widespread use of parallel and in-kind cofinancing in GEF projects complicates the task of ensuring proportionality in project management costs. The GEF's 2010 Rules and Guidelines for Agency Fees and Project Management Costs stipulate proportionality in these costs. However, with in-kind cofinancing present in 84 percent of GEF projects, and the frequent use of parallel cofinancing, Agencies find it difficult to meet these proportionality requirements. Consequently, reviewers identify discrepancies and gaps related to proportionality in 60 percent of proposals.

From GEF-6 through GEF-7, GEF projects secured cofinancing commitments averaging $7.7 for every dollar provided by the GEF Trust Fund. Projects funded through the GEF Trust Fund generally raise higher levels of cofinancing compared to those funded through the Capacity-Building Initiative for Transparency, the Least Developed Countries Fund, and the Special Climate Change Fund. Projects in the international waters and climate change mitigation focal areas, as well as national and regional projects, tend to attract higher levels of cofinancing commitments. Conversely, projects focused on biodiversity conservation, those with a global scope, and those implemented in least developed countries and SIDS generate lower levels of cofinancing.

The GEF Secretariat places a higher value on cofinancing managed directly by the project management unit compared to parallel cofinancing. According to an online survey conducted with GEF Secretariat respondents, 80 percent considered cofinancing managed by the project management unit to be extremely or mostly important for achieving GEF objectives, while only 35 percent held the same view about parallel cofinancing. However, it is worth noting that the GEF Secretariat does not currently track how cofinancing is divided between these two management arrangements.

The GEF Secretariat prioritizes compliance with cofinancing commitment requirements over actual realization of these commitments. While it enforces strict adherence to documentation requirements for cofinancing commitments, it places less emphasis on quality control during project implementation. This results in information gaps and data credibility issues. Midterm reviews and terminal evaluations frequently lack detailed information on how new funding sources contributed to project outcomes or coordinated with GEF-funded activities.

Thirty-four percent of the cofinancing commitments listed in project proposals do not materialize. Specifically, 55 percent of loans, 32 percent of grants, and 34 percent of in-kind contributions fail to be realized. The realization of loans is particularly sensitive to shifts in national priorities and project delays, which may result in reduced loan amounts or cancellations. Projects implemented by the MDBs show notably low cofinancing realization due to their greater reliance on loans. Additionally, cofinancing commitments from civil society organizations are realized less than half the time.

The nonrealization of cofinancing contributions is partially addressed by the GEF Agencies tapping into new sources of cofinancing. Among the cofinancing contributions that materialize by project completion, 40 percent are from these new sources. UN entities and international nongovernmental organizations actively seek out new sources of cofinancing during project implementation, often prompted by midterm review findings. However, the scope for tapping into new sources is constrained for projects in SIDS because of a limited pool of potential contributors.

On average, GEF projects generally achieve the expected level of cofinancing, although variations exist based on country context and Agency type (figure ES.2). On average, realization reaches 102 percent of the committed cofinancing amount. However, realization tends to be lower in least developed countries and SIDS, and higher for projects in upper-middle- and high-income countries (excluding SIDS). Moreover, the realization of cofinancing for projects implemented by MDBs is comparatively lower than that for projects implemented by UN and other entities. Underreporting is cited as at least part of the explanation for the lower realization of cofinancing in projects implemented by MDBs.

Full realization of cofinancing commitments shows a positive correlation with both the outcome and the sustainability ratings of GEF projects. When projects fully realize expected cofinancing, the outcome rating increases by 0.10 points on a binary scale and 0.30 points on a six-point scale. Similarly, the likelihood of sustainability is rated 0.23 points higher on a binary scale and 0.33 points higher on a four-point scale for projects with full cofinancing realization. Qualitative analysis indicates support for a positive causal relationship between cofinancing realization and outcome achievements.

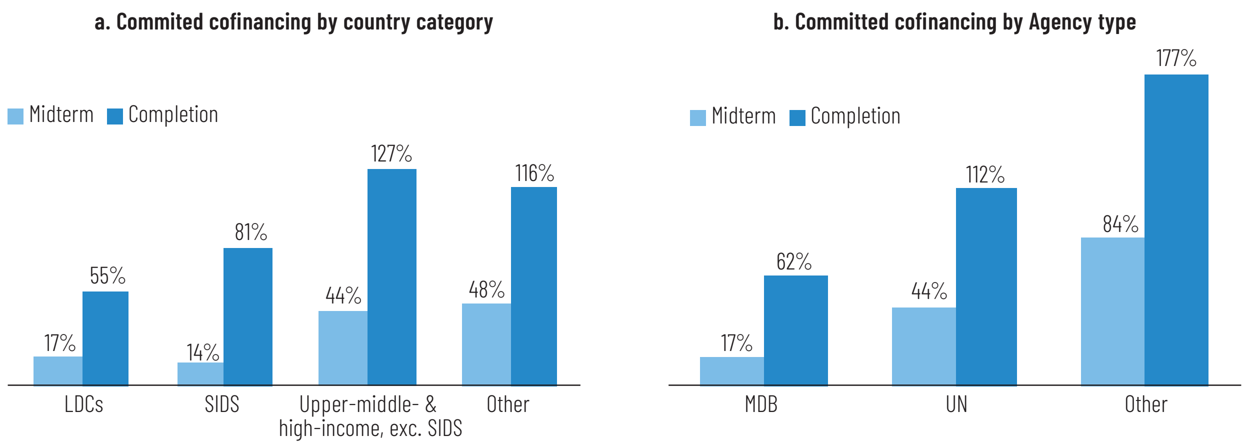
While cofinancing can indeed provide additional resources for GEF projects, it is important to recognize that, at a systemic level, this financing may not always represent additional funding for addressing environmental concerns. For instance, contributors with environmental mandates may allocate $1.25 per dollar of GEF grant—funds that might have been earmarked for environmental sustainability activities irrespective of GEF projects. Similarly, within a GEF project framework, private sector financing often covers baseline costs for business-as-usual scenarios, while GEF funds support additional costs for generating environmental benefits. Consequently, the cofinancing ratio may not accurately reflect the level of additional environmental benefits generated by a project.

Conclusions

GEF approach to cofinancing

- **The GEF's flexible approach to cofinancing results in high ratios but raises questions about the credibility of the reported cofinancing realized.** Defining cofinancing broadly enables the GEF to demonstrate high fund mobilization from its partners; however, not all contributions are equally important or essential. There

Figure ES.2 Realization of cofinancing as percent of commitments at CEO endorsement



Source: Evaluation Analysis, for 118 completed GEF-6 & GEF-7 projects.

is an opportunity to refine this definition to clarify what should be included or excluded.

- **Setting cofinancing targets at the portfolio level and adjusting them based on individual circumstances is effective and provides necessary flexibility.** However, there is a need to reassess these targets to ensure they are credibly achieved, considering factors such as the time value of money, the likelihood of realization, complementarity and coordination with GEF-funded activities, and ensuring that cofinancing contributions are essential for achieving the GEF objectives of a given project.

Proportionality in management cost

- **Proportionality in meeting project management costs through cofinancing is frequently raised in the GEF Secretariat's feedback to GEF Agencies.** This often leads to significant back and forth between the GEF Secretariat and the Agencies.
- **Agencies struggle to maintain proportionality in project management costs between cofinancing and GEF financing.** This struggle stems from the fact that much of the cofinancing is managed separately from GEF financing. While the rationale for proportionality in management costs is clear, its implementation is impractical given that most projects involve in-kind and parallel cofinancing.

Monitoring realization of cofinancing

- **Tracking and reporting of cofinancing commitments and realization have improved.** This is due to updates in the cofinancing policy and the GEF Portal, which provides real time aggregated information.
- **Persistent challenges remain regarding the quality of information on the realization of cofinancing.** New contributions during project implementation often lack proper documentation, making it difficult to verify their authenticity. Further, tracking in-kind cofinancing presents difficulties, and there are significant gaps in the information provided through midterm reviews and terminal evaluations.
- **The GEF Secretariat has prioritized compliance with cofinancing requirements during project preparation over ensuring the quality of information on realized cofinancing.** Although it has initiated reporting on cofinancing realization, the GEF Secretariat heavily relies on data from the Agencies, with limited follow-up to ensure data completeness.

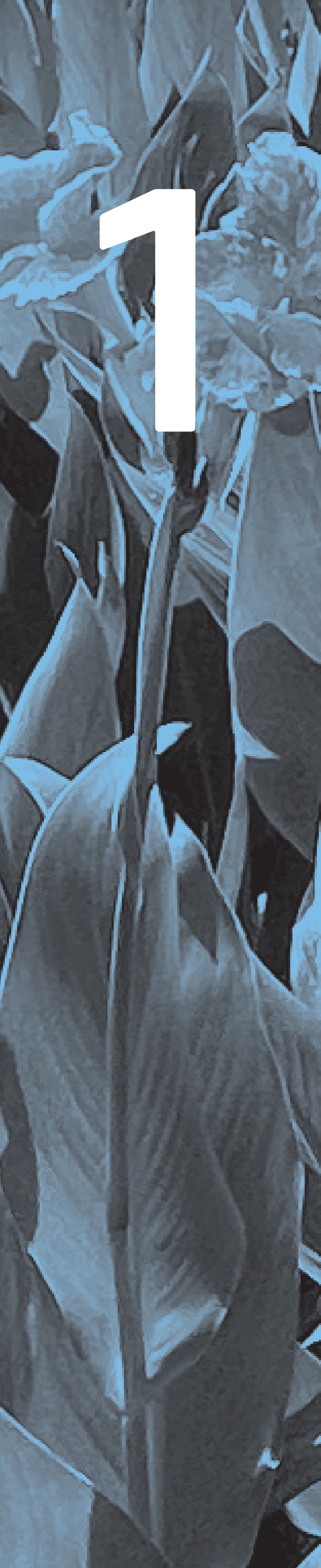
Recommendations

Based on the evidence the evaluation makes three recommendations:

Recommendation 1: Reevaluate the GEF approach to cofinancing. The GEF Secretariat should assess whether the cofinancing targets at the portfolio level are sufficiently ambitious while remaining realistically achievable to maintain credibility; establish precise criteria for the inclusion and exclusion of cofinancing components; and assess the adequacy and quality of cofinancing within project proposals.

Recommendation 2: Revise the requirement concerning proportionality in covering management costs through cofinancing, taking into account that the majority of GEF projects rely on in-kind contributions for cofinancing, and a significant portion of raised cofinancing is administered by entities separate from the GEF PMU. The existing requirement is not aligned with prevailing practices and definitions of cofinancing, resulting in substantial administrative exchanges between the GEF Secretariat and Agencies.

Recommendation 3: Strengthen the monitoring of cofinancing realization by verifying information provided by Agencies and rectifying any discrepancies. The GEF Secretariat must ensure quality control on data concerning the realization of cofinancing. In particular, when Agencies report on a newly realized cofinancing contribution that was not originally included in the CEO endorsement/approval request, such a contribution should require the same verification as that required during CEO endorsement.



1 Introduction

1.1 Background and rationale

Multilateral organizations pursue cofinancing to augment the resources available for the activities they finance, facilitating the expansion of supported initiatives and the mitigation of concentration risks. Since its inception, the Global Environment Facility (GEF) has allocated over $24 billion, with partners committing an additional $138 billion in cofinancing, for projects aimed at generating global environmental benefits. The GEF Council consistently underscores the significance of cofinancing in enhancing the impact and effectiveness of the GEF, setting ambitious targets for increasing cofinancing (GEF 1997, 2003b). This evaluation examines the GEF's approach to cofinancing, and evaluates its effectiveness in advancing the GEF's environmental objectives and strengthening partnerships.

The GEF's cofinancing policy and guidelines provide a framework for accessing additional funding for GEF activities. The GEF established its cofinancing policy in 2003 (GEF 2003a), with updates in 2014 and 2018. The GEF cofinancing policy (GEF 2018b) underscores the expected benefits from cofinancing and requires project proponents to secure cofinancing for full- and medium-size projects. Furthermore, it emphasizes the importance of mobilizing **investment**, a subset of cofinancing that excludes recurrent expenditure. The policy establishes portfolio-level target ratios of 7:1 for cofinancing, and 5:1 for investment mobilized in upper-middle- and high-income countries—excluding small island developing states (SIDS)—in relation to GEF project financing. The GEF guidelines on cofinancing (GEF 2018a) explain the rules and requirements regarding cofinancing for GEF activities.

During GEF-7, following the issuance of the Updated Co-Financing Policy, the GEF mobilized commitments of $8.2 in cofinancing per dollar of GEF funding, based on data in the GEF Portal (GEF 2022b). Notably, it mobilized investments at a rate of $6.0 per dollar of GEF financing in upper-middle- and high-income countries, and $21.5 per dollar of GEF financing through nongrant instrument projects (GEF 2022b). Thus, the targets set for GEF-7 period were fully met in the GEF-7 project approvals. Nevertheless, questions persist regarding the identification, mobilization, realization, and outcomes of cofinancing for GEF projects. During the June 2022 GEF Council meeting, several Council Members requested an evaluation of cofinancing. In response to this request, the GEF Independent Evaluation Office (IEO) conducted this evaluation of cofinancing in the GEF.

1.2 Past reporting and literature

The GEF-8 Results Management Framework monitors cofinancing commitments and their realization (GEF 2022a). The GEF Secretariat publishes its analyses of cofinancing data, including investments mobilized, through reports such as the GEF Monitoring Report (e.g. GEF 2024) and the GEF Scorecard (e.g., GEF 2022b). In December 2020, the GEF Secretariat also published a stand-alone analysis on implementation of the Updated Co-Financing Policy (GEF 2020b). These reports highlight that the extent and level of cofinancing varies depending on factors such as project size, the income and economy size of the recipient country, and the focal area. In recent years, the Secretariat has begun tracking the reported realization of cofinancing at both the project midterm and project completion stages. According to the findings between fiscal years 2020 and 2023, compared to the cofinancing expected at Chief Executive Officer (CEO) endorsement/approval, 51 to 62 percent of projects met the cofinancing disbursement threshold of at least 35 percent at midpoint (GEF 2024).

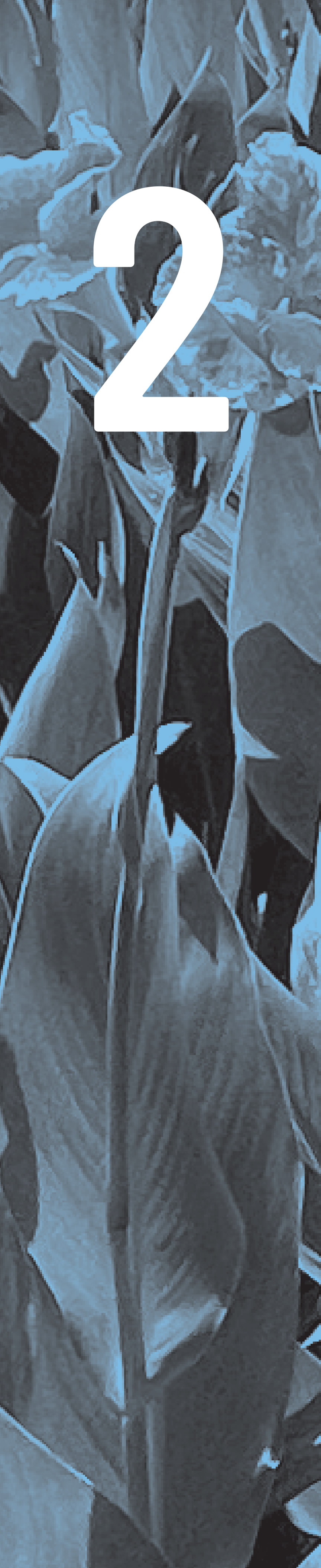
The IEO consistently tracks realization of cofinancing by analyzing data extracted from terminal evaluation reports. This information is regularly presented through the GEF Annual Performance Report. The most recent such report (GEF IEO 2024) highlights that 62 percent of completed GEF projects fully realized their committed cofinancing, with the realized cofinancing across the GEF portfolio surpassing the committed amount by a third on average. Notably, projects that fell short of realizing at least half their committed cofinancing during implementation were less likely to receive a satisfactory outcome rating.

The IEO has explored various other aspects of cofinancing in its evaluations. For example, the Evaluation of the Effects of the COVID-19 Pandemic on GEF Activities (GEF IEO 2022) revealed that cofinancing commitments for projects prepared by non–development banks were more adversely affected by the pandemic compared to those prepared by development banks. However, the reporting thus far lacks a detailed breakdown of the realization of cofinancing. The primary reason is that past terminal evaluations failed to provide a comprehensive breakdown of cofinancing by source and type.

Several research papers have examined aspects of cofinancing, both within the GEF and beyond. In a study conducted by Sissoko, Toschi, and Martin (2019), the International Fund for Agricultural Development's (IFAD's) project portfolio was analyzed to identify the determinants of cofinancing. The researchers found that factors such as a country's income level, fragility, size, and quality of institutions, as well as project size and partner perceptions of IFAD's performance, significantly influenced the level of cofinancing received by a project. A study by Gouglas et al. (2014) evaluated the Gavi cofinancing policy and concluded that it effectively incentivizes recipient countries to contribute financially, thereby enhancing greater country ownership in projects. Miller and Yu (2012) observed that regional projects funded by the GEF generally exhibit lower levels of cofinancing compared to projects limited to a single country. Kotchen and Negi (2019) found that the GEF's emphasis on cofinancing tends to favor larger projects addressing climate change, often implemented by multilateral development banks (MDBs). Their research suggests that cofinancing could potentially contribute to improved project performance. They also noted that GEF projects executed by the private sector, a targeted source for cofinancing, received lower outcome ratings.

In a study conducted by Kotchen and Vogt (2023), data from the GEF and the Green Climate Fund (GCF) were analyzed. The research suggests that a strong emphasis on high cofinancing ratios might lead to better results for these funds. However, it could also result in inefficient global allocation, as projects with high cofinancing ratios might not offer optimal value for the money when considering overall investment.

While the contributions from both internal and external sources have greatly enhanced understanding of cofinancing in the GEF, the concept still remains largely opaque. For example, the determinants influencing the realization of cofinancing are not well understood. Information regarding the risks associated with cofinancing is limited. Similarly, questions persist regarding the actual leveraging and credibility of in-kind cofinancing. This evaluation seeks to delve deeper into the dynamics of cofinancing and address existing knowledge gaps to further enhance understanding of the critical aspects.



2 Evaluation framework and data sources

2.1 Key questions

The evaluation addressed the following questions:

- **How does the GEF's approach to cofinancing compare with that of its comparators?** Several multilateral organizations have defined cofinancing and have developed policies, strategies, and guidelines outlining their approach. The evaluation assessed the GEF's approach in relation to that of comparators—specifically, the Asian Development Bank (ADB), Gavi, the Global Fund, the Green Climate Fund, the International Fund for Agricultural Development, and the World Bank.
- **How is cofinancing raised and managed?** The evaluation aimed to understand how GEF Agencies and other partners raise and manage cofinancing, including the application of the GEF cofinancing policy and guidelines. It examined the roles played by various partners in assembling a financial package and overseeing its management. Additionally, it sought to understand how the execution of activities supported through cofinancing and managed by different actors is coordinated with GEF-financed activities.
- **What factors influence cofinancing commitments and their realization?** The evaluation assessed factors influencing cofinancing commitments and their realization. It identified patterns in cofinancing across various project categories based on project characteristics, Agency type, and recipient country categories to determine the level of committed and realized cofinancing. It also examined the reasons behind delayed or nonrealized cofinancing.
- **Does cofinancing influence project outcomes?** The evaluation examined the impact of cofinancing on project results, particularly focusing on the level of realization of cofinancing and its correlation with project outcomes.
- **How effectively is cofinancing delivering its expected benefits?** The evaluation examined the extent to which cofinancing is achieving its expected results, including the

increased scale of supported activities, effectiveness in achieving results, sustainability of results, and strengthening of GEF partnerships.

- **To what extent does GEF financing raise additional resources to address environmental challenges?** The evaluation assessed the extent to which cofinancing is mobilizing additional resources to address global environmental challenges, analyzing this issue at both systemic and project levels. It also examined the extent to which cofinancing includes official development assistance (ODA) sources.

