



System for Transparent Allocation of Resources (STAR)



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What is the STAR?

The System for Transparent Allocation of Resources (STAR) is how the GEF determines the amount of resources that a given country can access in a replenishment period. It replaces the Resource Allocation Framework (RAF) that was used during the fourth replenishment period of the GEF (GEF-4), which was the first time that GEF introduced a resource allocation system. For the fifth replenishment of the GEF (GEF-5), the STAR will determine the allocation of resources for the focal areas of biodiversity, climate change, and land degradation. Other focal areas and programs are not covered by the STAR under GEF-5.

Why did the GEF change from the RAF to the STAR?

The STAR was designed to improve the GEF-4 RAF by addressing a number of shortcomings that have been identified in the mid-term evaluation conducted by the GEF Evaluation Office. It also takes into account the views of recipient countries and the experience of the GEF Secretariat and Agencies in implementing the RAF.

What are the main benefits of the STAR?

The main benefits of the STAR for partner countries are predictability of funding and flexibility in programming. This will enhance planning and contribute to country ownership of GEF projects and programs.

How is the STAR different from the RAF?

Most notably, under the STAR, all countries will have an allocation for each focal area to develop projects for GEF-5 funding, a feature that was lacking in the original RAF. This individual allocation cannot be less than \$2 million for climate change, \$1.5 million for biodiversity, and \$0.5 million for land degradation. The STAR also introduces new design features to enhance flexibility and equity.

Why is land degradation included in the STAR, but not other focal areas such as international waters or persistent organic pollutants?

The three GEF focal areas to be covered by the STAR are biodiversity, climate change, and land degradation. The exclusion of other focal areas is because of the limited availability of suitable indicators of global environmental benefits and lack of adequate datasets.

How are indicative country allocations calculated?

The funding envelop that a given country can access during a replenishment period is called “indicative allocation”. Indicative allocations are calculated based on a combination of the GEF benefits index (GBI), the GEF performance index (GPI), and an index based on the Gross Domestic Product (GDP). The GBI represents the global environmental benefits that can be generated for each focal area in a specific country. The GPI is specific to a country, and is the same across all focal areas. The GDP-based index is a new design feature of the STAR. It enhances equity by increasing the allocation of a country that is at the lower range of per capita GDP.

What is the GBI?

The GBIs are specific to each focal area and are calculated for each country. They are directly related to environmental indicators for each focal area. The higher the GBI, the higher the threats to the global environment, or the larger the size of global environmental endowment to be protected. The GBI therefore represents the potential global environmental benefits that can be generated for a focal area in a country.

What is the GPI?

The country-specific GPI is the same across all focal areas. The GPI takes into account the quality of each country’s current policies and institutions in relevant areas, and the quality of implementation of completed and on-going GEF projects. The GPI therefore provides a proxy measure of each country’s capacity to successfully implement GEF programs and projects, and therefore deliver the potential global environmental benefits identified by the GBI.

What is the weight of the GDP-based index?

The GDP-based index is weighted so as to increase the allocation of a country at the lower range of per capita GDP by about 12% more than if the index was not there, and reducing the allocation by up to 6% for countries at the higher range of per capita GDP.

Does the GDP-based index provide more to all vulnerable countries?

The GDP-based index increases the amount that Least Developed Countries receive. It does not necessarily increase the amount allocated to all vulnerable countries. For example, the vulnerability of Small Island Developing States (SIDS) is not addressed since SIDS with small economies and relatively small populations can have a comparatively high per capita





GDP, but are still highly sensitive to natural disasters. In the STAR, the specific circumstances of these countries are taken into account with the use of floors.

When will I know what indicative amount my country will be allocated?

The indicative amount that each country will be allocated over the GEF-5 replenishment period will be known when the level of replenishment is determined. This is expected before the end of GEF-4, meaning by June 2010 at the latest.

What is an allocation floor?

