

# OPS4

## PROGRESS TOWARD IMPACT



FOURTH OVERALL PERFORMANCE STUDY OF THE GEF

## APPROACH TO ASSESSMENT ON COFINANCING

METHODOLOGICAL PAPER #5



## Methodological Approach to Assessment on Cofinancing

The assessment on cofinancing was carried out as an input to the OPS4. It aims to assess the efficacy of GEF approach to cofinancing and its implications in terms of mobilizing additional resources for production of global environmental benefits. More specifically, addresses:

- How the term 'co-financing' is understood within the GEF partnership and the rules on recording and reporting it;
- The present practice of recording and reporting on co-financing;
- The evidence on costs and benefits of co-financing;
- A conceptual model to explore how cofinancing may help in mobilization of additional resources for production of global environmental benefits; and,
- How GEF can potentially improve its policies to be more effective in mobilizing additional resources.

This assessment is based on the synthesis of the information gathered through a variety of sources including literature review, analysis of available datasets, review of a sample of GEF projects, and through interviews. The information collected through these sources was triangulated and synthesized to develop a conceptual model of efficacy of cofinancing in generating additional resources for production of global environmental benefits.

The literature reviewed for this assessment includes external publications including peer reviewed articles and web based public information provided by other organizations; the GEF documents including the relevant Council documents prepared by the GEF Secretariat<sup>1</sup> and Evaluation Office<sup>2</sup>; the relevant decisions by the Council; and the earlier OPS reports<sup>3</sup>.

This assessment draws on the field work done for the OPS4 through the country case studies and field verification of the terminal evaluations of sampled projects for direct evidence on operational dimensions of cofinancing.

The analysis on reported cofinancing is based on desk review of the available information on four different sets of GEF projects:

- All of the 2389 approved projects listed in the PMIS database as on 1<sup>st</sup> of July 2009;
- All of the 285 completed projects, for which terminal evaluations had been submitted from FY 2002 to FY 2008;
- All of the 173 projects approved in GEF4 during the period FY2007 to 2008;
- Twenty highly leveraged projects approved since the inception of GEF.

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<sup>1</sup> These include: GEF Council documents GEF/C.2/6 (1994); GEF/C.7/Inf.5 (1996); GEF/C.14/5 (1999); GEF/C.31/12 (2007);

<sup>2</sup> These include: the "Evaluation of Incremental Cost Assessment" (2006); Country Portfolio Evaluations for Costa Rica (2006), Samoa (2007), Philippines (2007), Cameroon (2007), Benin (2007), Madagascar (2007), South Africa (2007), Egypt (2009), and Syria (2009); The Annual Performance Reports (2005, 2006, 2007, and 2008).

<sup>3</sup> These include: Evaluation of the Pilot Phase of Global Environment Trust (1994); OPS1 (1998); OPS2 (2002); and, OPS3 (2005).

The data on 2389 approved projects listed in the PMIS database was analyzed to generate information on promised cofinancing for different categories of project across GEF phases.

Of the 285 completed projects for which terminal evaluations had been submitted to the Evaluation Office, for 210 the information on cofinancing at completion has been reported. This information has been analyzed to assess the extent to which promised cofinancing materializes, the factors that may affect materialization, and the effect of materialization of cofinancing on project results.

The set of 173 projects approved in GEF4 during the period FY2007 to 2008 was reviewed to assess the sources of promised cofinancing, the cofinancing commitments made by the implementing agencies from their own sources, and the form in which the promised cofinancing will be provided, for the recently approved projects. The project documents of these projects were reviewed to gather information on the kind of activities that will be undertaken from the cofinancing contributions. These activities and the corresponding contributions were then classified as 'GEF-able' activities and 'other activities'. The GEF-able activities were understood as activities for which there is a precedent for being funded through GEF resources and are consistent with the present GEF regulations and operational policies. This classification was done to generate a proxy of the extent to which resources that are deployed are primarily geared towards production of global environmental benefits. An alternative approach of relying on the reported incremental costs of the projects was not used because it is difficult to verify the accuracy of such analysis. Wherever possible, the mandates of the contributors of cofinancing were also classified into three categories: closely aligned (with GEF objectives); moderately aligned; and, sparingly aligned. This classification was done to assess the extent to which mandates of the cofinancing contributors affect the nature of activities undertaken by the project.

The set of 20 highly leveraged projects ('Big20'), each of which has a promised cofinancing of more than US \$ 240 m at the rate of at least seven dollars per dollar of GEF grant, were reviewed to assess whether such projects are systematically different from the other projects in the GEF portfolio, especially the projects that have been approved recently. Three of the projects included in this set are also part of the other set of 173 projects approved in GEF4. To make comparisons between the two sets, the three highly leveraged projects have been retained in the set of Big20 but excluded from the set of 173 projects.

This assessment is affected by several constraints. Due to inconsistencies across projects in terms of the definitions used to record and report cofinancing, the information on cofinancing is often not of high quality. Document for many projects do not inform on whether the promised cofinancing will actually be managed by the executing agency. Further, the quality of information on cofinancing for projects approved during different GEF phases also varies considerably – the more recent ones being of better quality. This limits the extent to which the differences across the project categories and across phases, can be reliably assessed, and the number of parameters on which such assessments are feasible. While the assessment does draw on direct evidence collected through the country case studies, country portfolio evaluations, through field verification of the terminal evaluations of the completed projects, and interviews with GEF Secretariat staff, overall it is primarily based on the desk review of the available information.





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