2.2 Key hypotheses and propositions

The evaluation examined various hypotheses and propositions related to the key questions. It compared the GEF's strategy for raising cofinancing with that of its comparators. It investigated the proposition that an organization's mandate and business model influence its definition of cofinancing. To understand the cofinancing strategies adopted by an organization, it explored the proposition that the inclusions, exclusions, and ambitiousness of cofinancing targets may affect the nature and scope of cofinancing raised. In essence, if an organization adopts a broad definition, it is likely to encompass a wider range of contributions as cofinancing, potentially resulting in higher levels of cofinancing.

The evaluation examined the experiences of GEF Agencies in raising and managing cofinancing. It aimed to test the hypothesis that cofinancing commitments from certain sources are more likely to be realized than others. For example, commitments from a GEF Agency are probably more likely to be realized because they are directly controlled by the GEF implementation partner. The evaluation also explored the proposition that cofinancing managed by the respective project's management unit is more likely to complement GEF-funded activities compared to parallel cofinancing arrangements.

The evaluation looked to identify the key factors influencing cofinancing levels in GEF projects. It tested hypotheses that countries with higher income levels tend to generate higher levels of cofinancing commitments and that these countries also exhibit higher rates of cofinancing realization. It analyzed the proposition that in the least developed countries (LDCs) and low-income countries, a relatively higher proportion of cofinancing manifests as in-kind contributions. Additionally, it examined whether focal areas with lower cofinancing levels tend to rely more on in-kind contributions.

The evaluation addressed the importance of cofinancing in achieving the environmental objectives and outcomes pursued by the GEF. It explored the proposition that projects with realized cofinancing substantially below commitments tend to achieve worse outcomes compared to those fully realizing cofinancing. It also examined the alternative proposition that project results remain unaffected by level of cofinancing realization, because activities funded through cofinancing are not directly linked to the environmental results pursued by the GEF. The evaluation sought to determine which of these propositions is better supported by evidence and the underlying reasons for these findings.

The evaluation assessed the role of cofinancing in generating additional global environmental benefits and examined associated perceptions. It investigated whether cofinancing contributes to additional global environmental benefits at a systemic level and whether it enables a project to generate more benefits. Regarding inputs, it examined whether cofinancing introduces new resources to address environmental issues at both the global and project levels. From an outcomes perspective, the evaluation explored whether cofinancing contributes to the creation of additional net environmental benefits, even if it does not necessarily result in extra resources at the global level. For instance, a collaboration between the GEF, an environmentally focused think tank, and a country's environmental department might not inject additional finances to address global environmental challenges. However, it could enhance environmental benefits through complementary capacities. Similarly, participation in a GEF project through a cofinancing arrangement may yield ancillary benefits for the participants. Conversely, the generation of extra resources might not automatically translate into global environmental benefits if effectively deploying them toward environmental objectives proves challenging, and if the transaction costs associated with raising cofinancing outweigh its benefits.

2.3 Key definitions

The GEF Updated Co-Financing Policy defines cofinancing as "financing that is additional to GEF Project Financing and supports the implementation of a GEF-financed project or program and the achievement of its objective(s)" (GEF 2018b, 6). The evaluation adopted this definition as a basis for reporting on cofinancing for GEF activities. It analyzed the definition to determine what is included and excluded from what the GEF considers as cofinancing, and it compared this definition with those used by other organizations.

For this evaluation's purposes, the term **expected cofinancing** refers to the indicative cofinancing listed in the project identification form (PIF), as well as the cofinancing commitments listed in the CEO endorsement or approval documents. The term **realized cofinancing** pertains to cofinancing provided by the cofinancing partners and utilized for executing project activities. While, in theory, the provision of cofinancing by partners should be considered as realization, in practice the term **realization** is more commonly associated with the utilization of cofinancing in executing project activities. This is particularly true for in-kind cofinancing. The GEF cofinancing policy and guidelines do not differentiate between "provided" and "utilized" cofinancing. Therefore, the data available in the GEF Portal do not reflect this distinction. In this evaluation, the term "realization" was used to denote the reported realized cofinancing.

The evaluation uses the term **contribution** to signify each instance where a distinct cofinancer commits to provide an amount (or its equivalent in kind) in a distinct form for a GEF project. For instance, a cofinancer might contribute part of the financing for a project in kind, part as a grant, and part as a loan. In this scenario, the cofinancer will be assessed to have made three contributions, and the realization of each of these contributions can be determined. This evaluation uses the term **parallel cofinancing** to describe project cofinancing that is outside the control or management of the designated unit, and for which the management unit has no responsibility for its utilization.

The GEF cofinancing policy defines **investment mobilized** as cofinancing "that excludes recurrent expenditures" (GEF 2018b, 6). While there is considerable overlap between recurrent expenditures and in-kind cofinancing, as well as between investment mobilized and non-in-kind cofinancing, the overlap is not always exact. There are instances where recurrent expenditures and in-kind cofinancing differ. Therefore, this report uses both terms (recurrent expenditures and in-kind cofinancing) based on how they are defined and used in the underlying data.

2.4 The GEF activity cycle

The evaluation examined various stages of the GEF activity cycle concerning the raising and realization of cofinancing for GEF activities.

The GEF uses two different project preparation processes—a two-step process and a single-step process.

- Agencies use a **two-step process** for preparation of proposals for stand-alone full-size projects. As part of the process, Agencies prepare and submit a PIF to the GEF Secretariat; and, after its approval, they prepare a fully developed proposal and submit it for CEO endorsement/approval.

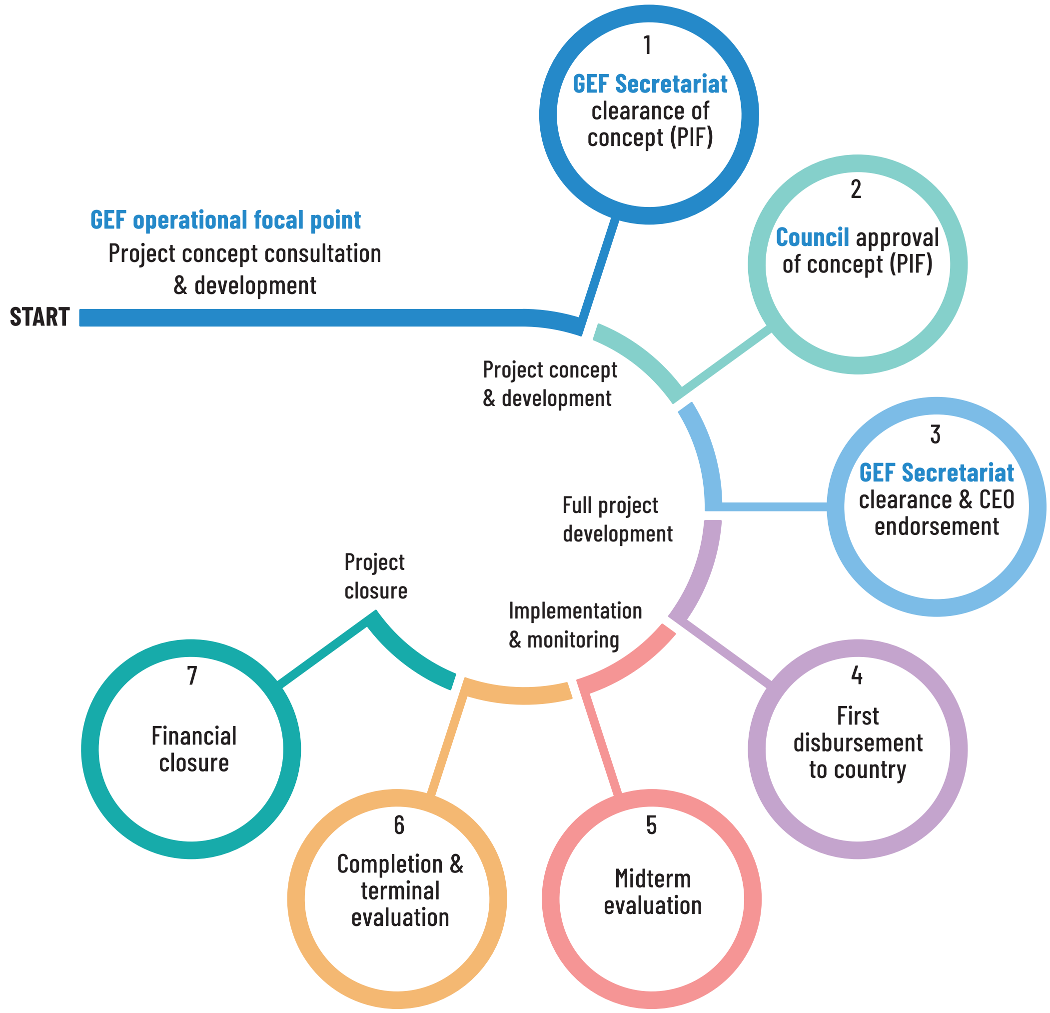
- Agencies use a **single-step process** for full- and medium-size projects prepared within the framework of a programmatic approach. The single-step process requires submission of a project proposal only at the CEO endorsement/approval stage.

Agencies have the flexibility to use either of these processes for stand-alone medium-size projects.

In the two-step process, GEF Agencies submit a PIF presenting the project concept along with an estimate of the required resources, including GEF financing and cofinancing (figure 2.1). The GEF Agencies identify the sources, along with indicative amounts and types of cofinancing that would be provided. It is important to note that at this stage cofinancing figures are indicative, and the Agencies are not required to furnish evidence supporting the cofinancing listed in the PIF. The GEF Secretariat reviews the PIF, either providing feedback to the Agencies for revisions on some aspects, rejecting the proposal, or clearing it for approval.

After approval of a PIF, project proposals for full-size stand-alone projects and medium-size two-step

Figure 2.1 **Activity cycle for stand-alone full-size projects**



Source: Adapted from GEF 2020a.

projects undergo detailed preparation. During this stage, among other tasks, the Agencies obtain confirmation from the cofinancing contributors regarding their commitments. A comprehensive proposal is then submitted to the GEF Secretariat for CEO approval. Full-size projects and medium-size projects under programmatic approaches, as well as stand-alone single-step medium-size projects, only go through the CEO approval stage. Therefore, they must present a fully developed proposal during the initial submission. At the CEO approval stage, project proponents are required to furnish commitment letters from cofinancing contributors as evidence of support. The project proposals clarify the types and sources of cofinancing, as well as how these will finance various project components. Specified types of cofinancing include investment or in-kind contributions; and, if it is for investment, whether it takes the form of a grant, loan, guarantee, or equity contribution. Since GEF-6, cofinancing has also been categorized based on whether it is mobilized investment or intended to support recurrent expenditures. Once project implementation starts, Agencies are expected to provide information on realized cofinancing at project midterm and completion.

2.5 Categories for analysis

Multiple categories have been used to identify patterns in cofinancing across the GEF portfolio. The GEF recognizes several types of cofinancing: investments—sometimes referred to as cash—which are composed of grants, loans, guarantees, equity, and public investments; and recurrent expenditures (usually in kind).

Another categorization is based on the source of cofinancing. This includes commonly recognized sources such as GEF Agencies, other multilateral and bilateral donor agencies, recipient country governments and their agencies, the private sector, beneficiaries, civil society organizations, and others. Cofinancing contributions have been analyzed using these categories to assess the types of contributions provided, the extent to which they are realized, and the focal areas and regions where these categories are utilized more frequently.

Cofinancing contributions have also been analyzed based on characteristics of projects supported through these contributions. These categories include the following:

- **Trust fund providing the GEF financing:** GEF Trust Fund, Capacity-Building Initiative for Transparency (CBIT), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), multitrust fund
- **Project size:** enabling activity, medium-size project, full-size project
- **Project component:** capacity building and training; investments for environmental stress reduction/status change; legal, policy, regulatory measures; plan and strategy development; coordination and collaboration; socioeconomic results; project monitoring and evaluation; knowledge sharing; project management costs
- **Focal area:** biodiversity, climate change mitigation, climate change adaptation,[1] international waters, land degradation, chemicals and waste, multifocal
- **GEF Agency type:** multilateral development banks, United Nations (UN) organizations, other Agencies
- **Geographical scope:** national, regional, global
- **Country type:** LDCs, SIDS, upper-middle-income and high-income countries (excluding SIDS where specified), and other recipient countries.

2.6 Sources of information

The evaluation drew on multiple information sources—project documents, the GEF Data Portal, terminal evaluations of completed projects, an online survey, and

[1] Note that the evaluation distinguishes between climate change mitigation and climate change adaptation rather than addressing climate change as a discrete focal area, as these activities are linked to different trust funds, and there can be vital differences in their ability to raise cofinancing.

key informant interviews—to address the key questions, as summarized in table 2.1 and delineated below.

Desk review

The evaluation team conducted several desk reviews to gather information for evaluation questions, including the following:

- **Review of cofinancing approaches.** This analysis examined the cofinancing policies, guidelines and strategies of ADB (2011, 2023, and as presented on the ADB website's Financing Partnerships page), Gavi (2022a, 2022b), the GCF (2019), the GEF (2003a, 2014, 2018a, 2018b, 2020a), IFAD (2018), the Global Fund (2016), and the World Bank (1976, 2022). Only multilateral institutions with a publicly accessible cofinancing policy or strategy document were included. Among these, the GCF has a mandate to assist developing countries in implementing adaptation and mitigation actions to address climate change, which aligns closely with the GEF mandate. Like the GEF, it also works through accredited agencies to implement its projects and programs. ADB, the World Bank, and IFAD are GEF Agencies. ADB and the World Bank are international financial

Table 2.1 Sources of information to answer key evaluation questions

Key question	Information source	Coverage
How does the GEF's approach to cofinancing compare with that of its comparators?	• Desk review • Interviews	Cofinancing policies, strategies, and guidelines of ADB, Gavi, GCF, GEF, IFAD, Global Fund, and World Bank
How is cofinancing raised and managed?	Interviews	Key informants from GEF Agencies and GEF Secretariat
What factors influence cofinancing commitments and its realization?	• GEF Portal data • Terminal evaluation validation • Desk review • Interviews • Online survey	• GEF Portal data for 1,546 CEO endorsed/approved GEF-6 and GEF-7 projects; subsample of 60 projects to examine review sheets; review of 149 GEF-7 and GEF-8 rejected, dropped, canceled proposals • Terminal evaluation validation data for 2,152 projects • Project documents for 118 completed GEF-6 and GEF-7 projects
Does cofinancing influence project outcomes?	• Terminal evaluation validation • Desk review • Interviews • Online survey	• Terminal evaluation validation data on cofinancing for 1,836 completed projects • Project documents for 118 completed projects; review of subsamples of 40 projects with < 25% realization of expected cofinancing (20 with outcomes rated satisfactory or higher; 20 with outcomes rated moderately unsatisfactory or lower)
How effectively is cofinancing delivering its expected benefits?	• Terminal evaluation validation • Interviews • Online survey	• Quantitative analysis of terminal evaluation review data set • Key informants from GEF Agencies and GEF Secretariat
To what extent does GEF financing raise additional resources to address environmental challenges?	• Terminal evaluation validation • Desk review • Interviews • Online survey	Triangulation of data from all sources

institutions with a broad development mandate, while IFAD is a UN entity providing financing for agricultural development projects. Gavi and the Global Fund have a mandate to support public health initiatives in developing countries. Despite differences between the GEF mandate and those of Gavi and the Global Fund, they were selected because, like the GEF, they also seek cofinancing to pursue their sectoral mandates and are partnerships. The comparison was based on the definitions used, benefits pursued, and types and levels of cofinancing targeted.

- **Review of completed projects.** Cofinancing commitments for completed projects that were approved from GEF-6 onwards were examined to identify cofinancing contributions, assess the level of cofinancing allocated for project components, and evaluate its realization. All 118 completed projects from GEF-6 (114 projects) and GEF-7 (4 projects), for which terminal evaluations were available on the GEF Portal as of December 31, 2023, were covered. This includes 96 projects financed through the GEF Trust Fund, with the remainder financed through other trust funds administered by the GEF. The review began with the cofinancing report from the GEF Portal. After examining project documents, the evaluation team identified and addressed data gaps, supplementing the report with additional columns as necessary. Generally, the cofinancing amounts in the report aligned with those available in project documents. Discrepancies were observed in some cases—there were data gaps in some instances; while in others, the reported cofinancing amounts and contributor details differed. For example, there were slight variations in the name of the same cofinancer. Variations in the classification of cofinancing were also noted between milestones, or information was provided only in the terminal evaluation or midterm review. In such instances, the evaluation team triangulated the available information to fill in information gaps and rectify inaccuracies.
- **Review of GEF Secretariat's review forms for GEF-7 and GEF-8 projects.** A random sample of 60 projects was selected from a total of 625 full-size stand-alone and medium-size two-step process projects to examine the review sheets by the GEF Secretariat appraising submissions at the PIF and CEO endorsement/approval stages. The sample includes 55 projects financed through the GEF Trust Fund. The review assessed the extent to which cofinancing-related issues were raised.
- **Review of proposals that exited the activity cycle before implementation.** Documents for all 149 project proposals (133 GEF-7 and 16 GEF-8 proposals) for which the PIF was rejected, or the project was dropped or canceled before start of implementation, were examined. This review aimed to understand whether cofinancing was among the reasons for a proposal's exit.
- **Review of completed projects approved from GEF-5 onwards with less than 25 percent realization of expected cofinancing and a ratio of at least 2:1 of cofinancing expected at project start.** The terminal evaluation reports of 20 projects that were rated satisfactory for outcomes despite a low cofinancing realization rate were examined to assess why the outcome of these projects was rated satisfactory. Similarly, the terminal evaluation reports of 20 projects that were rated as moderately unsatisfactory or lower for outcomes and had less than 25 percent realization of cofinancing were reviewed to understand whether cofinancing was among the factors contributing to the low outcome rating.

GEF Portal data

The GEF Portal provides data on expected and realized cofinancing at major milestones, with considerable disaggregation for projects approved from GEF-6 onwards. Additionally, for a substantial proportion of these projects, it provides information on investment mobilized and recurrent expenditures. Since most project proposals for the GEF-8 period have yet to achieve the CEO endorsement/approval milestone, only projects from GEF-6 and GEF-7 were included in analyzing committed cofinancing. In total, data for 1,546 projects—760 approved in GEF-6 and 786 approved in GEF-7—were included in the analysis. The portfolio comprises 1,384 projects funded through the GEF Trust Fund, including 16 multitrust fund projects that receive partial funding through the GEF Trust Fund. Exclusive funding is provided through other trust funds—the CBIT (44 projects), the LDCF (94 projects), the SCCF (16 projects)—with 8 projects funded through multiple trust funds. The breakdown consists of 846 full-size projects, 433 medium-size projects, and 267 enabling activities. Several of this evaluation's reviews build on the data provided by the GEF Portal.

Terminal evaluation validation data set

Terminal evaluations submitted to the GEF IEO through the GEF Portal undergo validation by either the GEF IEO or the evaluation unit of the respective GEF Agency. Data extracted from these validation reports and terminal evaluations are compiled into a terminal evaluation validation data set. This data set includes information on both expected and realized cofinancing for 1,836 of 2,152 completed projects. For the remaining projects, data are not recorded due to gaps in reporting in the terminal evaluations, especially those pertaining to earlier GEF replenishment periods. Of the 1,836 projects with available data on cofinancing, 1,716 are funded through the GEF Trust Fund, including 11 projects supported by multiple trust funds. The remaining 120 projects are exclusively funded by other trust funds. The data set provides aggregate amounts for a project's expected and realized cofinancing. This data set was used to analyze the correlation between cofinancing and outcome ratings.

Online survey

An online survey (annex D) was administered to gather information from the GEF Secretariat, the GEF Agencies, recipient countries, and donor countries. The survey was administered March 14–24, 2024. In total, 236 respondents participated, of whom 198 (84 percent) provided a response to at least one substantive question, and 191 (81 percent) completed the survey (table 2.2).

Interviews

Key informants from both the GEF Secretariat and the GEF Agencies (annex A) were interviewed or provided written responses regarding cofinancing. The GEF Secretariat and all GEF Agencies were requested to identify key informants to share their perspectives on cofinancing. Inputs from all identified key informants available to provide inputs by March 31, 2024, were gathered. Key

Table 2.2 **Participation in the online survey**

Invitee category	Number	Percent of intended participants
Addresses to which the email invitation was sent[a]	1,311	Not applicable
Invitee addresses receiving the email invitation (excluding bounced emails)	1,169	100
Invitee addresses accessing the invitation	669	57
Respondents who started the online survey	236	20
Respondents who completed the online survey	191	16

a. The email invitation was sent only to those GEF Portal users who were from GEF Agencies or recipient countries, and GEF Secretariat staff involved in the programming and monitoring of GEF activities.

informants from the GEF Secretariat were involved in various aspects such as policy development, compliance, project appraisal, and programming. Key informants from the Agencies either coordinated the GEF portfolio within their respective Agency or were involved in preparing project proposals and/or their implementation. Annex B presents the criteria used to identify projects covered through interviews, and the list of projects covered. Semistructured questionnaires (annex C) were utilized to gather information. In total, 49 key informants contributed to the study—46 through interviews and 3 through written responses (table 2.3). Ten out of the 18 GEF Agencies participated, including 4 of the top 5 Agencies with the largest share in GEF funding since GEF-6. Detailed notes from the key informant interviews were coded and analyzed using NVivo.