An allocation floor is the minimum indicative allocation for any country in the STAR. Countries whose individual allocations are at the floor level can program GEF resources up to that level for projects in GEF-5. This floor has been set at \$2 million for climate change, \$1.5 million for biodiversity, and \$0.5 million for land degradation. Therefore, a country can program up to \$4 million if it is eligible in all three focal areas. Without the provision of an allocation floor, several countries would be allocated a smaller amount of resources that would not allow preparation of a viable sized project.

Is there a set maximum that any country can receive?

A maximum cap for country indicative allocations was set at eleven percent of the climate change focal area resources under national allocations. No country allocation is higher than around seven percent of the focal area resources for biodiversity, and three percent for land degradation. There is a theoretical cap of 10 percent for these two latter focal areas.

What happened to the category of "group" countries in GEF-5?

The "group country" allocation that existed in GEF-4 has been abolished. All eligible countries within the STAR will have an indicative allocation, the minimum being the floors for each of the three relevant focal areas. This ensures that the countries previously included in "groups" under GEF-4 are individually allocated amounts to develop projects for GEF funding. This improves the situation for 112 countries in climate change and 89 countries in biodiversity.

Do enabling activities such as support to National Communications have to be funded out of a country's indicative allocation?

In contrast with GEF-4, there will be additional resources available for enabling activities, such as for funding of national communications, with up to \$500,000 per country for biodiversity and climate change. Countries can always choose to program higher amounts for these purposes by adding resources from their national allocations. This responds in particular to views expressed by many countries in meetings of the United Nations Framework Convention on Climate Change (UNFCCC).

Does the GEF support enabling activities for land degradation?

Yes. The GEF Council has also agreed that resources in addition to the country allocations will be available for enabling activities in land degradation. These activities should support countries in their reporting against the 10-year strategic plan of the United Nations Convention to Combat Desertification (UNCCD), with up to \$150,000 per country.

Are there any special provisions for Sustainable Forest Management, a theme that cuts across all the focal areas under the STAR?

The GEF Council is considering setting aside resources from the three focal areas of biodiversity, climate change, and land degradation, to create a Sustainable Forest Management (SFM) incentive program of around \$200 million. This would ensure that the GEF can continue to act strategically in this arena and support the multiple international conventions related to forests, while addressing synergies and trade-offs between different focal area objectives.

How are the interests of Non-Governmental Organisations (NGOs) represented in the STAR?

GEF-eligible countries are encouraged to include NGOs in their internal national discussions regarding programming of GEF resources under STAR. NGO projects can be financed under the STAR, but, in addition, funding for NGOs and Community Based Organisations (CBOs) is provided through the GEF Small Grants Programme (SGP) which is outside of the STAR.

How are the interests of the private sector represented in the STAR?

GEF-eligible countries are encouraged to include the private sector in their internal national discussions regarding programming of GEF resources. Moreover, funding for the GEF Earth Fund which specifically targets the private sector is provided outside of the STAR. This will ensure that the GEF pursues its on-going efforts to leverage private sector investments for the delivery of global environmental benefits.





Is there a restriction on how much money I can access at any time during GEF-5?

Another improvement of the STAR over the RAF is the elimination of the “fifty percent rule”. This rule prevented countries from utilizing more than fifty percent of their indicative allocations during the two first years of GEF-4. This feature was identified by the mid-term review and the GEF Council as hindering operations and country ownership. In the STAR under GEF-5, there will be no such constraint.

Can I keep all indicative allocation until the end of GEF-5?

In principle yes; there is no particular condition or restriction for a country using its allocation during a replenishment period. However, for the system to run as smoothly as possible, and to take into account absorptive capacity, it is recommended to spread the development and submission of project proposals for funding over the entire replenishment period. Moreover, resources that most likely will not be utilised during a replenishment period can be reallocated at the very end of the replenishment period to other countries and programs.

If I don't use all my GEF-4 indicative allocation, will that affect my allocation in GEF-5?

