

Sixth Comprehensive Evaluation of the GEF (OPS 6): Cofinancing

Draft Approach Paper

Global Environment Facility (GEF) seeks cofinancing for the activities that it funds to mobilize more resources to addressing the priority environmental concerns and as a means to create strong partnerships on ground. Importance of co-financing has been articulated in several policy documents and one of the areas where the Replenishment Group and GEF Council has requested greater attention on several instances. The GEF Council has also approved a Cofinancing Policy in 2003, which was updated in 2014.

Given the importance accorded to cofinancing, the extent to which cofinancing commitments are mobilized and met is regarded by the GEF Council as an important indicator of GEF performance. Cofinancing has also been an important topic covered in all the Overall Performance Studies (OPSs) of the GEF. In addition, it is an important topic that is addressed regularly in the Annual Performance Report (APR) prepared by the GEF Independent Evaluation Office and the Annual Monitoring Report (AMR) prepared by the Secretariat.

The GEF Project Management Information System (PMIS) data shows that cumulatively has mobilized co-financing commitments of more than US \$ 75 billion for its activities, which is more than five times its own cumulative funding (US \$ 14.5 billion). Both average co-financing ratio and median of project co-financing ratios, i.e. co-financing per dollar of GEF grant, have increased significantly from the Pilot Phase to the GEF-6 period. The GEF IEO Annual Performance Report (APR), which tracks results of the completed projects, shows that on average co-financing realization is 122 percent and co-financing commitments are fully met by the partners for 60 percent of the projects. For the projects approved in GEF-4 and GEF-5 period both average cofinancing realized and percentage of projects for which cofinancing commitments are fully met are higher than the preceding periods.

The OPSs generally agree that cofinancing is beneficial for GEF projects. However, most OPSs – other than OPS2 – called for moderation in efforts to seek cofinancing and cautioned against a singular focus on increasing the cofinancing ratio. OPS-5 called for GEF to delineate expected levels of cofinancing to more realistic levels and to reduce the level of paper work required at the project preparation phase given the high level of materialization of cofinancing commitments. APR2013 addressed the issue of cost of raising cofinancing, and concluded Requests from the Secretariat for increased cofinancing during the project appraisal process leads to an increase in cofinancing, but may also be causing some delays in the project cycle. Kotchen and Negi (2015) analyzed the data on GEF projects and concluded that higher cofinancing may result in higher project outcome ratings and greater likelihood of sustainability. They also concluded that the projects where actual cofinancing exceeded anticipated co-financing, also tend to have higher project outcome ratings.

Past OPSs and APRs have deepened the understanding of Cofinancing and its role in helping GEF achieve its global environmental objectives. OPS-6 Approach Paper identifies Cofinancing as one of the Program Performance and Impact relevant topics that will be covered. The review on Cofinancing will seek to deepen the understanding of cofinancing further and will be an input to OPS-6.

Key Questions

The review will seek to answer the following questions:

- What is the role that cofinancing plays in facilitating GEF in meeting its mandate to generate global environmental benefits?
- To what extent has GEF been effective in mobilizing cofinancing for its activities?
- What are the factors that enable or hinder mobilization of cofinancing?
- To what extent does cofinancing affect project results?

What is the role that cofinancing plays in facilitating GEF in meeting its mandate to generate global environmental benefits?

The review will assess the role that GEF has ascribed to co-financing and the role that it actually plays in helping GEF meet its mandate. It will seek to understand the extent cofinancing brings new resources to the activities that GEF supports and at a broader level to addressing global environmental concerns. The review will also seek to distinguish the GEF approach to cofinancing with that of other organizations.

To what extent has GEF been effective in mobilizing cofinancing for its activities?

The review will assess the extent GEF has mobilized cofinancing both in terms of commitments and materialization. It will assess the extent actual performance has progressed compared to the replenishment commitments. It will determine the mobilized cofinancing has been in form of cash or in-kind contributions, and grants or loans. It will assess the extent to which different types of partners, including implementing and executing agencies, contribute co-financing and type of cofinancing they contribute. It will also assess the extent to which there has been a change in its partner profile over the years.

What are the factors that enable or hinder mobilization of cofinancing?

The review will identify the determinants of cofinancing and the extent they affect the level of cofinancing mobilized. It will also assess the type of cofinancing commitments that materialize, and what affects whether cofinancing will materialize. It will also identify the project preparation and implementation related processes that affect the mobilization, and the effect that mobilization of cofinancing may have on these processes.

To what extent does cofinancing affect project results?

The review will assess the extent to which cofinancing affects project results. It will assess its effect on outcome and sustainability. It will also assess how different types of cofinancing may affect project results. It will also assess the extent to which mobilization of cofinancing affects efficiency of project

preparation and implementation process. It will also assess effect of cofinancing on support for follow up activities.

Methodological Approach

The review on cofinancing will draw information from several sources, which includes a survey of relevant documents and publications, analysis of the Project Management Information System (PMIS) database on approved GEF projects and GEF IEO dataset on completed GEF projects (TER dataset), interview of key informants and stakeholders, and online survey.

Relevant Council documents, replenishment negotiation documents, evaluations conducted by the GEF IEO, and external publications that address issues related to cofinancing, will be reviewed to understand better the role of cofinancing and relevant experiences of other international organizations. Several evaluations that the GEF IEO has undertaken in past such as OPSs and APRs (especially APR2009 and APR2013) will be an important source of information. Past work by scholars that have analyzed GEF project datasets, i.e. Miller and Yu (2012) and Kotchen and Negi (2015), will also be a useful source of information.

The review also draw from analysis of updated PMIS dataset on approved projects and TER dataset on completed projects. These datasets will be the bedrock of analysis of trends on mobilization of cofinancing commitments and materialization, determinants of co-financing, and effect of cofinancing on project results. Prior to analysis of data several other country level variables, and also variables on type of cofinancing and cofinancing partners will be added to the dataset so that a richer analysis is possible.

The review will rely on interview of the key informants and stakeholders to gather information on GEF on the process for mobilization of cofinancing during project preparation and implementation. Interviews will also a source of more granular information on the extent to which the Cofinancing policy is implemented, the enabling factors and barriers to cofinancing. Further, the interviews will also help in assessment of the extent GEF projects leverage additional resources for environmental activities, and how the GEF approach differs from that of other international organizations.

An online survey on performance related issues will be conducted for OPS-6 to reach out to a wider set of respondents. Questions relevant to cofinancing will be imbedded in the detailed survey on performance issues. The survey will be administered to the OFPs, Agency staff, and CSO Network members.

Activity calendar

The review will be conducted by a three member team. The team will be led by a Senior Evaluation Officer, and the other members of the team will be a Senior Consultant and a junior consultant. The activities for the review will start in July 2016 and end in the first week of April 2017 (Table 1).

Table 1: Calendar of Activities

Activity	Duration	Milestone
Preparation of approach paper	Aug-Sept 2016	15 th of September 2016
Desk Review of GEF IEO Evaluations	September-October 2016	October 30 th 2016
Survey of project documents and TEs	September to December 2016	December 20 th 2016
Analysis	January to February 2017	February 15 th 2017
Draft review report	February to March 2017	March 7 th 2017
Final report of the review	March to April 2017	April 7 th 2017