2.7 Stakeholder engagement

A draft concept note, based on research and data analysis, was shared with the GEF Secretariat on October 30, 2023. Based on feedback received from the Secretariat, the concept note was revised and shared once more with the GEF Secretariat and with the GEF Agencies on January 8, 2024. A reference group was constituted with participation from the GEF Agencies and GEF Secretariat to inform the evaluation; reference group members are indicated in annex A. The Secretariat and the Agencies were invited to nominate members to this group. The reference group provided feedback on the draft version of the online survey and a draft of the evaluation report. The evaluation was conducted through March 2024.

Table 2.3 Numbers of key informant inputs received/submitted

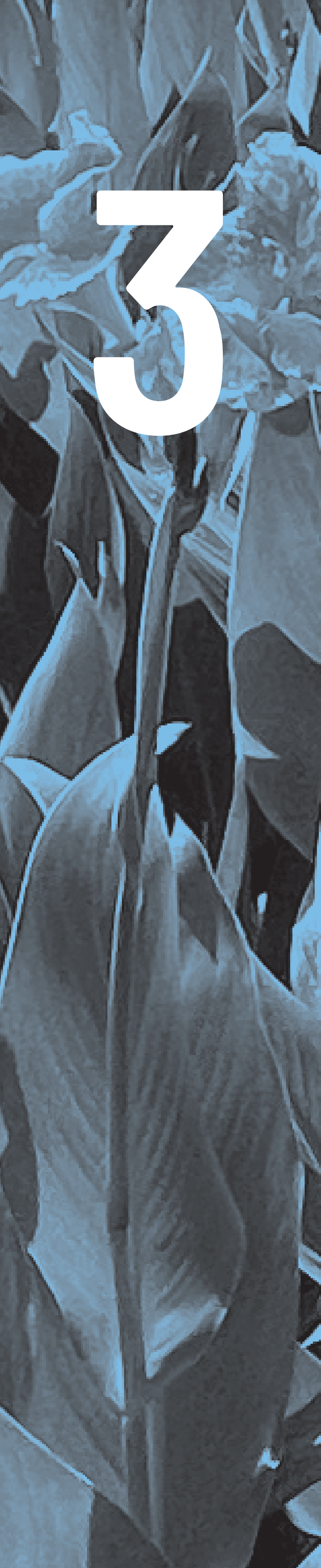
Informant affiliation	Interviews		Written input	Total
	Meetings	Participants		
GEF Agency	20	38	3	41
Asian Development Bank	1	2	0	2
Conservation International	2	4	0	4
European Bank for Reconstruction and Development	1	2	0	2
Food and Agriculture Organization of the United Nations	3	5	0	5
Foreign Economic Cooperation Office, Ministry of Environmental Protection of China[a]	0	0	1	1
Inter-American Development Bank	1	3	2	5
International Union for Conservation of Nature	1	1	0	1
United Nations Development Programme	6	10	0	10
United Nations Environment Programme	2	6	0	6
World Bank Group	3	5	0	5
GEF Secretariat	7	8	0	8
Policy and Operations	3	4	0	4
Programs	4	4	0	4
Total	27	46	3	49

Source: Evaluation analysis.

a. Input provided via email.

2.8 Limitations

Incomplete data on cofinancing posed a significant challenge for the evaluation. While efforts were made to address this gap by examining evidence in project documents, some data gaps persisted despite best efforts. Hence, the component-level analysis of cofinancing realization could not be conducted. Disentangling causal relationships among various factors and cofinancing, as well as between cofinancing and project results, presented another challenge. To address this limitation, the evaluation explored causal relationships through qualitative analysis; however, definitively establishing or rejecting these relationships remains challenging. There were some gaps in participation in the online survey and interviews, although these limitations are not presumed to have a critical effect on the evaluation findings and conclusions. Overall, many of the constraints experienced in the evaluation have been mitigated.



3 Findings

3.1 Cofinancing approach

The GEF's definition of cofinancing is broader than that of most of its comparators, and the GEF sets ambitious targets for raising cofinancing. As with its comparators, the GEF's cofinancing approach aims to enhance financial resources for the activities it finances. Both the GEF and its comparators leverage cofinancing to strengthen partnerships, promote country ownership, and enhance sustainability. The current GEF cofinancing policy establishes ambitious cofinancing targets, often exceeding those set by its comparators. Moreover, it allows for the inclusion of a wider range of contributions, enabling the GEF to raise higher levels of cofinancing.

Consistent with its mandate, the GEF pursues cofinancing to achieve durable global environmental benefits and/or adaptation benefits at scale. Similarly, other organizations pursue cofinancing to fulfill their respective organizational mandates. For instance, the GCF aims to strengthen climate action through cofinancing. Both ADB[1] and IFAD (2018) have integrated cofinancing into their efforts to increase development impact for the poor populations they serve. Gavi (2022a, 2022b) and the Global Fund (2016), which focus on addressing health-related challenges, explicitly link cofinancing with the objective of providing financing for the health interventions they support. Thus, the thematic focus of the main development impacts sought through cofinancing aligns with an organization's mandate.

Organizations also consider increased impact, durability, sustainability, ownership, and scaling-up of supported activities, as well as strengthened partnerships, to be among the benefits of cofinancing. For example, all organizations acknowledge the enhanced availability of resources and scalability of supported activities through cofinancing as a benefit. While some benefits are explicitly mentioned by some organizations,

[1] As described on the ADB website's Financing Partnerships page.

they may be implied by others. The GCF, the GEF, and IFAD aim to enhance their impact through cofinancing. Gavi, the GCF, the GEF, the Global Fund, and IFAD emphasize increased sustainability and ownership as benefits. ADB, the GEF, IFAD, and the World Bank seek to strengthen partnerships; while the GCF, IFAD, and the World Bank emphasize increased complementarity among partners. Additionally, ADB and IFAD underscore the exchange of knowledge and expertise, with IFAD also emphasizing alignment—although these benefits are less frequently described as intended benefits of cofinancing.

The GEF demonstrates remarkable flexibility in the types of contributions it seeks as cofinancing. It categorizes cofinancing into two broad categories: investments and in-kind (recurrent) contributions. Investments comprise contributions such as grants, loans, guarantees, and equity participation to finance GEF projects and programs. While the cofinancing policies and strategies of all comparator organizations aim to raise investments, some—such as Gavi, the Global Fund, and the World Bank—do not pursue in-kind cofinancing. As of 2023, the World Bank's policy focuses on combining funds from other ODA sources and private sector funds with its own resources (World Bank 2022).

The GEF seeks to raise cofinancing from both international and domestic sources, including private sector beneficiaries of GEF activities. There are considerable variations among organizations in terms of their approach regarding the sourcing and extent of cofinancing. For instance, ADB and the World Bank emphasize cofinancing from international sources, including ODA and commercial financing. In contrast, Gavi and the Global Fund focus solely on domestic sources, aiming to transition recipient countries into financing supported activities after their support ends. Other entities, such as the GCF and IFAD, pursue cofinancing regardless of its source, whether domestic or international. Except for Gavi, all organizations seek private sector cofinancing. Gavi instead explicitly seeks recipient government cofinancing for the cost of introducing a vaccine. Recipient governments steadily increase their contribution so that by the end of Gavi's support, they cover most of the costs of the introduced vaccine. Generally, organizations specify the types of cofinancing they seek and what may be counted as cofinancing, but they usually do not define it in terms of quality. ADB's approach is noteworthy, as it explicitly states that a key measure of its success is the volume and quality of resources mobilized in terms of cofinancing. Nonetheless, it does not explain how it measures quality.

The GEF has set ambitious targets for cofinancing at the portfolio level, with particularly high expectations for countries with higher per capita income and size of economy. The GEF aims for a cofinancing ratio of at least 7:1 for its overall portfolio and a 5:1 ratio for investment mobilized compared to GEF financing in non-SIDS upper-middle- and high-income countries (GEF 2018b). GEF Agencies are required to raise cofinancing for full-size and medium-size projects, although exceptions may be considered in cases of emergency or unforeseen circumstances. While Agencies are also encouraged to raise cofinancing for enabling activities, it is not a requirement. The combined cofinancing commitments listed in the CEO endorsed or approved GEF-7 projects exceed the portfolio targets.

While some comparators set cofinancing targets, others do not; where set, the targets tend to be more conservative than those set by the GEF. IFAD has a portfolio-level cofinancing target of 1.2:1, with subtargets of 0.8:1 for domestic and 0.6:1 for international cofinancing (IFAD 2018). Gavi's requirements range from $0.25 to $9 of cofinancing per dollar of Gavi financing, considering the income level and duration of Gavi's engagement in a recipient country (Gavi 2022a, 2022b). In 2013, for countries in the initial self-financing phase, the cofinancing raised by Gavi was 6 percent of the total cost; for countries in the graduating phase, the cofinancing share was higher, at 42 percent of the total cost (Gouglas et al. 2014).

The cofinancing policies and/or strategies of the Global Fund, the GCF, ADB, and the World Bank do not specify targets for raising cofinancing. The Global Fund aims to adopt a flexible country-context-based approach focusing on progressive recipient country expenditure on health without pursuing specific targets. While the GCF considers maximization of cofinancing desirable, it does not establish targets, as it does not equate maximization of climate mitigation and adaptation results with minimizing its spending on climate mitigation and adaptation (GCF 2019). Nevertheless, the GCF has raised cofinancing commitments at a ratio of 2.85:1 per dollar of its project financing.[2] ADB and the World Bank neither specify a target nor explicitly seek to maximize cofinancing.

Over the years, the GEF policy for cofinancing has evolved, becoming more stringent in some aspects but gaining flexibility in others. For instance, the definitions provided in the 2014 and 2018 policies, define cofinancing as "resources that are additional to the GEF grant" (GEF 2014, 4; 2018b, 3) replacing the formulation of the 2003 policy that described these resources as "essential for meeting the GEF project objectives" (GEF 2003a, 4). This new formulation clarifies the concept of additionality of cofinancing. Furthermore, the definitions provided in the 2018 and 2014 cofinancing policies require that cofinancing "support the implementation" of GEF activities and the "achievement of its objective(s)." In contrast, the definition provided in the 2003 policy did not explicitly link cofinancing with implementation, although its explanatory exposition implies such a link. Additionally, the 2003 policy employs a stronger formulation, stating that cofinancing should be "essential" for meeting the GEF project objectives, whereas the 2014 and 2018 policies use the term "support." The 2003 policy also describes the types of contributions that are excluded from being considered as cofinancing, such as associated financing and leveraged resources. However, all three policies fail to adequately address whether a GEF project would be unimplementable without cofinancing. As a result, several financing contributions that are not essential for the GEF—for example, parallel financing projects that provide little practical support to the GEF project—may be included as cofinancing raised by the GEF project.

The GEF's broad definition of cofinancing, along with its ambitious targets, encourages the incorporation of a wide array of contributions as cofinancing. Among its comparators, the GCF closely resembles the GEF in terms of its mandate and supported activities. While the GCF's cofinancing definition broadly aligns with that of the GEF, it differs in that the GCF emphasizes achieving high levels of cofinancing without establishing explicit targets. The GEF's cofinancing guidelines require GEF Agencies to secure written confirmation of cofinancing commitments from contributors and report on their fulfillment during implementation. While the GEF Secretariat monitors this realization, these commitments lack legal backing through formal agreements between the GEF and its Agencies. In comparison, the GCF's policy raises the monitoring and reporting requirements to a legal agreement between the GCF and the accredited partner. Consequently, the GCF's comprehensive cofinancing definition is counterbalanced by increased obligations for monitoring and reporting. Without the need to set and meet cofinancing targets, GCF agencies may have reduced incentives to include contributions that marginally meet the GCF cofinancing criteria.

3.2 Mobilization

Mobilization of cofinancing involves several steps, including identifying sources, confirming commitments, and facilitating realization. GEF Agencies, along with their executing partners, the project management unit, and GEF operational focal points, play crucial roles in the mobilization process. The GEF Secretariat assesses the adequacy and appropriateness of cofinancing and ensures that

[2] This ratio is based on $45.34 billion in cofinancing and $15.85 billion in GCF financing, according to the GCF Portolio Dasboard, accessed January 19, 2025.

all documentation related to cofinancing is complete. The key informants for this evaluation generally agreed that project complexity increases with the number of cofinancing partners. It is challenging for the GEF Agencies to track cofinancing from different sources during implementation. Perspectives vary on the difficulty of raising cofinancing during project preparation, the challenges of gathering information on cofinancing realization, and the extent to which GEF requirements related to cofinancing are perceived as excessive. While Agencies and recipients see these as significant challenges, the Secretariat and donors tend to hold differing opinions. Insights from key informants indicate that meeting GEF requirements regarding proportionality in covering project management costs through cofinancing is particularly challenging.

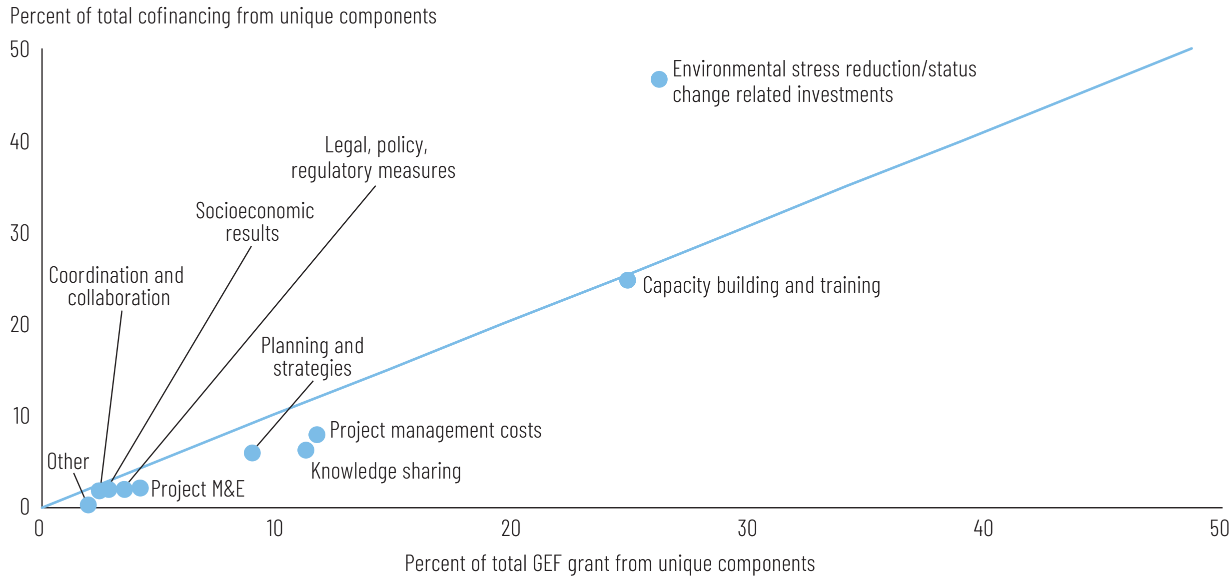
Identification

During the initial phases of project design, proponents determine the necessary resources required to execute planned activities and identify potential financing sources. To seek GEF grants, project proponents identify a baseline and provide incremental reasoning for GEF support, outlining the level and type of cofinancing required for the project. Typically, once the proponents have solidified the concept of the proposed GEF project, they begin exploring both internal and external sources of cofinancing. However, in many cases—as in several GEF projects implemented by MDBs—the starting point often involves a non-GEF project based on loans that is under preparation.

GEF Agencies, given their extensive and ongoing engagement with the GEF Secretariat, possess a solid understanding of the level and type of cofinancing required for a project to be deemed bankable for GEF funding. They typically develop a cofinancing package tailored to the project characteristics and the country context. The characteristics of the GEF Agency that is developing the proposal also tend to influence the type and level of cofinancing expected. According to several key informants, projects supporting mature technologies and revenue-generating activities involving the private sector, particularly in upper-middle-income countries and emerging economies, are expected to attract higher levels of cofinancing. Conversely, projects focusing on biodiversity conservation without a revenue stream, or those supporting smallholder farmers in LDCs are associated with lower cofinancing expectations. Projects implemented by MDBs generally carry higher cofinancing expectations.

The level of cofinancing commitments for a project is influenced by the types of components included in its design. The evaluation categorized project components to discern the types of activities supported and assessed the level of cofinancing commitments for each component type. The analysis reveals that activities involving direct investments in environmental stress reduction/status change—which include financing for infrastructure development, technology demonstration, and procurement of efficient equipment and vehicles—tend to attract higher levels of cofinancing. Conversely, components addressing knowledge sharing; legal, policy, and regulatory measures; project monitoring and evaluation; and the development of plans and strategies generally result in lower levels of cofinancing commitments. Figure 3.1 illustrates the distribution of project component types in GEF funding and cofinancing commitments for completed projects approved from GEF-6 onwards. Interestingly, the only component that accounts for a higher share of cofinancing than its share of GEF funding is investment in environmental stress reduction/status change. Given that this component also represents a larger share of GEF funding, it drives the cofinancing ratio of the GEF portfolio. Capacity building and training account for the same share of cofinancing as of GEF funding, while other project components generally generate relatively lower levels of cofinancing. The data suggest that it might be more difficult to mobilize cofinancing for activities that are more focused on the generation of global public goods

Figure 3.1 **Project components by share in GEF financing/cofinancing for completed projects**



Source: GEF Portal for GEF-6 and GEF-7 completed projects; *n* = 118.

than those that have a relatively larger private benefit dimension.

MDBs primarily rely on their internal sources to raise cofinancing for GEF projects. Interviews with key informants indicate that MDBs such as the World Bank and ADB employ distinct strategies, depending on whether the project primarily involves an investment loan or an advisory product. Within a larger project that involves a loan to the recipient country, MDBs may seek GEF financing for specific activities focused on global environmental benefits, which their clients find difficult to finance through a loan. Alternatively, they may seek GEF financing to increase the level of concessionality for a green project so that it becomes financially viable for recipient countries. For advisory products, MDBs generally supplement GEF financing with concessional financing from other trust funds they manage. While MDBs generally have greater access to cofinancing, their ability to generate substantial cofinancing ratios may be constrained when a project requires high levels of concessionality. In such scenarios, they may explore alternative approaches, such as linking GEF-funded projects with existing parallel initiatives or seeking in-kind contributions in coordination with their executing partners and respective GEF operational focal point.

With limited internal resources and the pressure to generate high levels of cofinancing, the GEF's UN and international nongovernmental organization Agencies take a proactive approach in seeking cofinancing and rely more on in-kind and parallel cofinancing sources. For these Agencies, the GEF project concept serves as a starting point in assembling a financing package. They actively pursue external sources to raise cofinancing, recognizing that the project may not proceed without the approval for GEF financing. They cultivate long-term collaboration opportunities, as exemplified by a signed memorandum of understanding between the United Nations Development Programme (UNDP) and the Asian Infrastructure Investment Bank in December 2023 to access the latter's resources for cofinancing climate change initiatives (UNDP 2023). Similarly, Conservation International has maintained a long-term partnership with the Walton Family Foundation, which provides funding support for several of the organization's conservation activities and occasionally assists in swiftly mobilizing cofinancing. Project managers and technical teams within organizations such as UNDP, the United Nations Environment Programme (UNEP), and Conservation International are closely engaged in developing project concepts and designs, conducting comprehensive funding assessments, and identifying potential cofinancing opportunities. They collaborate closely with their executing partners and the GEF operational focal point to identify available cofinancing avenues. Overall, they tend to rely heavily on in-kind contributions and funding from recipient governments.

Identification of new sources of cofinancing continues during preparation of the full proposal and project implementation. Except for anticipated private sector contributions, only confirmed sources with supporting documentation can be included in the request for CEO endorsement. Sources identified during project implementation are not covered through the project appraisal process; instead, they are reported on at midterm or upon project completion.