No. Every country will start GEF-5 with a clean slate. This means that the GEF-4 allocations are independent of those generated by the STAR for GEF-5. However, GEF-4 resources that were not programmed by countries cannot be carried over by a country from one replenishment period to the next.

Is there any flexibility to move individual country allocations from one focal area to another?

Yes, the STAR has built in flexibility for countries for which the total of focal area allocations is under a certain threshold. Countries below the threshold will be allowed to use the total of their allocations across all and any STAR focal areas during the GEF-5 cycle. The threshold has been set to ensure that at least ninety percent of total GEF-5 biodiversity and climate change resources are in fact used for projects in these focal areas.

How many countries will have flexible use of resources?

There are several scenarios for the level of GEF-5 replenishment. Under a replenishment scenario of \$4.5 billion, for example, all countries with a total allocation of up to \$6.5 million (when adding up biodiversity, climate change, and land degradation), would have the flexibility to allocate these \$6.5 million in any or all of these three focal areas. Therefore, a country will have, at a minimum, up to \$4 million for programming in GEF-5 across all

focal areas, if the country is eligible in all three focal areas. Around 50 countries are expected to benefit from this feature.

What are the countries with flexible use of resources in Africa?

Burundi, Congo, Central African Republic, Comoros, Equatorial Guinea, Guinea, Guinea-Bissau, Lesotho, Liberia, Libya, Rwanda, Sierra Leone, Swaziland, and Togo.

What are the countries with flexible use of resources in Asia and the Pacific?

Bhutan, Cook Islands, Iraq, Kiribati, Maldives, Marshall Islands, Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

What are the countries with flexible use of resources in Europe and Central Asia?

Albania, Bosnia-Herzegovina, Georgia, Former Yugoslav Republic of Macedonia, Montenegro, and Tajikistan.

What are the countries with flexible use of resources in Latin America and the Caribbean?

Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, El Salvador, Grenada, Guyana, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Suriname.

Is there any provision for flexibility for countries with total indicative allocation higher than the “flexibility threshold”?

Yes, for all these countries, marginal adjustments between focal areas will be allowed to complement GEF funding for focal areas that are lacking resources.

How is the biodiversity benefits index calculated?

For biodiversity, the “benefits index” is built utilizing the updated GEF-4 benefits index, but with an increased weight for the marine component from 20 to 25 percent. The GBI makes maximum use of the available, scientifically-reliable information for a cross-country assessment of terrestrial and marine biodiversity. The GBI reflects the complex, highly uneven distribution of species and threats to them across the ecosystems of the





world, both within and across countries. It includes measures of terrestrial and marine eco-regions, represented species, threatened species, represented eco-regions, and threatened eco-regions.

How is the climate change benefits index calculated?

For climate change, the “benefits index” is built, as for GEF-4, with an emission related component adjusted for a factor to take into account improvement in carbon intensity since the base year of 1990. In addition, a small five percent component was added related to forest cover and deforestation. Such a component is a modest initial attempt to reflect the importance of forest cover and deforestation, whilst recognising that related matters are still being negotiated under the UNFCCC, and that there are today methodological issues with indicators of carbon stocks.

How is the land degradation benefits index calculated?

For land degradation, the “benefits index” takes into account a combination of the total land area affected by land degradation, the proportion of drylands, and the proportion of rural population. These three indicators are based on the need to control and prevent land degradation, to combat desertification as the extreme case of land degradation in drylands, and to address livelihood needs of vulnerable populations. The proportion of drylands was given a greater weight in the index to reflect the priorities of the UNCCD in its recently adopted 10-year Strategy.

About the GEF

GEF unites 179 countries in partnership with international institutions, non-governmental organizations (NGOs), and the private sector to address global environmental issues while supporting national sustainable development initiatives. Today the GEF is the largest funder of projects to improve the global environment. An independent financial organization, the GEF provides grants for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. Since 1991, GEF has achieved a strong track record with developing countries and countries with economies in transition, providing \$8.6 billion in grants and leveraging \$36.1 billion in co-financing for more than 2,400 projects in over 165 countries.

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