Online survey findings indicate that GEF stakeholders generally prioritize cash contributions (investments) and cofinancing for nonrecurrent expenditures over in-kind cofinancing and recurrent expenditures, with perceptual variations apparent (table 3.1). While most stakeholders prioritize cash contributions over in-kind cofinancing, respondents from UN organizations and recipient countries appear to value in-kind cofinancing equally, if not more. Stakeholders emphasize cofinancing that assists GEF projects in meeting nonrecurrent expenditures over recurrent ones. Notably, respondents from MDBs show a higher concurrence on this aspect compared to those from non-MDBs and recipient countries. Recipient countries perceive recurrent expenditures to be relatively more important—consistent with the fact that this aligns with their preference for in-kind cofinancing over cash contributions. These perceptual differences in preference for cash cofinancing and for raising cofinancing for nonrecurrent expenditures among Agencies largely reflect their fundraising priorities and capabilities, influencing the types of cofinancing sources they can access and mobilize for GEF projects.

Review for PIF clearance

Cofinancing is an important consideration in appraising quality of a PIF for clearance. During PIF clearance, project proponents are expected to provide a statement of project concept, along with a requested budget, and an indication of the level and type of cofinancing to be raised.

Table 3.1 Distribution of agreement on the importance of different categories of cofinancing in achieving GEF objectives, by stakeholder type (%)

Cofinancing category	Agency type				GEF Secretariat	Donor countries	Recipient countries	Total
	MDB	UN	Other	Total				
Investment/cash	86	58	67	62	80	100	57	64
In kind	29	61	58	57	40	75	67	58
For nonrecurrent expenditures	93	56	75	62	70	75	33	57
For recurrent expenditures	43	51	67	51	30	75	50	50
Number of observations	14	95	12	121	20	8	42	191

Source: GEF IEO Online Survey 2024; see table D.4.

Note: Data indicate the percentage of respondents identifying each cofinancing category as extremely, somewhat, or mostly important.

Program managers at the GEF Secretariat review the PIF and provide feedback on its quality. Among other considerations, program managers assess the adequacy and appropriateness of the indicative cofinancing requirements given the project design and contextual factors. The reviewers at the Secretariat aim to understand the rationale for cofinancing and to ensure that it aligns with the project's objectives. Additionally, they verify that the indicative cofinancing is realistic and attainable, and that the total financing package will be sufficient to implement the project. Of the 74 PIF rejections during GEF-7 and GEF-8 submissions, cofinancing was cited as a reason for rejection in 20 percent of the instances (15 proposals). However, cofinancing was not listed among the reasons for dropping (n = 58) or canceling (n = 17) proposals.

The reviewers maintain flexibility when determining the minimum level and type of cofinancing expected from a project. At one end, the reviewers pay close attention to projects utilizing GEF financing from the nongrant instrument (or blended finance) window. In these cases, the reviewers carefully assess projects with high levels of cofinancing, especially if they involve contributions from the private sector. The rationale behind such contributions and their intended utilization is thoroughly scrutinized. The application process is less exacting for the nongrant instrument portfolio—especially for projects in LDCs and SIDS, where the process is far more accommodating. Reviewers are more inclined to accept higher levels of in-kind cofinancing and parallel contributions from cofinancing sources in these countries.

More than half of the PIF submissions receive feedback concerning cofinancing issues. Typically, this feedback pertains to requests for Agencies to adjust the classification of listed cofinancing, provide clarification on the type of cofinancing to be raised, or maintain proportionality in management costs (table 3.2). For example, PIF reviewers sought clarifications from project proponents regarding the in-kind cofinancing represented as investment in Sustainable Management of Water and Rangeland Resources for Enhanced Climate Resilience of Rural Communities in Djibouti (UNDP, GEF ID 11284). Similarly, in Support to Nagoya Protocol Implementation, Research and Development, on Biodiversity

Table 3.2 Distribution of GEF Secretariat feedback on cofinancing by issue and review stage (%)

Cofinancing-related issues raised	Review stage: PIF approval	Review stage: CEO endorsement/ approval	Review stage: Either stage
Change classification or clarify cofinancing type	31	47	58
Increase cofinancing ratio	13	9	20
Proportionality in project management costs	21	52	60
Reassign costs to another source or component	0	52	52
Lack of/gap in letters and supporting evidence	Not applicable	21	21[a]
Other	5	10	15
Any cofinancing-related issue	52	91	97
Number of observations	58	58	60

Source: GEF Secretariat project review sheets.

Note: Random sample of 47 stand-alone full-size projects and 13 two-step medium-size projects drawn from GEF-7 and GEF-8 projects that had a PIF or CEO endorsement review through December 2023.

a. Out of 58 observations.

Value Chain for Small Holders in the South-West and Far North Regions of Cameroon (UNEP, GEF ID 10850), reviewers requested that the cofinancer category for GIZ (German Agency for International Development Cooperation) be changed from civil society organization to donor agency.

While requests for increasing the cofinancing ratio do occur, they are relatively infrequent. In some cases (13 percent), reviewers requested an adjustment to the cofinancing ratio (table 3.2). For example, in the Facilitating Cleaner and Energy Efficient Phosphate Chemicals Industry in China (PhosChemEE) Project (UNDP, GEF ID 10722), reviewers determined that the proposed cofinancing would not be sufficient to establish the planned demonstration facilities and achieve the project goal. Therefore, they recommended increasing the cofinancing ratio to 10:1. During PIF review of the CBIT-funded project Regional Capacity Building of COMESA Member States in Eastern and Southern Africa for Enhanced Transparency in Climate Change Monitoring, Reporting and Verification as Defined in the Paris Agreement (GEF ID 10093), the reviewers encouraged Conservation International to identify additional synergies with relevant ministries from the recipient governments to secure more in-kind cofinancing for the project. Some of these issues—such as adjusting classifications or clarifying types of cofinancing, as well as ensuring proportionality—are more frequently raised during the appraisal carried out at the CEO endorsement stage. The topic of proportionality is further elaborated on in section 3.3.

Confirmation of cofinancing commitments

The cofinancing commitments outlined in the PIF—cleared by the GEF Secretariat and subsequently approved by the GEF Council—are confirmed during the development of a detailed project proposal. The detailed proposal, submitted for CEO endorsement/approval, includes evidence of cofinancing pledges. In accordance with GEF cofinancing guidelines (GEF 2018a), Agencies are required to provide documentation such as signed letters that detail cofinancing specifics, including timing, location, method, amount, and purpose. Cofinancing-related requirements for full-size child projects within a programmatic approach and single-step medium-size projects, which are submitted for appraisal for the first time at this stage, are consistent with those for the projects that require PIF approval.

The process of confirming cofinancing involves collaboration among various stakeholders, which can be complex and often presents challenges. GEF Agencies typically request confirmation letters from cofinancing contributors to demonstrate their commitment to supporting the proposed GEF project. While Agencies usually do not face difficulties in obtaining confirmation letters from internal sources, securing such letters from external sources can be challenging. In many cases, potential contributors, particularly those from the government and the private sector, have reservations about providing a written commitment without clearer understanding of the obligations entailed. The national teams of the respective Agency, along with project development consultants, play a key role in engaging with these potential contributors to obtain their commitment letters and address any reservations where necessary.

All key informants recognize the importance of obtaining written commitments from cofinancing contributors, as these establish a clear framework for project implementation and realization of cofinancing. These commitments specify financial contributions and clarify the responsibilities of each entity committed to providing cofinancing for the project. Additionally, they serve as a basis for engagement between GEF Agencies, executing partners, and cofinancing providers during project implementation. Agencies such as the World Bank and the European Bank for Reconstruction and Development view commitment letters, particularly from the private sector, as vital to project success. These letters provide a clear roadmap for project implementation and facilitate the realization of cofinancing, which is crucial for operations. However, key informants acknowledge that securing commitment letters at CEO endorsement/approval can be challenging, especially when cofinancing is to be mobilized from targeted private sector beneficiaries during project implementation. Therefore, they emphasized the need for flexibility in such situations. Yet, the GEF cofinancing guidelines (2018a) already offer flexibility regarding the supporting documentation required for cofinancing sourced from the private sector. This suggests that the request for greater flexibility is more about how the guidelines are applied rather than whether the flexibility is permitted.

GEF Agencies and recipient countries encounter significant challenges in securing cofinancing during project preparation. According to the results of the online survey, 65 percent of Agency respondents acknowledged difficulty in securing cofinancing commitments (table 3.3). For MDBs, key informant interviews underscored the challenge of aligning GEF project approval timing with internal approval processes, sometimes leading to missed opportunities. UN and other organizations face challenges from a lack of internal cofinancing sources, requiring them to secure commitments from potential partners within tight time frames for comprehensive project proposal preparation. The vast majority of respondents from recipient countries also find raising cofinancing to be challenging. Key informant interviews revealed that some countries endeavor to ensure that each of their proposals meets the 7:1 ratio to facilitate a favorable appraisal by the GEF Secretariat, despite this ratio not being mandated at the project level. Online survey responses from recipient countries particularly highlight the heightened difficulty in SIDS due to their limited pool of resources. In contrast, the perceptions on the ease of raising cofinancing of the GEF Secretariat and donor country respondents appear optimistic.

Appraisal of request for CEO endorsement

Cofinancing is an important consideration during appraisal for the request for CEO endorsement/approval. Program managers review a project's documentation to assess the merits of its design; this includes, among other aspects,

Table 3.3 Distribution of agreement with statements on cofinancing mobilization process, by stakeholder type (%)

Statement	Agency type				GEF Secretariat	Donor countries	Recipient countries	Total
	MDB	UN	Other	Total				
Difficult to raise cofinancing during project preparation	71	64	67	65	43	13	77	63
Complexity increases as cofinancers increase	86	72	92	75	71	75	72	74
Tracking more difficult as cofinancers increase	86	82	100	84	71	75	65	78
Information on realization is difficult to get	50	75	83	73	19	13	51	60
GEF cofinancing requirements are excessive	57	55	83	58	10	0	51	49
Number of observations	14	100	12	126	21	8	43	198

Source: GEF IEO Online Survey 2024; see table D.3.

Note: Data indicate the percentage of respondents agreeing completely, mostly, or somewhat with each statement.

the adequacy and appropriateness of the project's cofinancing package. For proposals that have gone through the PIF approval process, the key consideration is the extent to which the cofinancing commitments provided in the detailed proposal are aligned with what was indicated in the PIF. Any deviations are scrutinized, and the reasons for such discrepancies are examined. For proposals of full-size projects under a programmatic approach and single-step medium-size projects that are being appraised for the first time, considerations such as the level and type of cofinancing are more important.

In the review sheets of the request for CEO endorsement/approval, a cofinancing-related issue was raised for 91 percent of reviewed projects. As illustrated in table 3.2, common issues include changing classification and/or clarifying cofinancing type, maintaining proportionality in project management costs, and reassigning costs to other project components. Among these requests, altering cost classification typically involves covering a specified expenditure through cofinancing rather than relying on GEF financing. This request arises because GEF regulations might not allow such expenses or, within the project framework, they might not be suitable for GEF funding.

Although gaps in supporting documentation persist, there has been a reduction in recent years. The evaluation found that 21 percent of projects had gaps in the evidence supporting listed cofinancing (table 3.2). The Policy and Operations Team in the GEF Secretariat ensures that the cofinancing-related documentation provided by Agencies is complete. According to the GEF cofinancing guidelines of 2018, project proponents must furnish a signed and dated commitment letter or other forms of evidence such as an official project document, memorandum of understanding, or agreed minutes of negotiations between the Agency and the contributor. Upon completion of the validation process, the team provides feedback to the respective program manager, enabling them to request additional documentation or revise the cofinancing amounts listed in the proposal if necessary. The Policy and Operations Team initiated verification of documentation adequacy and consistency in 2018. Initially, significant gaps in Agency-provided documentation were found. However, through iterative exchanges aimed at addressing these gaps, both Agencies and reviewers have reported a substantial reduction in documentation gaps.

Project reviewers are confronted with the dual challenge of ensuring proposals meet cofinancing requirements while adhering to the time standards of the activity cycle for preparation. Almost all submissions raise cofinancing-related issues that need to be addressed within short time frames. The GEF maintains a standard duration of 18 months for full-size projects and 12 months for medium-size projects from PIF approval to CEO endorsement/approval. Exceptions to these time frames are granted only under extraordinary circumstances beyond the control of the involved parties (GEF 2020a). PIFs for stand-alone full-size projects are approved biannually during the GEF Council meetings. Consequently, fully developed proposals for these projects tend to arrive simultaneously to meet submission and CEO endorsement/approval-related deadlines, creating peak periods where multiple proposals require concurrent review and follow-up. Reviewers are under pressure to expedite the processing of CEO endorsement/approval requests while ensuring proposals fulfill cofinancing and other GEF requirements. This may involve requesting revisions in submitted proposals. In some cases, the process may involve trade-offs between time and quality due to potential bandwidth limitations. For example, one validation check performed by the Policy and Operations Team is to confirm whether the same cofinancing contribution is reported for other GEF or non-GEF activities. Implementing such measures with thoroughness may pose challenges when several proposals need appraisal within a short time frame.

Project management costs

Program managers identify the issue of proportionality in project management costs for 60 percent of projects (table 3.2). At CEO endorsement, Agencies are required to provide a detailed breakdown of resources allocated to project activities, along with information on the proportion of the component costs that will be met through cofinancing. The Rules and Guidelines for Agency Fees and Project Management Costs (GEF 2010) stipulate that projects should maintain proportionality in project management costs covered by GEF financing and cofinancing relative to total GEF financing and cofinancing. Although not mandatory, this guideline is generally applied, based on a review of the project appraisal review sheets. The rationale behind this rule is rooted in the principle of burden sharing: since GEF financing and cofinancing support the same project, they should contribute proportionately to project management costs based on their relative contributions to the project.

The issue of proportionality serves as a significant point of contention between the Secretariat and the GEF Agencies. While both parties acknowledge the challenges in maintaining proportionality, the GEF Secretariat's program managers seek compliance with the proportionality requirement; and where proportionality is not demonstrated, they follow up with the Agencies to address the gap. For example, in Reducing Uses and Releases of Chemicals of Concern in the Textiles Sector (UNEP, GEF ID 10523), reviewers highlighted the lack of proportionality in the cofinancing contribution to project management costs. They noted that if the GEF contribution remained at 4.9 percent for cofinancing of $41.9 million, the expected cofinancing contribution to project management costs should be around $2.1 million instead of the $1.3 million provided (which was 3.1 percent). Reviewers recommended either increasing the cofinancing portion or reducing the GEF portion to achieve proportionality. Similarly, in Conserving Biodiversity and Restoring Ecosystem Functions in and around the Day Forest National Protected Area (UNDP, GEF ID 10874), reviewers observed a lack of proportionality in the cofinancing contribution to project management costs. In this case, if the GEF contribution was maintained at 5 percent for cofinancing of $9.7 million, then the expected contribution to project management costs should be around $0.5 million rather than the $0.4 million provided (which was 3.7 percent).

Agencies encounter challenges in maintaining proportionality in meeting project management costs through cofinancing for two primary reasons. First, cofinancing managed jointly with other entities may come with specific conditions or restrictions, making it difficult to allocate proportionate funds for project management costs. Second, expecting cofinancing partners to contribute to project management costs may be impractical in cases involving parallel cofinancing and in-kind contributions. In such instances, management costs are borne by the parallel structure that executes the parallel/in-kind cofinancing. In-kind cofinancing is prevalent in 84 percent of completed GEF-6 and GEF-7 projects;[3] this indicates that, for a vast majority of projects, Agencies might find it difficult to maintain proportionality. Several key informants expressed the concern that this requirement creates incentives for "creative accounting" practices to meet the rule's criteria, and that verifying compliance with the rule is difficult.

3.3 Management

While it is widely understood that cofinancing for GEF projects is managed either by the GEF's project management unit (PMU) or by a parallel execution structure, there is limited clarity on the distribution between these arrangements. Insights gathered from interviews reveal that cofinancing for a project may be managed through either arrangement or a combination of both. The first modality may involve a cofinancer channeling its contribution through the PMU. Alternatively, it may apply in situations where GEF

[3] Source: GEF Portal data for GEF-6 and GEF-7 projects.

financing is utilized for an activity, with beneficiaries (individuals, the private sector, or the public sector) also contributing a portion of the cost. In such cases, the PMU may not fully manage the cofinancing, but may audit and verify its use. The second modality involves the management of cofinancing by a parallel execution structure or entity. This could also encompass situations where the source of cofinancing is the respective GEF Agency, but the cofinancing is for a parallel project or is spent through upstream arrangements where the PMU does not supervise use of the funds. Although project documents may provide information on which modality is used to manage specific cofinancing, such details are rarely disaggregated per contribution.

GEF stakeholders tend to value cofinancing managed by the PMU more than parallel cofinancing. The online survey found that 50 percent of the respondents considered cofinancing managed by the PMU to be extremely or mostly important for achieving GEF objectives (table 3.4). Only a third considered this to be the case with parallel cofinancing. Compared to parallel cofinancing, a substantially higher percentage of respondents from the GEF Secretariat assessed cofinancing managed by the PMU to be extremely or mostly important. For other stakeholders, although the direction of the preference was similar, the difference was not as pronounced. The reason for the preference for cofinancing managed along with GEF financing is that it facilitates coordinated and complementary use of resources, even in situations where these are not fully fungible.

Activities funded through parallel cofinancing could be planned and implemented in coordination with GEF financing; however, it is generally difficult for the GEF Secretariat to determine whether this is indeed the case. GEF Agencies may have valid reasons for including parallel cofinancing as part of the overall cofinancing package. For example, managing cofinancing through a separate arrangement rather than the PMU may simplify reporting and fiduciary responsibilities of the GEF and other donors. However, for parallel cofinancing to effectively contribute to a GEF project, it is important that the activities financed through cofinancing are planned and executed in close coordination with GEF-financed activities. In practice, the extent of coordination between parallel financing and GEF financing

Table 3.4 Distribution of perceptions on the importance of cofinancing management type in achieving GEF objectives, by stakeholder type

Respondent category	% of respondents considering management type extremely/mostly important in achieving GEF objectives		Number of observations
	PMU managed	Parallel cofinancing	
MDB GEF Agency	57	29	14
UN organization GEF Agency	40	31	95
Other GEF Agency	75	50	12
All GEF Agencies	45	32	121
GEF Secretariat	80	35	20
Donor countries	63	38	8
Recipient countries	45	33	42
All respondents	50	33	191

Source: GEF IEO Online Survey 2024; see table D.5.

can vary widely. It may range from financing that is closely coordinated and complementary to GEF financing, without which the GEF project might not be feasible, to situations where activities supported through parallel financing are loosely connected to the GEF project and have little practical impact on GEF project results. This ambiguity regarding the utility of parallel cofinancing appears to influence a relative preference for cofinancing managed by the PMU.

3.4 Tracking and reporting

Enhanced tracking and reporting mechanisms have significantly improved the understanding of cofinancing within GEF projects. Since the introduction of the initial cofinancing policy in 2003, GEF Agencies have been required to provide comprehensive information on cofinancing commitments and their realization through project proposals, project implementation reports (PIRs), and terminal evaluations. While Agencies generally meet requirements for reporting cofinancing commitments in project proposals, gaps are often observed in the information provided through PIRs and terminal evaluations. With the implementation of the 2018 update to the GEF cofinancing policy, there is now greater clarity on the information to be reported and the reporting format. The GEF Portal serves as the primary platform for this reporting, enabling real-time monitoring of portfolio trends and identification of any data submission gaps. As a result, Agency performance in reporting realized cofinancing has notably improved, leading to a reduction in gaps in quantitative data related to cofinancing realization. However, qualitative reporting on aspects such as reasons for nonrealization and its impact on project outcomes, the process of identifying new sources of cofinancing, and the integration of activities supported by these new sources and their results into the project results framework remains limited.

Agencies generally provide reports on realized cofinancing at midterm and project completion, with some opting to report more frequently than required. Midterm reviews and terminal evaluations serve as key opportunities for Agencies to gather information on realized cofinancing. Of these, midterm reviews not only offer insights into the likelihood of meeting cofinancing commitments, but also enable adjustments. Organizations such as UNDP, Conservation International, and the Food and Agriculture Organization of the United Nations (FAO) exceed GEF requirements by tracking cofinancing on an annual basis. They have integrated reporting on realization of cofinancing into the preparation of PIRs.

The key informant interviews highlighted that Agencies lack corporate-level policies or guidelines on monetization of in-kind cofinancing. Typically, they depend on the official reporting provided by the cofinancing contributor to include in-kind cofinancing in their reports through PIRs, midterm reviews, and terminal evaluations. Certain Agencies, such as UNEP and Conservation International, mentioned that they sometimes confer with the cofinancing contributor to jointly assess the credibility of claimed in-kind cofinancing and report only on the in-kind cofinancing that they deem credible.

Various practices, such as seeking signed letters and official reporting from partners, are common ways to obtain evidence on realization of cofinancing. Conservation International and the International Finance Corporation (IFC) of the World Bank Group maintain Excel spreadsheets to track cofinancing contributions. Agencies heavily rely on executing partners to monitor and report cofinancing. Harmonizing with GCF reporting requirements was requested by some key informants, but raises concerns about additional reporting burdens on Agencies, executing partners, and recipient countries.

Tracking recurrent expenditures is challenging due to a reliance on official reporting, time lags, and difficulties in disaggregating contributions—especially when some are not linked to the GEF project. Reporting on cofinancing from the private sector through leveraged investments is efficient, with Agencies such as the European Bank for Reconstruction and Development and the World Bank verifying and auditing these investments directly. Challenges in tracking realization of cofinancing include diverse funding sources, commitment fluctuations, documentation needs, project design changes, capacity limits, and in-kind contribution valuation. Economic and political changes in recipient countries, as well as leadership changes in partner organizations, may disrupt tracking efforts. Verification efforts and resolving inconsistencies can be time-consuming. Project design changes may require cofinancing adjustments, necessitating ongoing communication. Limited resources can impede monitoring and reporting accuracy, while valuing in-kind contributions adds complexity. Agencies tend to rely on internal reporting from contributors for in-kind cofinancing, although this may lead to underreporting due to high transaction costs and time lags.

The realization of cofinancing contributions may be underreported due to potential misclassification in the regular reporting of GEF Agencies. Not all cofinancing commitments outlined in the request for CEO endorsement may align with the internal cofinancing reporting practices of the respective Agency. Consequently, to provide a comprehensive view of realization—especially at midterm and project completion—the Agency may need to consider contributions that are not captured by its regular reporting. However, if the Agency fails to fully account for these contributions, it may lead to underreporting at the midterm and project completion stages, despite these contributions still qualifying as cofinancing from the GEF perspective. This reporting inconsistency has been observed in multiple projects implemented by the World Bank. For example, for Municipal Solid Waste Management (World Bank, GEF ID 4617), of the $50.9 million of committed cofinancing, $30 million was in form of parallel cofinancing from the World Bank's own Ningbo Municipal Solid Waste Minimization and Recycling Project. However, this cofinancing was not included in reporting on the GEF project after its initiation. This evaluation was able to verify that the parallel financing was realized, and that the Ningbo project was completed and supported the GEF-financed project.

The GEF Secretariat has primarily focused on ensuring compliance with cofinancing requirements during the PIF clearance and CEO endorsement/approval stages, but has not adequately addressed tracking and reporting at the midterm and completion stages. Key informants from the GEF Secretariat acknowledged their effectiveness in ensuring that Agency proposals comply with cofinancing requirements at PIF clearance and CEO endorsement/approval, yet they face challenges in ensuring credible and complete reporting on realization. With the adoption of the Updated Co-Financing Policy and the shift to the GEF Portal, the Secretariat began reporting on cofinancing realization at midterm and end term. However, this reporting relies heavily on tabulated data provided by the Agencies, with limited follow-up to ensure completeness. The approach poses two main challenges: underreporting of cofinancing for certain projects, as observed in several World Bank–implemented projects; and gaps in qualitative information on new sources of cofinancing, making it challenging to assess their credibility. For example, midterm reviews and terminal evaluations may not adequately describe how new sources of cofinancing contributed to project results, the adjustments made to the project results framework, or the coordination of activities funded through these new contributions with GEF-funded project activities.

3.5 Commitments and realization

Data from GEF-6 and GEF-7 projects reveal that the GEF secured cofinancing commitments averaging $7.3 for every dollar of its financing. There was, however, significant variation in this average based on trust fund, GEF Agency, project type, programmatic approach, geographic scope, and country context (table 3.5). Analysis indicates that projects funded through the GEF Trust Fund, administered by MDBs, focusing on the international waters

Table 3.5 Cofinancing commitments for GEF-6 and GEF-7 CEO endorsed/approved projects

Project variable		No. of projects	Total (mil. $)		Median ratio	Avg. per project (mil. $)		Ratio
			GEF	Cofinancing		GEF	Cofinancing	
Trust fund	CBIT	44	52	38	0.4	1.2	0.9	0.7
	GEF	1,368	6,094	46,996	4.6	4.5	34.4	7.7
	LDCF	94	553	2,502	4.0	5.9	26.6	4.5
	SCCF	16	48	306	5.3	3.0	19.1	6.3
	Multiple	24	180	809	3.8	7.5	33.7	4.5
Agency Type	MDB	191	1,514	16,400	6.9	7.9	85.9	10.8
	UN	1,246	4,914	31,047	3.9	3.9	24.9	6.3
	Other	109	499	3,205	3.4	4.6	29.4	6.4
Focal area	Biodiversity	245	828	4,525	4.6	3.4	18.5	5.5
	Climate change mitigation	396	954	9,138	1.8	2.4	23.1	9.6
	Climate change adaptation	117	608	2,852	4.3	5.2	24.4	4.7
	International waters	84	475	4,980	6.2	5.7	59.3	10.5
	Land degradation	77	202	1,477	5.1	2.6	19.2	7.3
	Chemicals & waste	233	823	5,424	0.6	3.5	23.3	6.6
	Multifocal	394	3,037	22,255	5.5	7.7	56.5	7.3
Geographic focus	National	1,184	4,858	37,558	4.7	4.1	31.7	7.7
	Regional	183	978	7,694	4.4	5.3	42.0	7.9
	Global	179	1,091	5,399	2.0	6.1	30.2	5.0
Program status	Program	295	1,961	18,109	6.8	6.6	61.4	9.2
	Stand-alone	1,251	4,967	32,542	3.6	4.0	26.0	6.6
Modality	Full size	846	6,012	45,988	6.0	7.1	54.4	7.6
	Medium size	433	625	4,570	3.4	1.4	10.6	7.3
	Enabling activity	267	289	93	0.1	1.1	0.3	0.3
Region	Africa	504	2,117	14,610	4.1	4.2	29.0	6.9
	Asia	359	1,754	16,252	5.1	4.9	45.3	9.3
	Europe & Central Asia	162	432	4,164	5.8	2.7	25.7	9.6
	Latin America & Caribbean	323	1,431	9,358	4.3	4.4	29.0	6.5
	Interregional	19	103	868	5.6	5.4	45.7	8.4
	Global	179	1,091	5,399	2.0	6.1	30.2	5.0
Country category	LDC	503	2,378	13,536	3.6	4.7	26.9	5.7
	SIDS	304	1,198	5,254	3.0	3.9	17.3	4.4
	Upper-middle & high income[a]	394	1,778	15,068	5.6	4.5	38.2	8.5
	Other	475	2,271	19,584	5.1	4.8	41.2	8.6
Total		1,546	6,927	50,651	4.3	4.5	32.8	7.3

Source: GEF Portal for GEF-6 and GEF-7 CEO endorsed/approved projects; *n* = 1,546.

a. Excluding SIDS.

and climate change focal areas, as well as national and regional projects, child projects under programmatic approaches, and those in upper-middle- and high-income countries (excluding SIDS), generate substantially higher levels of cofinancing compared to other project categories. Conversely, projects related to the CBIT and the LDCF trust funds, the biodiversity focal area, those with a global scope, enabling activities, and projects in LDCs and SIDS tend to generate lower levels of cofinancing. Some of these differences are because of design—there are lower expectations related to cofinancing from CBIT projects and enabling activities. In other cases, certain project categories—such as projects from upper-middle and high-income countries excluding SIDS—are expected to generate a higher cofinancing ratio at the portfolio level. Other differences—for example, the somewhat lower ratio for projects in the Latin America and the Caribbean region—are influenced by the relatively high investments in the biodiversity focal area, which traditionally generates lower cofinancing ratios.

Recipient country governments are the most important source of cofinancing for GEF activities, especially for national projects (table 3.6). Projects implemented by MDBs have a high proportion of cofinancing that is raised through internal sources of the respective MDB. In the case of UN organizations, 61 percent of the cofinancing is sourced from governments. Overall, the private sector contributes 12 percent of total cofinancing commitments, with relatively higher contributions observed in projects in the chemicals and waste focal area as well as those in the climate change focal area.

Grants (30 percent), in-kind support (25 percent), and loans (24 percent) collectively constitute a significant portion of cofinancing raised by GEF projects (table 3.7). Several trends are evident in the data. MDBs raise over half of their cofinancing in the form of loans, with a relatively lower proportion coming through in-kind contributions and grants compared to other Agencies. For projects supported by the CBIT and for enabling activities, more than half of the raised cofinancing is in the form of in-kind contributions. Cofinancing in the form of equity participation is substantially higher for interregional projects, which span multiple countries in multiple GEF regions.

Overall, 34 percent of the total number of cofinancing commitments listed in the request for CEO endorsement/approval failed to materialize during implementation (table 3.8). Analysis of completed projects reveals that a substantial portion of the number of loans and a significant share of grants, equity, and in-kind contributions do not materialize during project implementation. Key informant interviews revealed that recipients of loans—especially hard loans—are often sensitive to changes in national priorities and to delays in project start-up, leading to potential reductions in loan size or outright cancellation. For example, the proposal for the Coral Reef Rehabilitation and Management Program-Coral Triangle Initiative, Phase III (ADB, GEF ID 5171) initially included a hard loan of $50 million, which was ultimately canceled. The project was amended, and the changes were endorsed by the GEF CEO. In the case of the National Platform for Sustainable Cities and Climate Change (Inter-American Development Bank, GEF ID 9698), a committed loan of $300 million from the Inter-American Development Bank was canceled due to disagreements between the Ministry of Transport in Peru and the companies responsible for construction of the Lima Metro Line 2. Only $56 million of this loan was realized at midterm (19 percent of the original commitments). Although the World Bank confirmed a $93 million loan to replace the original canceled loan, there is limited information available on its materialization. The realization of cofinancing contributions in projects executed by MDBs is notably low, which is also linked to the high use of loans for cofinancing. Additionally, cofinancing commitments from civil society organizations are realized less than half the time.

Realized cofinancing commitments—including partially realized ones—listed in the request for CEO endorsement account for 60 percent of the contributions realized at completion. The remaining realized contributions are accounted

Table 3.6 Cofinancing commitments by source for GEF-6 and GEF-7 CEO endorsed/approved projects

Project variable		Total (mil. $)	Percentage of cofinancing raised						
			Govern-ment	GEF Agency	Private sector	Civil society org.	Donor agency	Benefi-ciaries	Other
Trust fund	CBIT	38	45	37	0	2	10	0	6
	GEF	46,996	47	22	12	3	8	1	5
	LDCF	2,502	42	31	5	1	17	0	5
	SCCF	306	28	60	2	6	2	0	2
	Multiple	809	39	38	3	5	10	0	5
Agency Type	MDB	16,400	23	55	9	2	8	2	2
	UN	31,047	61	7	13	3	10	1	5
	Other	3,205	35	6	12	11	7	0	29
Focal area	Biodiversity	4,525	63	13	4	9	7	0	4
	Climate change mitigation	9,138	32	26	25	1	12	1	3
	Climate change adaptation	2,852	40	34	5	1	15	0	5
	International waters	4,980	41	20	6	3	19	0	11
	Land degradation	1,477	36	41	7	2	6	1	6
	Chemicals & waste	5,424	29	24	32	2	1	7	5
	Multifocal	22,255	57	21	6	4	7	1	6
Geographic focus	National	37,558	53	22	10	3	8	1	2
	Regional	7,694	34	29	19	3	8	0	6
	Global	5,399	19	17	13	8	15	3	26
Program status	Program	18,109	54	22	6	4	10	0	3
	Stand-alone	32,542	43	23	15	3	8	2	7
Modality	Full size	45,988	48	23	11	3	9	1	5
	Medium size	4,570	39	21	18	3	9	1	8
	Enabling activity	93	77	15	0	1	1	0	7
Region	Africa	14,610	44	31	9	4	10	0	2
	Asia	16,252	54	21	13	1	7	2	2
	Europe & Central Asia	4,164	41	33	12	1	8	1	5
	Latin America & Caribbean	9,358	60	12	12	4	7	1	4
	Interregional	868	18	20	39	10	7	0	5
	Global	5,399	19	17	13	8	15	3	26
Country category	LDC	13,536	45	29	5	4	12	1	5
	SIDS	5,254	48	22	6	5	11	1	7
	Upper-middle & high income[a]	15,068	56	17	13	2	6	3	2
	Other	19,584	39	23	16	4	9	1	8
Total		50,651	47	22	12	3	9	1	5

Source: GEF Portal for GEF-6 and GEF-7 CEO endorsed/approved projects; *n* = 1,546.

a. Excluding SIDS.

Table 3.7 Cofinancing commitments by type for GEF-6 and GEF-7 CEO endorsed/approved projects

Project variable		Total (mil. $)	Percentage of cofinancing raised						
			In kind	Grant	Loan	Public investment	Equity investment	Guarantee	Other
Trust fund	CBIT	38	58	42	0	0	0	0	0
	GEF	46,996	25	28	24	10	8	0	4
	LDCF	2,502	26	49	15	6	0	0	3
	SCCF	306	16	33	50	0	0	0	0
	Multiple	809	25	48	18	8	0	0	1
Agency Type	MDB	16,400	9	13	55	4	13	1	4
	UN	31,047	33	39	10	13	5	0	1
	Other	3,205	36	27	4	3	1	2	28
Focal area	Biodiversity	4,525	37	34	4	18	2	2	3
	Climate change mitigation	9,138	9	24	41	6	20	0	1
	Climate change adaptation	2,852	25	48	19	5	0	0	3
	International waters	4,980	37	24	24	13	0	0	2
	Land degradation	1,477	22	26	38	7	8	0	0
	Chemicals & waste	5,424	33	26	23	2	11	0	6
	Multifocal	22,255	26	32	22	11	5	0	5
Geographic focus	National	37,558	23	32	25	11	7	0	2
	Regional	7,694	29	25	23	9	13	0	1
	Global	5,399	35	23	18	1	2	3	18
Program status	Program	18,109	25	29	26	13	6	0	1
	Stand-alone	32,542	26	30	23	7	8	0	5
Modality	Full size	45,988	25	30	24	10	7	0	4
	Medium size	4,570	25	26	26	9	11	2	1
	Enabling activity	93	79	20	0	0	0	0	0
Region	Africa	14,610	25	34	27	7	4	0	2
	Asia	16,252	21	27	25	13	12	0	2
	Europe & Central Asia	4,164	22	29	39	8	2	0	0
	Latin America & Caribbean	9,358	31	32	17	12	7	0	1
	Interregional	868	14	33	3	9	40	0	0
	Global	5,399	35	23	18	1	2	3	18
Country category	LDC	13,536	30	37	24	7	1	0	1
	SIDS	5,254	35	40	18	5	1	0	0
	Upper-middle & high income[a]	15,068	24	28	22	11	11	0	3
	Other	19,584	22	25	26	11	10	1	6
Total		50,651	25	30	24	10	7	0	3

Source: GEF Portal for GEF-6 and GEF-7 CEO endorsed/approved projects; *n* = 1,546.

a. Excluding SIDS.

Table 3.8 Realization of cofinancing contributions for completed GEF-6 and GEF-7 projects

Project variable		Not realized at all		Less than committed		As committed		More than committed		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%
Trust fund	GEF	187	34	117	22	119	22	121	22	544	100
	Other	21	31	12	18	18	26	17	25	68	100
Cofinancing type	In kind	121	34	78	22	86	24	76	21	361	100
	Grant	70	32	48	22	45	21	56	26	219	100
	Loan	12	55	3	14	1	5	6	27	22	100
	Equity	4	44	0	0	5	56	0	0	9	100
	Other	1	100	0	0	0	0	0	0	1	100
Agency type	MDB	32	54	14	24	3	5	10	17	59	100
	UN	157	33	103	21	124	26	98	20	482	100
	Other	19	27	12	17	10	14	30	100	71	100
Cofinancing source	Government	68	26	68	26	70	27	51	20	257	100
	GEF Agency	43	31	31	22	28	20	38	27	140	100
	Private sector	22	39	13	23	11	19	11	19	57	100
	Civil society organization	39	51	10	13	9	12	18	24	76	100
	Donor agency	13	35	5	14	8	22	11	30	37	100
	Beneficiaries	3	60	0	0	1	20	1	20	5	100
	Other	20	50	2	5	10	25	8	20	40	100
Country category	LDC	47	39	30	25	25	21	19	16	121	100
	SIDS	14	14	30	31	33	34	20	21	97	100
	Upper-middle & high income[a]	39	26	28	19	52	35	29	20	148	100
	Other	111	40	51	18	34	12	80	29	276	100
Total		208	34	129	21	137	22	138	(23	612	100

Source: GEF Portal for GEF-6 and GEF-7 completed projects; *n* = 118.
a. Excluding SIDS.

for by new commitments tapped during implementation (table 3.9). This underscores the substantial engagement of new cofinancing sources during project implementation. As discussed earlier, non-MDBs (UN and international nongovernmental organizations) actively pursue new sources of cofinancing during project implementation, often prompted by midterm review findings. In SIDS, the overwhelming majority of realized commitments stemmed from those listed in the CEO endorsement request, with only a small number of new commitments realized. This is largely because Agencies must identify new sources from a limited pool of potential contributors in these countries. The evaluation also found that commitments in the form of equity participation and contributions from beneficiaries represent a higher share, because those listed in the request for CEO endorsement/approval are not firm commitments; they solidify once GEF financing is

Table 3.9 Realized cofinancing contributions at project completion

Project variable		Realized commitments made at CEO endorsement		Realized new commitments		Total realized cofinancing contributions	
		No.	%	No.	%	No.	%
Trust fund	GEF	357	59	245	41	602	100
	Other	47	64	26	36	73	100
Cofinancing type	In kind	240	67	118	33	358	100
	Grant	149	58	108	42	257	100
	Loan	10	77	3	23	13	100
	Equity	5	33	10	67	15	100
	Other	0	0	14	100	14	100
	Not available	0	0	18	100	18	100
Agency type	MDB	27	75	9	25	36	100
	UN	325	58	239	42	564	100
	Other	52	69	23	31	75	100
Cofinancing source	Government	189	69	86	31	275	100
	GEF Agency	97	76	30	24	127	100
	Private sector	35	51	33	49	68	100
	Civil society organization	37	45	46	55	83	100
	Donor agency	24	50	24	50	48	100
	Beneficiaries	2	20	8	80	10	100
	Other	20	31	44	69	64	100
Country category	LDC	74	59	51	41	125	100
	SIDS	83	89	10	11	93	100
	Upper-middle & high income[a]	109	54	94	46	203	100
	Other	165	58	121	42	286	100
Total		404	60	271	40	675	100

Source: GEF Portal for GEF-6 and GEF-7 completed projects; *n* = 118.
a. Excluding SIDS.

approved. This interim period allows for new participants to contribute, while some original contributors may drop out, leading to higher unrealized contributions in these categories. Moreover, contributions reported at completion often lack detailed sourcing information, leading to a higher reported incidence of new realized commitments for the "other" cofinancing source category.

The rate of realization of committed amounts at midterm varies considerably based on the type of cofinancing, Agency type, source of cofinancing, and country category (table 3.10 and figure 3.2). By midterm, less than a third of cofinancing

Table 3.10 Realization of cofinancing for completed GEF-6 & GEF-7 projects

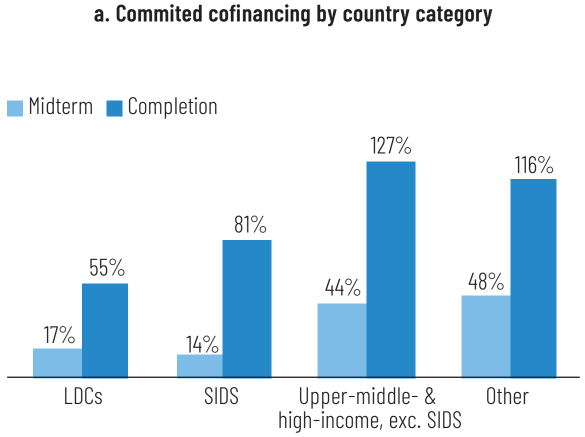
Project variable		Cofinancing (million $)			Realization as % of commitments at CEO endorsement	
		CEO endorsement	Midterm	Completion	Midterm	Completion
Trust fund	GEF	2,589	1,005	2,693	39	104
	Other	148	68	109	46	74
Cofinancing type	In kind	999	570	1,186	57	119
	Grant	941	378	799	40	85
	Loan	351	66	440	19	125
	Equity	384	3	308	1	80
	Other & not available	60	57	70	95	116
Agency type	MDB	694	116	433	17	62
	UN	1,913	849	2,140	44	112
	Other	130	109	230	84	177
Cofinancing source	Government	1,224	734	1,254	60	102
	GEF Agency	655	171	431	26	66
	Private sector	514	45	497	9	97
	Civil society organization	138	83	244	60	177
	Donor agency	126	6	299	5	236
	Beneficiaries	29	0	32	0	112
	Other	51	34	45	67	88
Country category	LDC	655	114	362	17	55
	SIDS	128	18	104	14	81
	Upper-middle & high income[a]	454	200	578	44	127
	Other	1,537	741	1,788	48	116
Total		2,736	1,074	2,803	39	102

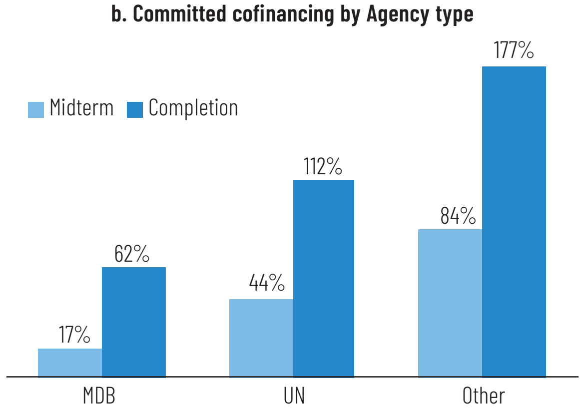
Source: GEF Portal for GEF-6 and GEF-7 completed projects; *n* = 118.

a. Excluding SIDS.

commitments in the form of equity and loans—particularly for projects implemented by MDBs, contributions from the private sector and beneficiaries, and projects implemented in LDCs and SIDS—are realized. In contrast, realization at midterm for cofinancing in the form of in-kind contributions and grants—especially for projects implemented by non-MDBs, contributions by governments and civil society organizations, and projects in non-LDC and non-SIDS countries—is higher. Several key informants noted that contributions through in-kind cofinancing are used to cover recurrent expenses such as salaries and rents, resulting in steady realization despite time lags involved in reporting its realization. This is consistent with 60 percent of the expected cofinancing from governments, which generally contribute in the form of in-kind cofinancing, being realized by midterm.

Figure 3.2 Realization of cofinancing as a percentage of commitments at CEO endorsement





Source: GEF Portal for GEF-6 and GEF-7 completed projects; *n* = 118.

At project completion, realized cofinancing aligns with the commitments made at CEO endorsement/approval. On average, GEF projects realize 102 percent of the cofinancing amount committed at CEO endorsement/approval (table 3.10). Substantial variations are noted among different project categories. Realization rates are substantially lower than expected for projects in LDCs (55 percent) and SIDS (81 percent), while higher rates are observed in upper-middle-income countries, excluding SIDS (127 percent) (figure 3.2). Reported realization of cofinancing for projects implemented by MDBs is 62 percent, compared to 112 percent for UN organizations.

Official development assistance constitutes 10 percent of the realized cofinancing for GEF projects. Understanding the proportion of realized cofinancing that comes from ODA provides insight into the indirect contribution of GEF donors to supporting GEF activities. The review found that, across 118 completed projects, 82 percent of ODA commitments were raised and $0.71 of ODA was realized per dollar of GEF funding. In LDCs, ODA accounts for 38 percent of the total realized cofinancing (table 3.11). For other country categories, the share is lower, especially for the upper-middle- and high-income countries, where it accounts for only 1 percent of the total realized cofinancing. The realization rate for ODA is 86 percent, which is lower than for the portfolio average of 102 percent. The highest realization rate (143 percent) is for the "other" category, which includes low-income and lower-middle-income countries (excluding LDCs and SIDS). Despite only two-thirds of the committed ODA cofinancing materializing in LDCs, the realization rate remains significantly higher than for SIDS and upper-middle-income and high-income countries.

Organizations with an environmental mandate contribute approximately 15 percent of the realized cofinancing for GEF projects (table 3.12). Understanding the proportion of cofinancing from partners with an environmental mandate is crucial because their interests are closely aligned with those of the GEF. Their support for GEF projects significantly aids in addressing environmental concerns on a larger scale and in helping the GEF spread its resources over more projects, thereby mitigating resource concentration risks. The evaluation found that cofinancing partners with an environmental mandate contributed $1.1 per dollar of GEF funding (*n* = 118 projects). These organizations accounted for the majority of funding realized from civil society organizations. Partnership with the environmental ministries,

Table 3.11 Realization of ODA cofinancing

Country category	Cofinancing (million $)			As % of commitments at CEO endorsement			As % of aggregate cofinancing		
	CEO endorsement	Midterm	Completion	CEO endorsement	Midterm	Completion	CEO endorsement	Midterm	Completion
LDC	208	21	136	100	10	66	32	18	38
SIDS	15	0	2	100	0	17	11	0	2
Upper-middle & high income[a]	12	0	4	100	< 1	32	3	0	1
Other	91	4	131	100	8	143	6	1	7
Total	314	25	271	100	8	86	11	2	10

Source: GEF Portal for GEF-6 and GEF-7 completed projects; *n* = 118.

a. Excluding SIDS.

Table 3.12 Realization of cofinancing from contributors with an environmental mandate

Contributor type	Cofinancing (million $)			As % of aggregate cofinancing		
	CEO endorsement	Midterm	Completion	CEO endorsement	Midterm	Completion
Government	384	99	227	31	13	18
GEF Agency	26	9	51	4	5	12
Civil society organization	90	10	132	65	13	54
Donor agency	4	2	3	3	24	1
Other	18	1	14	36	4	30
Total	522	120	427	19	11	15

Source: GEF Portal for GEF-6 and GEF-7 completed projects; *n* = 118.

departments, and agencies of recipient countries accounted for 18 percent of the funding from the recipient country governments.

3.6 Results associated with cofinancing

The level of realization of cofinancing is positively correlated with project outcome ratings and the likelihood of sustainability at completion. A linear regression analysis of completed projects approved from GEF-5 onwards indicates that when the expected cofinancing at project initiation is fully realized, the outcome rating is 0.10 points higher on a binary scale and 0.30 points higher on a six-point scale compared to projects where cofinancing is not fully realized. Furthermore, full realization of cofinancing enhances the likelihood of sustainability by 0.23 points on a binary scale and 0.33 points on a four-point scale. These correlations are statistically significant and remain firm even after controlling for other variables such as project size, Agency type, and recipient country per capita income, and restricting the analysis exclusively to projects funded through the GEF Trust Fund, although minor changes in coefficients for full realization are observed. The relationship remains significant even when observations for projects from the pre-GEF-5 period are included in the analysis.

Low levels of realized cofinancing are associated with worse outcomes and lower likelihood of sustainability. For projects approved from GEF-5 onwards, when the realized cofinancing falls short of the expected amount by more than half, the outcome rating experiences a decline of 0.16 points on a binary scale and 0.45 points on a six-point scale compared to other projects above this threshold. Similarly, when realized cofinancing is less than half of the expected amount, the likelihood of sustainability is lower by 0.28 points on a binary scale and 0.48 points on a four-point scale. These relationships are statistically significant and remain so when controlling for project size, Agency type, and recipient country per capita income, even when observations for the pre-GEF-5 period are included in the analysis.

When realized cofinancing was under 25 percent, approximately 50 percent of projects experienced unsatisfactory outcomes; this was partly attributed to the low realization of cofinancing. While correlation does not imply causation, investigating a potential causal link, the evaluation reviewed the terminal evaluations of 20 projects where expected cofinancing exceeded GEF financing twofold, yet realized cofinancing was under 25 percent of the expected amount and outcomes were rated in the unsatisfactory range (moderately satisfactory or below). The evaluation found that in half of these cases, low cofinancing realization was cited as either the primary (30 percent) or a contributing (20 percent) factor responsible for the low outcomes. In the remaining cases, weak links between cofinancing and GEF projects hindered causal inference. Some projects lacked proper tracking of cofinancing realization; in other cases, evaluators excluded such contributions because of weak ties with the GEF project, resulting in unreported contributions in the CEO endorsement/approval documents and subsequently at project completion. In one case, causality diverged: the International Lighting Efficiency Facility (World Bank, GEF ID 6980) closed early because the GEF loan could not be converted into a grant. This early closure, coupled with nonachievement of key milestones for full operation of the facility, resulted in the cancellation of cofinancing for the project. This illustrated a reverse causal relationship.

In projects where cofinancing realization was low but outcome ratings were satisfactory, the main issue typically stemmed from ineffective tracking and reporting of cofinancing. The evaluation analyzed terminal evaluations of 20 completed projects (19 from GEF-5 and 1 from GEF-6) where expected cofinancing was at least twice the GEF financing amount, and realized cofinancing was below 25 percent, yet outcomes were satisfactory. The evaluation revealed a paradox: projects with low realization of cofinancing were associated with satisfactory outcome ratings. This was attributed to either underreporting of cofinancing or its nonessential role in meeting project objectives. Among these projects, six (30 percent)—implemented by UN Agencies, primarily UNDP and the United Nations Industrial Development Organization—demonstrated that a major part of the cofinancing included in the project financing package was, indeed, not essential for achievement of the outcome. In five instances (25 percent)—all World Bank–implemented projects—a substantially high level of cofinancing was realized but not reported in terminal evaluations. This discrepancy stemmed from World Bank reporting practices which typically excluded parallel financing—even when implemented by the World Bank itself. In eight projects (40 percent)—three implemented by UNDP; two by UNEP; and one each by FAO, the United Nations Industrial Development Organization, and the World Bank—terminal evaluations lacked sufficient information on cofinancing (six projects) and/or made errors in accounting for realized cofinancing (three projects).[4] While low realization in one instance led to scaling down of deliverables, it had minimal impact on overall outcome achievements.

Cofinancing is perceived to play a crucial role in enhancing the environmental benefits pursued by the GEF (table 3.13). These benefits may accrue through several mechanisms:

[4] Both issues were noted for one project.

Table 3.13 Distribution of agreement with statements on the benefits and costs of cofinancing, by stakeholder type (%)

Cofinancing...	Agency type				GEF Secretariat	Donor countries	Recipient countries	Total
	MDB	UN	Other	Total				
Increases environmental benefits	86	87	92	87	86	75	88	87
Provides additional resources	64	85	100	84	90	100	93	87
By countries increases country ownership	50	95	83	89	81	100	88	88
Provides support for baseline costs	43	64	92	64	71	25	70	65
Agencies feel they have skin in the game	64	73	75	72	76	100	88	77
Strengthens Agencies' partnerships	79	83	92	83	76	100	86	84
Ensures incrementality of GEF financing	71	73	83	74	90	75	86	78
Increases risk of not achieving outcomes	43	57	67	56	14	13	44	47
Costs of cofinancing outweigh benefits	36	45	42	44	5	0	49	39
Number of respondents	14	100	12	126	21	8	43	198

Source: GEF IEO Online Survey 2024.

Note: Includes responses that completely agree, mostly agree, or somewhat agree with the statement; excludes responses of somewhat disagree, mostly disagree, completely disagree, or don't know/unable to assess. Complete distribution of responses is presented in table D.2.

- Cofinancing enables broadening of project scope; additional funding enables addressing of environmental concerns on a greater scale.
- Cofinancing fosters enhanced national ownership, as demonstrated by governments' commitment to providing additional funding, which in turn leads to improved project outcomes and sustainability.
- Cofinancing enhances project effectiveness and impact by leveraging additional resources from diverse stakeholders, encouraging collaboration, and alignment with national priorities.

Several examples illustrate how cofinancing can enhance environmental benefits. In Implementation of Strategic Plan of Ecuador Mainland Marine and Coastal Protected Areas Network (Conservation International, GEF ID 9369), cofinancing from the Walton Family Foundation expanded the covered marine and coastal protected areas from five to seven, significantly boosting biodiversity conservation by safeguarding additional habitats and species. Similarly, in the Securing Biodiversity Conservation and Sustainable Use in Huangshan Municipality Project in China (FAO, GEF ID 4526), the provincial and municipal governments nearly doubled their cofinancing contributions during project implementation. This allowed the project to, among other things, allocate more resources to monitoring and comanagement and the development of reserve management plans. However, in the Small Hydropower-based Mini-grids for Rural Electrification Project in Congo (UNDP, GEF ID 5424), government cofinancing contributions were not realized during the time frame of project implementation, adversely affecting project results. To mitigate the effects, UNDP increased its in-kind contributions from $0.25 million to $2.0 million, enabling the project to expand the scope of feasibility studies and environmental and social impact studies to include an additional 14 minihydro sites.

Cofinancing is recognized for its role in enhancing project sustainability. Many key informants emphasized cofinancing as a catalyst for achieving project objectives by aligning financial resources and efforts toward common goals, thereby encouraging stakeholder contributions of expertise, resources, and knowledge. This collaborative approach fosters a sense of shared responsibility among involved parties, ultimately promoting project sustainability. The commitment of cofinancing by recipient countries signifies ownership of GEF projects, which increases the likelihood of improved project outcomes and long-term benefits. Although implementing Agencies incur costs with coordinating cofinancing efforts—such as aligning sources with project objectives, verifying cofinancing, and obtaining commitment letters—these efforts result in sustained stakeholder engagement and benefits beyond the project's life cycle.

Cofinancing is regarded as pivotal in enhancing ownership of GEF projects at both national and local levels. Eighty-eight percent of the respondents in the online survey concurred that cofinancing by recipient countries increases country ownership. Key informants described several mechanisms through which cofinancing achieves this. Cofinancing by recipient countries often connects government-supported programs to GEF projects, thereby increasing awareness and recognition of both the GEF project and the government's involvement. National partners develop a strong sense of ownership when they contribute their own resources alongside GEF funding, viewing the GEF as a cofinancer and partner of their national or local program. This ownership is reinforced when governments increase their cofinancing commitments, leading to increased achievement of project outputs, with support likely to continue even after the project ends. Furthermore, cofinancing ensures greater ownership by engaging executing agencies and ensuring alignment with national priorities.

Cofinancing is recognized as playing a crucial role in enhancing collaboration and partnership among GEF Agencies, executing partners, and cofinancing contributors. A vast majority (84 percent) of respondents in the online survey agreed with the statement that cofinancing helps GEF Agencies in building relationships with funding partners. Key informant interviews provided several examples to illustrate the mechanisms through which this occurs. Most key informants highlighted that cofinancing requirements motivate GEF Agencies to engage with other actors, fostering collaboration and increasing the likelihood of sustained engagement in the future. For example, ADB strategically uses GEF funding to initiate projects, subsequently engaging governments and stakeholders to expand these initiatives. This approach is evident in ADB efforts to address plastic waste in Indonesia and promote circular economy strategies, stemming from GEF-supported initiatives.

Increased coherence of GEF projects was one of the benefits of cofinancing highlighted by several key informants. Several examples were noted where GEF projects are designed to align with ongoing or upcoming initiatives, maximizing synergies and leveraging additional funding that contributes to the same objectives. This approach ensures that activities across projects complement each other, even if the funding does not directly flow through the same channels. The joint funding arrangement for the above-mentioned Mainland Marine and Coastal Protected Areas Network in Ecuador project reportedly fostered efficiency and cooperation, leading to improved governance of protected areas. By sharing costs and resources, various stakeholders work toward a common objective, enhancing coherence in project implementation. In the case of the Adapting Coastal Zone Management to Climate Change in Madagascar Considering Ecosystem and Livelihoods Project (UNEP, GEF ID 4568), key informants acknowledged the critical importance of cofinancing in aligning

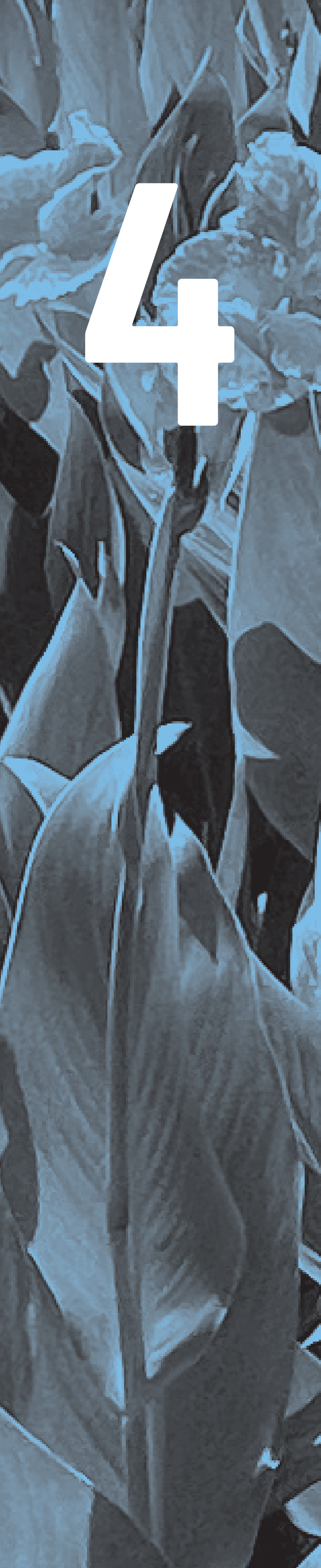
GEF project objectives with national priorities. Engaging with governments at the highest levels to secure cofinancing ensures coherence with political agendas. In Enabling Transactions—Market Shift to Deforestation Free Beef, Palm Oil, and Soy (World Bank, GEF ID 9696), engagement for cofinancing with diverse stakeholders—including clients, the public sector, and partner organizations—fostered coherence by facilitating collaboration and aligning GEF interventions with national priorities.

Cofinancing plays a pivotal role in mobilizing additional resources at the project level to address global environmental concerns, although not at systemic scale. At the project level, cofinancing indeed augments resources to address environmental challenges more comprehensively. For example, organizations with environmental mandates contribute $1.25 per dollar of GEF grant, amplifying the impact of environmental initiatives. It is worth noting that these resources would likely have been allocated to environmental sustainability-focused activities even without GEF intervention. Nevertheless, there may still be net gains in such cases if collaboration across multiple partners—fostered by cofinancing—helps in generating synergies of scale and complementary capacities.

Private sector resources that cofinance GEF activities are typically not allocated for environmentally focused endeavors under normal circumstances. GEF projects involving substantial private sector cofinancing often require a significant initial investment before GEF funding becomes feasible. Consider the nongrant instrument window of the GEF, where the level of GEF concessionality is tailored to cover only the necessary optimal level of concessionality. Nongrant instrument projects generally attract high levels of cofinancing, with ratios varying from 4.2:1—for Moringa Agro-forestry Fund for Africa (African Development Bank, GEF ID 9051—to 61:1—for Investing in Renewable Energy Project Preparation (African Development Bank, GEF ID 9043). These variations are better understood in terms of the incremental cost principle and the nature of the underlying activity than as a reflection of differences in GEF effectiveness in mobilizing cofinancing.

Innovative financing models often bring additional resources for conservation but may struggle to align environmental benefits with the cofinancing ratio generated by the project. The Wildlife Conservation Bond (GEF ID 10330) project, implemented by the World Bank, serves as a compelling example of both the potential and limitations of cofinancing. This innovative project demonstrates the feasibility of using outcome-based financial instruments to attract investments aimed at achieving conservation goals (GEF 2022c). The bond successfully raised $150.0 million from the financial market, which was reinvested by the World Bank into its business-as-usual investments. Additionally, $9.2 million in the form of bondholders foregone coupon (interest) payments were channeled to finance the GEF project's conservation activities. The bondholders are eligible for a success payment through the GEF nongrant instrument, contingent upon rhino population growth. This payment structure is not fixed, but rather follows a step-up model. For instance, if the rhino population growth ranges between 0 and 2 percent, the success payment amounts to $5.5 million, escalating to a full payment of $9.2 million if the targeted growth of 4 percent is achieved. It is important to note that bondholders risk forfeiting the foregone interest amount (or a portion thereof) if the key outcome is not met. Conversely, upon successful project outcomes meeting the target, bondholders receive the foregone $9.2 million in interest, inclusive of a risk incentive provided by the GEF's financing.

This project raises pertinent questions regarding what should be considered as cofinancing. Should it encompass the entire $159.2 million (including the $150.0 million raised from the market and the $9.2 million in foregone interest), or solely the $9.2 million in play? Moreover, it highlights that the cofinancing ratio does not fully capture the project's benefits. The evaluation finds that the primary benefit of the project lies in demonstrating how conservation-focused organizations can secure upfront capital to address urgent environmental concerns. The project underscores the potential for leveraging future income to mobilize financing for priority conservation activities at minimal cost. Before the bond was introduced, there was considerable uncertainty regarding market reception to such an offering. By taking this risk, the GEF has brought greater clarity to the opportunities provided by this instrument. The true impact of the project will be realized if other conservation-focused organizations are inspired by the bond model to raise resources from financial markets. The example illustrates that while GEF financing may mobilize substantial amounts from cofinancers, a significant portion of these funds may primarily generate overall developmental benefits, with only a fraction dedicated to generating the environmental benefits pursued by the GEF.



4 Conclusions and recommendations

4.1 Conclusions

The GEF approach to cofinancing is propelled by its mandate, ambitious targets, and its flexibility, which have facilitated the achievement of high cofinancing ratios. However, the evaluation revealed that the GEF's expansive definition of cofinancing, while effective in raising substantial funds, also poses challenges regarding the credibility of the generated cofinancing. There is an opportunity to refine this definition to clarify inclusions and exclusions. While the present approach of setting cofinancing targets at the portfolio level and tailoring expectations to individual circumstances is deemed appropriate for providing the necessary flexibility to the GEF Secretariat and Agencies, there is a need to reassess these portfolio-level targets to ensure their credible attainment.

The GEF and its comparators use varied approaches to cofinancing, with differences in funding sources, target setting, types of contributions, and monitoring requirements. While the GEF and the GCF share similarities in their mandates and supported activities, they diverge notably in their cofinancing strategies, especially regarding the explicit establishment of targets and the degree of formal agreement on accountability for cofinancing. Other organizations demonstrate a spectrum of approaches to sourcing and the extent of cofinancing, with some placing emphasis on international funding sources, others prioritizing domestic contributions, and a few pursuing both. Moreover, disparities exist in defining cofinancing contributions; and requirements are tailored based on project and recipient characteristics, organizational mandates, business models, and priorities.

The level of cofinancing commitments raised for a project is influenced by several factors, including project design, revenue generation, country context, and the GEF Agency involved. Typically, higher levels of cofinancing commitments are secured for investments targeting environmental stress reduction or status change. Conversely, components focusing on knowledge sharing; legal, policy, and regulatory measures; project monitoring and evaluation; and the development of plans and strategies tend to attract lower levels of cofinancing. Multilateral development banks often contribute higher levels of cofinancing. Furthermore, variations based on focal areas, per capita income of countries, and the size of the economy are also noted.

GEF Agencies play an important role in mobilizing cofinancing and employ diverse cofinancing strategies consistent with their respective strengths. UN and international nongovernmental organizations typically leverage the overarching concept of a GEF project to develop a financing package. They proactively pursue external cofinancing, often relying on in-kind and parallel financing sources, while also fostering long-term collaboration with external funders and conducting thorough funding assessments. On the other hand, MDBs primarily use internal funding sources and may seek GEF financing to complement investment loans or increase concessionality for environmentally sustainable projects.

Stakeholders exhibit perceptual differences when it comes to prioritizing cash versus in-kind cofinancing and recurrent versus nonrecurrent expenditures for GEF projects, reflecting varied capabilities and fundraising preferences. While the majority of stakeholders prioritize cash contributions and nonrecurrent expenditures, UN organizations and recipient countries often place equal or greater value on in-kind cofinancing. This divergence underscores differences in fundraising priorities, capabilities, and the availability of cofinancing sources across various Agencies—which in turn shape their resource mobilization strategies for GEF projects.

Cofinancing constitutes a critical aspect of project appraisal by the GEF Secretariat, with program managers assessing its adequacy, appropriateness, and feasibility, thereby influencing project approval decisions. The GEF Secretariat conducts thorough reviews of cofinancing in project proposals, ensuring that Agencies adhere to established quality standards. The evaluation revealed that cofinancing-related issues are consistently raised during project appraisal, with cofinancing cited as a factor in one-fifth of PIF rejections, underscoring its significance in PIF appraisals. The dual review process by program managers and by the Policy and Operations Team ensures that both substantive and compliance-related concerns are adequately addressed.

Through its distinction between recurrent and nonrecurrent expenditures, the GEF implicitly recognizes the quality dimension of cofinancing. Moreover, GEF program managers frequently seek adjustments in the level and type of cofinancing to optimize its value from the GEF's perspective. Various dimensions—such as the time value of money, likelihood of realization, degree of complementarity and coordination with GEF-funded activities, criticality (whether the GEF project can proceed without the cofinancing package or a portion thereof), and contributions to enhanced environmental benefits—are evident across the GEF portfolio's experiences with cofinancing. A clearer recognition of the quality aspect of cofinancing would benefit the partnership by providing clarity on preferences.

Program managers demonstrate flexibility during the appraisal of cofinancing levels and types, providing feedback for necessary adjustments and occasionally requesting higher cofinancing ratios when necessary. This flexibility is particularly evident when evaluating projects with substantial private sector contributions. Feedback on cofinancing typically addresses issues of the classification and type of cofinancing, as well as ensuring proportionality in management costs.

Securing cofinancing commitments for GEF projects presents significant challenges, underscoring the necessity for proactive engagement and flexibility, particularly in SIDS. While collaboration among stakeholders is crucial, obtaining commitments from external sources such as governments and the private sector remains challenging. Despite these obstacles, obtaining written commitment letters is essential for project implementation and stakeholder engagement, highlighting the importance of flexibility and proactive engagement in navigating the complexities of cofinancing, especially in resource-constrained countries, especially in SIDS where cofinancing opportunities are limited.

The primary challenge for project reviewers lies in ensuring that project proposals meet cofinancing requirements within tight time frames. The appraisal process for CEO endorsement/approval emphasizes the crucial role of cofinancing in project valuation. Program managers assess the adequacy and suitability of cofinancing sources and types. Efforts by the GEF Secretariat and Agencies have led to a reduction in documentation gaps in recent years. However, as information gathered from interviews and the online survey indicates, project reviewers grapple with the task of reconciling cofinancing requirements with stringent activity cycle timelines, necessitating a delicate balance between efficiency and thoroughness.

Loan commitments are realized less frequently due to their susceptibility to shifts in political priorities and start-up delays. Additionally, their realization is often underreported by MDBs. This is because many instances of cofinancing through loans by MDBs are managed independently of the GEF PMUs and may not be accounted for as cofinancing in their regular reporting. While the evaluation found some support for the notion that cofinancing from GEF Agencies implementing projects is more likely to materialize, this trend appears to be influenced by the type of cofinancing they provide—with grant commitments tending to be more reliable than loans. Projects in biodiversity, LDCs, SIDS, and in Latin America and the Caribbean generate lower levels of cofinancing and rely more on in-kind cofinancing. Projects in the international waters focal area also often rely heavily on in-kind cofinancing but achieve high cofinancing ratios.

Although the GEF Secretariat places greater value on cofinancing managed directly by the PMU compared to parallel financing, it currently does not track the proportion of cofinancing managed through these two forms. This represents a missed opportunity, as tracking this information could offer valuable insight into the portion of cofinancing allocated to activities that are closely aligned with and complement GEF-funded initiatives.

Enforcing the requirement to maintain proportionality in project management costs proves challenging in most instances, primarily because a substantial portion of cofinancing is managed by execution structures that operate independently of the GEF PMU. The evaluation noted that this requirement often results in extensive correspondence between the GEF Secretariat and the GEF Agencies. While the rationale behind this requirement is clear, its implementation proves impractical given the nature of raised cofinancing and its management.

Expected cofinancing and its realization are influenced by country context, internal resources of GEF Agencies, their approach to securing cofinancing, and the type of cofinancing instrument used. LDCs and SIDS typically achieve lower cofinancing ratios and realization levels. MDBs often report high cofinancing ratios, yet the realization may be lower due to associated loan risks and potential underreporting. In contrast, UN organizations and other GEF Agencies may initially present lower cofinancing ratios during the CEO endorsement stage, but frequently achieve higher reported realization levels by actively seeking new sources of cofinancing during project implementation. However, the credibility of these achievements is undermined by the lack of well-documented evidence regarding the contributions of new cofinancing to project outcomes and the recalibration of project result frameworks to reflect the availability of additional resources.

The tracking and reporting of cofinancing realization have improved, yet challenges persist, particularly in qualitative reporting and ensuring data credibility. Since the introduction of the 2003 cofinancing policy, tracking and reporting mechanisms for cofinancing in GEF projects have undergone enhancements, further bolstered by the updated policy of 2018 and the GEF Portal. While these advancements have addressed gaps in quantitative data to some extent, challenges persist in qualitative reporting and ensuring the credibility of reported realization—particularly concerning new cofinancing contributions during project implementation. Tracking recurrent expenditures remains a challenge, due to reliance on official reporting methods. Despite the Secretariat's emphasis on compliance during project preparation, ensuring credible and comprehensive reporting at the midterm and completion stages continues to pose difficulties.

The realization of cofinancing, when effectively integrated into the project design and results framework, significantly influences the achievement of project outcomes. The evaluation revealed a positive correlation between outcome ratings and the realization of cofinancing, with documented evidence of a causal link between cofinancing realization and project outcomes. However, challenges such as underreporting of cofinancing and difficulties in including contributions that do not directly contribute to project results—particularly in parallel projects—emerged as major obstacles, obscuring the causal link in several projects.

The evaluation underscores the significant role of cofinancing in enhancing the sustainability of project outcomes. Cofinancing helps projects address environmental challenges on a larger scale, strengthens the relationships between GEF Agencies and their partners, ensures that GEF Agencies and recipient countries are invested in the success of the GEF project, and paves the way for the creation of new avenues to generate global environmental benefits. Key informant experiences vividly illustrate the mechanisms through which these benefits are realized, and—based on online surveys—perceptions from a broader array of stakeholders corroborate these findings.

4.2 Recommendations

The evaluation has three recommendations:

Recommendation 1: Reevaluate the GEF approach to cofinancing. The GEF Secretariat should assess whether the cofinancing targets at the portfolio level are sufficiently ambitious while remaining realistically achievable to maintain credibility; establish precise criteria for the inclusion and exclusion of cofinancing components; and assess the adequacy and quality of cofinancing within project proposals.

Recommendation 2: Revise the requirement concerning proportionality in covering management costs through cofinancing, taking into account that the majority of GEF projects rely on in-kind contributions for cofinancing, and a significant portion of raised cofinancing is administered by entities separate from the GEF PMU. The existing requirement is not aligned with prevailing practices and definitions of cofinancing, resulting in substantial administrative exchanges between the GEF Secretariat and Agencies.

Recommendation 3: Strengthen the monitoring of cofinancing realization by verifying information provided by Agencies and rectifying any discrepancies. The GEF Secretariat must ensure quality control on data concerning the realization of cofinancing. In particular, when Agencies report on a newly realized cofinancing contribution that was not originally included in the CEO endorsement/approval request, such a contribution should require the same verification as that required during CEO endorsement.

Annex A

Key informants

GEF Agencies

Elizabeth Mast, Senior Grants Manager, Conservation International (Reference Group member)

Rocky Marcelino, Senior Manager, Conservation International (Reference Group member)

Ydidiya Abera, Program Officer, Food and Agriculture Organization of the United Nations (Reference Group member)

Patricia Purcell, Senior Adviser, United Nations Development Programme (Reference Group member)

Robin Merlier, Principal Advisor, United Nations Development Programme

Arunkumar Samuel Abraham, Climate and Environment Finance Specialist, Asian Development Bank (Reference Group member)

Ma Rosario Catalina Narciso, ADB/GEF Portfolio Management Officer, Asian Development Bank (Reference Group member)

Asher Lessels, Officer In-charge, Climate Change Mitigation, United Nations Environment Programme

Julien Lheureux, Task Manager, United Nations Environment Programme

Kavita Sharma, Task Manager, United Nations Environment Programme

Liu Lei, Project Manager, Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (Reference Group member)

Gmelina Juliana Ramirez, GEF Executive Coordinator, Inter-American Development Bank

Michaela Seelig, Senior Technical Specialist, Inter-American Development Bank

Alexandra Ortega, Operations Specialist, Inter-American Development Bank (Reference Group member)

Victoria Luque Panadero, Portfolio Coordinator, United Nations Environment Programme

Essa Bataineh, Coordination Officer, United Nations Environment Programme (Reference Group member)

Anna Kontorov, Task Manager, United Nations Environment Programme

Joshua Schneck, Programme Manager, International Union for Conservation of Nature (Reference Group member)

Elif Kiratli, Lead Environmental Specialist, World Bank

Angela G. Armstrong, Senior Environmental Specialist, World Bank Group (Reference Group member)

Siet Meijer, Senior Environmental Specialist, World Bank

Wei Zhao, Regional Operational Partnership Specialist, Food and Agriculture Organization of the United Nations

Yurie Naito, Technical Officer, Food and Agriculture Organization of the United Nations

Celine Cardinael, Agriculture and Rural Development Consultant, Inter-American Development Bank

Sebastian Lew, Housing and Urban Development Specialist, Inter-American Development Bank

Ann Chansopheak, Program Advisor, Food and Agriculture Organization of the United Nations

Yurie Naito, Program Advisor, Food and Agriculture Organization of the United Nations

Hernan Gonzalez, Technical Officer, Food and Agriculture Organization of the United Nations

Kaan Basaran, Technical Officer, Food and Agriculture Organization of the United Nations

Luis Suarez, Vice President, Ecuador, Conservation International

Xavier Chalen, Coordinator, Conservation International

Maria Isabel Diaz Egas, Senior Operations Director, Conservation International

Susana Escudero, Senior Director, Grants Management, Conservation International

Lorena Ramirez Benitez, Associate Operations Officer, International Finance Corporation

Alexis Franke, Associate Director, European Bank for Reconstruction and Development (Reference Group member)

Oleh Sybira, Associate Manager, European Bank for Reconstruction and Development

Mateo Salomon, Principal Technical Advisor, United Nations Development Programme

Faris Khader, Regional Technical Specialist, United Nations Development Programme

Ludmilla Diniz, Regional Technical Specialist, United Nations Development Programme

Daniel Mira-Salama, Lead Environmental Specialist, World Bank

Akiko Yamamoto, Regional Team Leader–Asia and Pacific, United Nations Development Programme

Etienne Gonin, Sustainable Cooling, Chemicals and Waste Management Technical Specialist, United Nations Development Programme

Doley Tshering, Principal Technical Advisor—Biodiversity, United Nations Development Programme

Gabriel Jaramillo, Regional Technical Advisor, United Nations Development Programme

Thania Eloina Felix Canedo, Regional Technical Advisor, United Nations Development Programme

GEF Secretariat

Jonathan Caldicott, Senior Policy Officer, GEF Secretariat

Mohamed Imam Bakarr, Lead Environmental Specialist, GEF Secretariat

Avril Benchimol Dominguez, Senior Financial Specialist, GEF (Reference Group member)

Filippo Berardi, Senior Climate Change Specialist, GEF Secretariat

Henry Salazar, Senior Operations Officer, GEF Secretariat

Ulrich Apel, Senior Environmental Specialist, GEF Secretariat

Cyril Blet, Senior Specialist, Results Based Management, GEF Secretariat

Omid Parhizkar, Operations Officer, GEF Secretariat

Annex B

Sampled projects considered during interviews

The criteria used to sample projects for interviews were as follows:

- Not a parent project, Small Grants Programme project, or enabling activity
- Approved in GEF-5 onwards
- Endorsed by the Chief Executive Officer
- Not canceled, suspended, or dropped
- First disbursement by project from 2014 onwards
- Expected completion date between January 2021 and December 2023.

Additionally, the sample sought to include projects whose realized cofinancing

- Exceeded the committed amount
- Was broadly in the same range as the committed amount
- Fell short of the committed amount.

<table>
<tr><th>GEF ID</th><th>Title</th><th>GEF period</th><th>Country</th><th>GEF Agency</th></tr>
<tr><td>5171</td><td>CTI: Coral Reef Rehabilitation and Management Program-Coral Triangle Initiative, Phase III (COREMAP-CTI III)</td><td>GEF-5</td><td>Indonesia</td><td rowspan="2">Asian Development Bank</td></tr>
<tr><td>9512</td><td>Climate Resilience in the Outer Islands of Tuvalu</td><td>GEF-5</td><td>Tuvalu</td></tr>
<tr><td>9369</td><td>Implementation of the Strategic Plan of Ecuador Mainland Marine and Coastal Protected Areas Network</td><td>GEF-6</td><td>Ecuador</td><td>Conservation International</td></tr>
<tr><td>9047</td><td>Green Logistics Program</td><td>GEF-6</td><td>Global</td><td>European Bank for Reconstruction and Development</td></tr>
<tr><td>4526</td><td>Securing Biodiversity Conservation and Sustainable Use in Huangshan Municipality</td><td>GEF-5</td><td>China</td><td rowspan="3">Food and Agriculture Organization of the United Nations</td></tr>
<tr><td>9813</td><td>Integrated Natural Resources Management in Degraded Landscapes in the Forest-Steppe and Steppe Zones of Ukraine</td><td>GEF-6</td><td>Ukraine</td></tr>
<tr><td>9837</td><td>Strengthening Capacity in the Agriculture and Land-use Sectors for Enhanced Transparency in Implementation and Monitoring of Cambodia's Nationally Determined Contribution (NDC)</td><td>GEF-6</td><td>Cambodia</td></tr>
<tr><td>9698</td><td>National Platform for Sustainable Cities and Climate Change</td><td>GEF-6</td><td>Peru</td><td rowspan="2">Inter-American Development Bank</td></tr>
<tr><td>9803</td><td>Managing the Human-Biodiversity Interface in the Southern Marine Protected Areas of Haiti</td><td>GEF-6</td><td>Haiti</td></tr>
</table>

GEF ID	Title	GEF period	Country	GEF Agency
9861	Fostering Partnerships to Build Coherence and Support for Forest Landscape Restoration	GEF-6	Global	International Union for Conservation of Nature
4718	Production of Sustainable, Renewable Biomass-based Charcoal for the Iron and steel Industry in Brazil	GEF-5	Brazil	United Nations Development Programme
5424	Small Hydropower-based Mini-grids for Rural Electrification	GEF-5	Congo	
5689	Sound Chemicals Management Mainstreaming and UPOPs Reduction in Kenya	GEF-5	Kenya	
5738	Strengthening of National Capacities for the Implementation of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity	GEF-5	Mexico	
5772	Strengthening the Institutional Capacity of African Network of Basin Organization (ANBO)	GEF-5	Regional	
9048	Ethiopian Urban NAMA: Creating Opportunities for Municipalities to Produce and Operationalize Solid Waste Transformation (COMPOST)	GEF-6	Ethiopia	
9828	Strengthening the Transparency System for Enhanced Climate Action in Côte d'Ivoire	GEF-6	Côte d'Ivoire	
4568	Adapting Coastal Zone Management to Climate Change in Madagascar Considering Ecosystem and Livelihoods	GEF-5	Madagascar	United Nations Environment Programme
4905	Strengthening National Biodiversity and Forest Carbon Stock Conservation through Landscape-based Collaborative Management of Cambodia's Protected Area System as Demonstrated in the Eastern Plains Landscape (CAMPAS Project)	GEF-5	Cambodia	
5580	Development of an Improved and Innovative Management System for Sustainable Climate-resilient Livelihoods in Mauritania	GEF-5	Mauritania	
9320	Increasing Investments in District Energy Systems in Cities—a SE4All Energy Efficiency Accelerator	GEF-6	Global	
9775	Aligning the Financial System and Infrastructure Investments with Sustainable Development—a Transformational Approach	GEF-6	Global	
9820	Strengthening Ghana's National Capacity for Transparency and Ambitious Climate Reporting	GEF-6	Ghana	
4617	Municipal Solid Waste Management	GEF-5	China	World Bank
9696	Enabling Transactions—Market Shift to Deforestation Free Beef, Palm Oil and Soy	GEF-6	Global	

Source: Project documents.

Annex C

Interview questionnaires

GEF Agencies

GEF coordination unit

1. Why is cofinancing important for GEF projects? What are the benefits of, and costs involved in, raising cofinancing for GEF projects?
2. How do the GEF requirements for cofinancing compare with your requirements for non-GEF projects?
3. Do you have a policy and/or guidelines for cofinancing, including guidance for in-kind cofinancing?
4. What is the role of the GEF coordination unit, project team, recipient governments, and executing partners in raising cofinancing for GEF projects?
5. *For Conservation International, European Bank for Reconstruction and Development, United Nations Development Programme, and United Nations Environment Programme:* How are responsibilities for raising cofinancing shared between your implementing arm and executing arm when you have dual responsibility for implementation and execution?
6. Does expected level of cofinancing in project proposals differ based on project characteristics? When (and why) are different types of cofinancing modalities (e.g., cash, in kind, loans, grants, equity, guarantees) used?
7. What are the factors that affect cofinancing commitments and realization of cofinancing?
8. What are the areas where the GEF's approach to cofinancing may be strengthened? Any good practices that may be shared?

Project managers

1. How important was cofinancing for the given GEF project? What are the costs and benefits of raising cofinancing?
2. What was the role played by different actors in the project implementation chain in raising cofinancing (the GEF coordination unit, project team, recipient governments, and executing partners)?
3. Was in-kind cofinancing provided for the GEF project that you managed? If yes, what was its form and how was it assigned a monetary value?
4. Who managed the cofinancing for this project? Was it completely managed by the project management unit? If not, who else was involved?
5. What effect did the level of realization of cofinancing and its timeliness have on project implementation and its results?
6. What are the areas where the GEF's approach to cofinancing may be improved?
7. What are the good practices in [Agency name] that may be useful for other Agencies in the GEF partnership?

GEF Secretariat

Program managers

1. What are the benefits of cofinancing? What are the costs involved in raising cofinancing?

2. To what extent is cofinancing a major consideration when assessing the quality of a project proposal? What are your key considerations when determining adequacy of cofinancing?
3. Does the level of cofinancing expected at appraisal for projects in your program/focal area differ from those in other programs/focal areas and why?
4. Does the expected level of cofinancing at appraisal differ among the projects within your focal area/program and why?
5. Is quality of cofinancing (i.e., timeliness, types of activities supported, management of cofinancing by project team, and form of cofinancing [cash or in kind]) an important consideration in determining its adequacy?
6. How often is low cofinancing a reason for revision or rejection of a project proposal?
7. Do you discuss with Agencies the level of cofinancing provided for a specific project component?
8. Do you discuss with Agencies the mix of cofinancing that may be appropriate/acceptable for a given project?
9. What are the strengths and weaknesses of the GEF's approach to cofinancing?
10. What are the areas where the GEF's approach may be improved?

Annex D

Online survey and summary of responses

Table D.1 Online survey questionnaire

Question	Response options
Your GEF partnership affiliation	• GEF Agency • Recipient country government • GEF-CSO Network • GEF Secretariat • Other (specify)
If GEF Agency: Which type of GEF Agency are you affiliated with? Check all that apply.	• Multilateral development bank • United Nations Agency • International financial institution • Civil society organization • Other (specify)
If recipient country government: As a government official, what role do you play in the GEF partnership? Check all that apply.	• Country focal point • Council Member • Convention focal point • Other (specify)
To what extent do you agree or disagree with the following statements related to benefits of cofinancing: • Cofinancing increases the environmental benefits of GEF projects. • Cofinancing brings additional resources for achieving global environmental benefits. • Cofinancing by recipient countries increases country ownership. • Cofinancing ensures that the baseline costs of GEF projects are not financed by the GEF. • Cofinancing by GEF Agencies ensures that they have a stake in project success ("skin in the game"). • Cofinancing helps GEF Agencies build relationships with funding partners. • Cofinancing ensures that GEF support is focused on meeting the incremental costs of generating environmental benefits. (See compiled responses in table D.2.)	Degree of agreement: • Completely disagree • Mostly disagree • Somewhat disagree • Somewhat agree • Mostly agree • Completely agree • Not applicable/don't know/unable to assess

<table>
<tr><th>Question</th><th>Response options</th></tr>
<tr><td>To what extent do you agree or disagree with the following statements related to costs and challenges related to cofinancing:
• Inclusion of activities increases risks to achieving project results.
• The costs of raising cofinancing outweigh its benefits.
(See compiled responses in table D.2.)
• It is difficult to raise cofinancing during project preparation.
• A project's complexity increases with increase in cofinancing partners.
• Tracking realization of cofinancing becomes more difficult as the number of cofinancing partners increases.
• GEF cofinancing requirements are excessive.
• Delayed realization of cofinancing leads to delays in project start-up and implementation.
• It is difficult for GEF Agencies to gather information on realization of cofinancing.
• The GEF has a greater need for cofinancing because of its environmental mandate compared to organizations with a broader development mandate.
(See compiled responses in table D.3.)</td><td>Degree of agreement:
• Completely disagree
• Mostly disagree
• Somewhat disagree
• Somewhat agree
• Mostly agree
• Completely agree
• Not applicable/don't know/unable to assess</td></tr>
<tr><td>How important are these types of cofinancing for achieving the GEF's objectives?
• Investment/cash cofinancing (grant and nongrant)
• In-kind cofinancing
How important are these types of cofinancing for achieving the GEF's objectives?
• Cofinancing for recurrent expenditures (e.g., operational expenses)
• Cofinancing for investments (nonrecurrent expenditures)
(See compiled responses in table D.4.)
How important are these types of cofinancing for achieving the GEF's objectives?
• Cofinancing under the oversight of the project management unit
• Parallel cofinancing (funds under the oversight of non-GEF entities, e.g., parallel non-GEF projects)
(See compiled responses in table D.5.)</td><td>Degree of importance:
• Not important at all
• Mostly unimportant
• Somewhat unimportant
• Somewhat important
• Mostly important
• Extremely important
• Not applicable/don't know/unable to assess</td></tr>
<tr><td>In general, who shoulders the greatest responsibility for raising cofinancing? Rank the following GEF actors by dragging the rows, with the actor who shoulders the most responsibility at the top.</td><td>• Country focal point
• Implementing Agency
• Executing agency
• Project management unit
• Other</td></tr>
<tr><td>Any comments you would like to share regarding the GEF's approach to cofinancing? (Open-ended response)</td><td></td></tr>
</table>

Note: Text has been lightly copyedited for consistency and clarity.

Table D.2 Distribution of stakeholder perceptions about the benefits and costs of cofinancing, by respondent Agency/affiliation (%)

Perception: cofinancing...	Completely agree	Mostly agree	Somewhat agree	Somewhat disagree	Mostly disagree	Completely disagree	N.A.[a]
Multilateral development banks (n = 14)							
Increases environmental benefits	36	36	14	7	7	0	0
Provides additional resources	29	29	7	7	29	0	0
By countries increases country ownership	29	21	0	14	21	0	14
Provides support for baseline costs	7	21	14	21	29	7	0
Agencies feel they have skin in the game	29	21	14	29	0	0	7
Strengthens Agencies' partnerships	14	29	36	7	0	0	14
Ensures incrementality of GEF financing	29	7	36	14	14	0	0
Increases risk of not achieving outcomes	0	7	36	21	21	14	0
Costs of cofinancing outweigh benefits	7	0	29	21	21	14	7
UN Agencies (*n* = 100)							
Increases environmental benefits	32	31	24	10	1	2	0
Provides additional resources	37	26	22	8	5	2	0
By countries increases country ownership	42	36	17	2	2	1	0
Provides support for baseline costs	20	12	32	19	6	5	6
Agencies feel they have skin in the game	23	18	32	11	8	6	2
Strengthens Agencies' partnerships	24	34	25	9	4	2	2
Ensures incrementality of GEF financing	23	25	25	17	7	2	1
Increases risk of not achieving outcomes	11	20	26	17	17	3	6
Costs of cofinancing outweigh benefits	8	12	25	21	19	8	7
Other Agencies (*n* = 12)							
Increases environmental benefits	25	50	17	0	0	8	0
Provides additional resources	50	25	25	0	0	0	0

Perception: cofinancing...	Completely agree	Mostly agree	Somewhat agree	Somewhat disagree	Mostly disagree	Completely disagree	N.A.[a]
By countries increases country ownership	58	25	0	8	8	0	0
Provides support for baseline costs	25	8	58	0	8	0	0
Agencies feel they have skin in the game	17	25	33	8	0	0	17
Strengthens Agencies' partnerships	33	17	42	8	0	0	0
Ensures incrementality of GEF financing	33	25	25	8	8	0	0
Increases risk of not achieving outcomes	17	17	33	8	17	8	0
Costs of cofinancing outweigh benefits	8	17	17	25	8	25	0
All Agencies (*n* = 126)							
Increases environmental benefits	32	33	22	9	2	2	0
Provides additional resources	37	26	21	7	7	2	0
By countries increases country ownership	42	33	13	4	5	1	2
Provides support for baseline costs	19	13	33	17	9	5	5
Agencies feel they have skin in the game	23	19	30	13	6	5	4
Strengthens Agencies' partnerships	24	32	28	9	3	2	3
Ensures incrementality of GEF financing	25	23	26	16	8	2	1
Increases risk of not achieving outcomes	10	18	28	17	17	5	5
Costs of cofinancing outweigh benefits	8	11	25	21	18	10	6
GEF Secretariat (*n* = 21)							
Increases environmental benefits	38	38	10	5	10	0	0
Provides additional resources	43	33	14	0	10	0	0
By countries increases country ownership	57	19	5	5	10	0	5
Provides support for baseline costs	24	24	24	5	19	5	0
Agencies feel they have skin in the game	57	5	14	5	0	10	10

Perception: cofinancing...	Completely agree	Mostly agree	Somewhat agree	Somewhat disagree	Mostly disagree	Completely disagree	N.A.[a]
Strengthens Agencies' partnerships	38	24	14	10	10	0	5
Ensures incrementality of GEF financing	38	33	19	0	5	5	0
Increases risk of not achieving outcomes	0	0	14	43	33	10	0
Costs of cofinancing outweigh benefits	0	0	5	10	43	38	5
Donor countries (*n* = 8)							
Increases environmental benefits	50	25	0	0	0	0	25
Provides additional resources	88	13	0	0	0	0	0
By countries increases country ownership	88	13	0	0	0	0	0
Provides support for baseline costs	0	0	25	0	13	13	50
Agencies feel they have skin in the game	38	38	25	0	0	0	0
Strengthens Agencies' partnerships	38	50	13	0	0	0	0
Ensures incrementality of GEF financing	13	38	25	0	13	0	13
Increases risk of not achieving outcomes	0	0	13	25	38	0	25
Costs of cofinancing outweigh benefits	0	0	0	13	38	25	25
Recipient countries (*n* = 43)							
Increases environmental benefits	44	28	16	2	0	5	5
Provides additional resources	49	21	23	0	5	0	2
By countries increases country ownership	47	28	14	5	2	2	2
Provides support for baseline costs	21	26	23	7	7	9	7
Agencies feel they have skin in the game	47	16	26	7	2	0	2
Strengthens Agencies' partnerships	42	26	19	5	5	2	2
Ensures incrementality of GEF financing	35	37	14	7	2	2	2
Increases risk of not achieving outcomes	12	5	28	21	19	12	5

Perception: cofinancing...	Completely agree	Mostly agree	Somewhat agree	Somewhat disagree	Mostly disagree	Completely disagree	N.A.[a]
Costs of cofinancing outweigh benefits	5	9	35	14	21	9	7
All respondents (*n* = 198)							
Increases environmental benefits	36	32	19	7	2	3	2
Provides additional resources	42	25	20	5	7	1	1
By countries increases country ownership	46	30	12	4	5	1	2
Provides support for baseline costs	19	16	29	13	10	6	7
Agencies feel they have skin in the game	32	18	27	10	5	4	4
Strengthens Agencies' partnerships	30	30	24	8	4	2	3
Ensures incrementality of GEF financing	28	28	23	12	7	2	2
Increases risk of not achieving outcomes	9	13	26	21	20	7	5
Costs of cofinancing outweigh benefits	6	9	24	18	22	14	7

Source: GEF IEO Online Survey 2024.

a. Not applicable/don't know/unable to assess.

Table D.3 Distribution of stakeholder perceptions regarding the cofinancing mobilization process, by respondent Agency/affiliation (%)

Perception	Completely agree	Mostly agree	Somewhat agree	Somewhat disagree	Mostly disagree	Completely disagree	N.A.[a]
Multilateral development banks (*n* = 14)							
Difficult to raise cofinancing during project preparation	7	36	29	0	29	0	0
Complexity increases as cofinancers increase	14	14	57	7	0	0	7
Tracking more difficult as cofinancers increase	43	0	43	7	0	0	7
Information on realization is difficult to get	21	14	14	36	7	7	0
GEF cofinancing requirements are excessive	14	21	21	21	7	7	7

Perception	Completely agree	Mostly agree	Somewhat agree	Somewhat disagree	Mostly disagree	Completely disagree	N.A.[a]
UN Agencies (*n* = 100)							
Difficult to raise cofinancing during project preparation	20	25	19	16	6	2	12
Complexity increases as cofinancers increase	12	41	19	12	10	1	5
Tracking more difficult as cofinancers increase	30	34	18	7	5		6
Information on realization is difficult to get	23	26	26	9	6	4	6
GEF cofinancing requirements are excessive	28	10	17	16	12	7	10
Other Agencies (*n* = 12)							
Difficult to raise cofinancing during project preparation	17	17	33	17	8	0	8
Complexity increases as cofinancers increase	25	25	42	0	8	0	0
Tracking more difficult as cofinancers increase	50	33	17	0	0	0	0
Information on realization is difficult to get	17	25	42	8	8	0	0
GEF cofinancing requirements are excessive	50	17	17	0	0	8	8
All Agencies (*n* = 126)							
Difficult to raise cofinancing during project preparation	18	25	21	14	9	2	10
Complexity increases as cofinancers increase	13	37	25	10	9	1	5
Tracking more difficult as cofinancers increase	33	30	21	6	4	0	6
Information on realization is difficult to get	22	25	26	12	6	4	5
GEF cofinancing requirements are excessive	29	12	17	15	10	7	10
GEF Secretariat (*n* = 21)							
Difficult to raise cofinancing during project preparation	0	19	24	29	24	5	0
Complexity increases as cofinancers increase	5	33	33	14	10	5	0
Tracking more difficult as cofinancers increase	14	29	29	14	10	5	0

Perception	Completely agree	Mostly agree	Somewhat agree	Somewhat disagree	Mostly disagree	Completely disagree	N.A.[a]
Information on realization is difficult to get	0	5	14	29	24	5	24
GEF cofinancing requirements are excessive	0	0	10	29	38	19	5
Donor countries (*n* = 8)							
Difficult to raise cofinancing during project preparation	0	0	13	38	0	0	50
Complexity increases as cofinancers increase	13	0	63	25	0	0	0
Tracking more difficult as cofinancers increase	0	25	50	0	13	0	13
Information on realization is difficult to get	0	0	13	13	0	0	75
GEF cofinancing requirements are excessive	0	0	0	13	25	38	25
Recipient countries (*n* = 43)							
Difficult to raise cofinancing during project preparation	21	26	30	14	7	0	2
Complexity increases as cofinancers increase	21	21	30	12	9	5	2
Tracking more difficult as cofinancers increase	19	21	26	21	7	2	5
Information on realization is difficult to get	21	12	19	19	16	5	9
GEF cofinancing requirements are excessive	23	14	14	14	19	5	12
All respondents (*n* = 198)							
Difficult to raise cofinancing during project preparation	16	24	23	17	10	2	9
Complexity increases as cofinancers increase	14	31	29	12	9	2	4
Tracking more difficult as cofinancers increase	27	28	24	10	6	1	5
Information on realization is difficult to get	19	19	23	15	10	4	11
GEF cofinancing requirements are excessive	23	11	15	16	16	9	10

Source: GEF IEO Online Survey 2024.

a. Not applicable/don't know/unable to assess.

Table D.4 Distribution of stakeholder perceptions regarding the importance of different categories of cofinancing in achieving GEF objectives, by respondent Agency/affiliation (%)

Cofinancing category	Extremely important	Mostly important	Somewhat important	Somewhat unimportant	Mostly unimportant	Not important at all	N.A.[a]
Multilateral development banks (*n* = 14)							
Investment/cash	64	21	14	0	0	0	0
In kind	7	21	43	7	21	0	0
For nonrecurrent exp.	57	36	0	7	0	0	0
For recurrent exp.	7	36	36	7	0	14	0
UN Agencies (*n* = 100)							
Investment/cash	24	34	33	4	2	1	2
In kind	25	36	28	7	2	0	1
For nonrecurrent exp.	18	38	28	6	2	1	6
For recurrent exp.	19	32	34	6	2	0	7
Other Agencies (*n* = 12)							
Investment/cash	42	25	25	8	0	0	0
In kind	58	0	42	0	0	0	0
For nonrecurrent exp.	33	42	25	0	0	0	0
For recurrent exp.	42	25	33	0	0	0	0
All Agencies (*n* = 121)							
Investment/cash	31	31	30	4	2	1	2
In kind	26	31	31	7	4	0	1
For nonrecurrent exp.	24	38	25	6	2	1	5
For recurrent exp.	20	31	34	6	2	2	6
GEF Secretariat (*n* = 20)							
Investment/cash	75	5	10	0	0	0	10
In kind	15	25	35	10	5	0	10
For nonrecurrent exp.	45	25	15	5	5	0	5
For recurrent exp.	20	10	40	20	5	0	5
Donor countries (*n* = 8)							
Investment/cash	75	25	0	0	0	0	0
In kind	25	50	25	0	0	0	0
For nonrecurrent exp.	25	50	13	0	0	0	13
For recurrent exp.	25	50	0	0	0	0	25
Recipient countries (*n* = 42)							
Investment/cash	21	36	31	5	5	0	2
In kind	36	31	26	2	2	0	2
For nonrecurrent exp.	10	24	48	5	2	2	10
For recurrent exp.	19	31	31	10	2	0	7

Cofinancing category	Extremely important	Mostly important	Somewhat important	Somewhat unimportant	Mostly unimportant	Not important at all	N.A.[a]
All respondents (*n* = 191)							
Investment/cash	35	29	27	4	2	1	3
In kind	27	31	30	6	4	0	2
For nonrecurrent exp.	23	34	28	5	2	1	6
For recurrent exp.	20	30	32	8	2	1	7

Source: GEF IEO Online Survey 2024.
a. Not applicable/don't know/unable to assess.

Table D.5 Distribution of stakeholder perceptions regarding the importance of different types of management of cofinancing in achieving GEF objectives, by respondent Agency/affiliation (%)

Management type	Extremely important	Mostly important	Somewhat important	Somewhat unimportant	Mostly unimportant	Not important at all	N.A.[a]
Multilateral development banks (*n* = 14)							
PMU managed	14	43	29	0	0	14	0
Parallel cofinancing	7	21	43	14	14	0	0
UN Agencies (*n* = 100)							
PMU managed	18	22	21	13	6	5	15
Parallel cofinancing	7	23	38	13	5	1	13
Other Agencies (*n* = 12)							
PMU managed	42	33	17	0	8	0	0
Parallel cofinancing	25	25	42	8	0	0	0
All Agencies (*n* = 121)							
PMU managed	20	26	21	10	6	6	12
Parallel cofinancing	9	23	39	12	6	1	10
GEF Secretariat (*n* = 20)							
PMU managed	55	25	10	0	5	0	5
Parallel cofinancing	10	25	40	10	5	0	10
Donor countries (*n* = 8)							
PMU managed	13	50	13	0	0	0	25
Parallel cofinancing	13	25	38	0	0	0	25
Recipient countries (*n* = 42)							
PMU managed	17	29	31	7	7	2	7
Parallel cofinancing	12	21	40	5	10	0	12
All respondents (*n* = 191)							
PMU managed	23	27	22	8	6	4	10
Parallel cofinancing	10	23	39	10	6	1	11

Source: GEF IEO Online Survey 2024.
Note: PMU = project management unit.
a. Not applicable/don't know/unable to assess.

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