

Global Environment Facility

Introduction Seminar



System for Transparent
Allocation of Resources:
STAR

Wednesday January 21st
11:00 – 11:30

*Sonja Teelucksingh - Environmental
Specialist, Operations & Business
Strategy*

January 20 - 22, 2015

Outline

- Background
- The Workings of the STAR model
- An Example Calculation
- A Short Quiz!



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Background

- The current mechanism by which GEF resources are allocated to countries in three focal areas – Biodiversity, Climate Change, and Land Degradation
- The Resource Allocation Framework (RAF) was the first PBA for the GEF and adopted for GEF-4
- The STAR updated the RAF and was implemented for GEF-5
- The STAR was recently updated for GEF-6



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Objectives

- STAR aims to allocate scarce GEF resources within and among focal areas in order to:
 - maximise impact on the global environment
 - promote sound environmental policies and practices
 - meet convention requirements
 - match country driven priorities



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GEF-6/STAR Budget Allocations Report

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Country	Is Flexible?	Climate Change	Biodiversity	Land Degradation	Country Total
Tajikistan	True	\$2,000,000	\$1,500,000	\$2,776,009	\$6,276,009
Turkmenistan	False	\$4,987,726	\$1,814,282	\$3,289,095	\$10,091,103
Tunisia	False	\$2,665,583	\$1,500,000	\$5,040,731	\$9,206,314
Tonga	True	\$2,000,000	\$1,699,666	\$887,984	\$4,587,650
Timor Leste	True	\$3,000,000	\$2,000,000	\$1,000,000	\$6,000,000
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Tanzania	False	\$7,125,943	\$15,901,251	\$6,064,534	\$29,091,728
Ukraine	False	\$14,743,698	\$1,500,000	\$3,072,870	\$19,316,568
Uganda	False	\$3,765,683	\$4,010,540	\$2,223,080	\$9,999,303
Uruguay	True	\$2,681,284	\$2,038,153	\$613,390	\$5,332,827

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Calculating STAR Allocations

1

- Determine Available Focal Area Funds

2

- Calculate “Country Scores”

3

- Calculate Preliminary Country Allocations

4

- Adjust for Floors and Ceilings

5

- Obtain Final Allocations

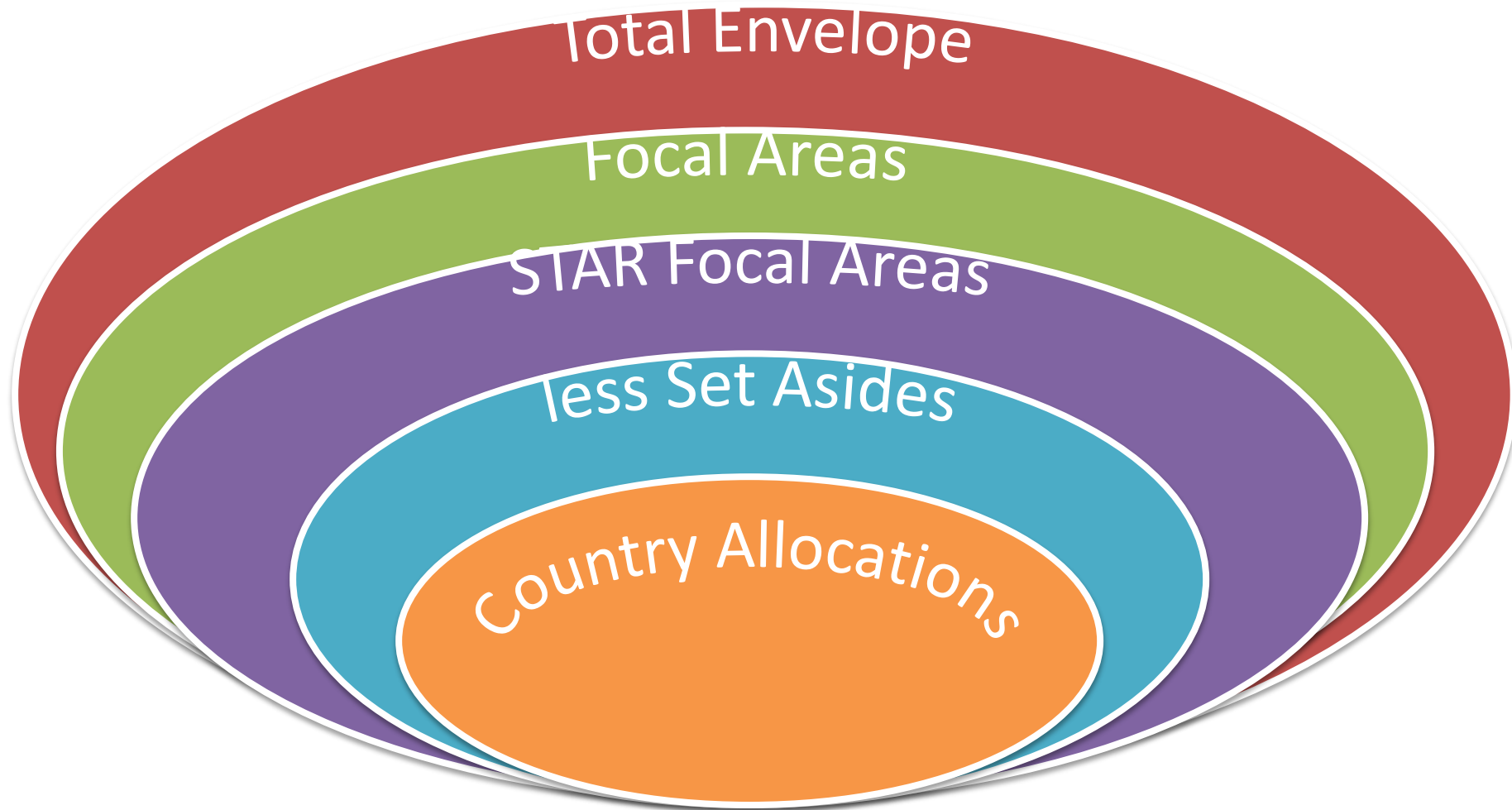
6

- Determine post-allocation Flexibilities



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Available Focal Area Funds



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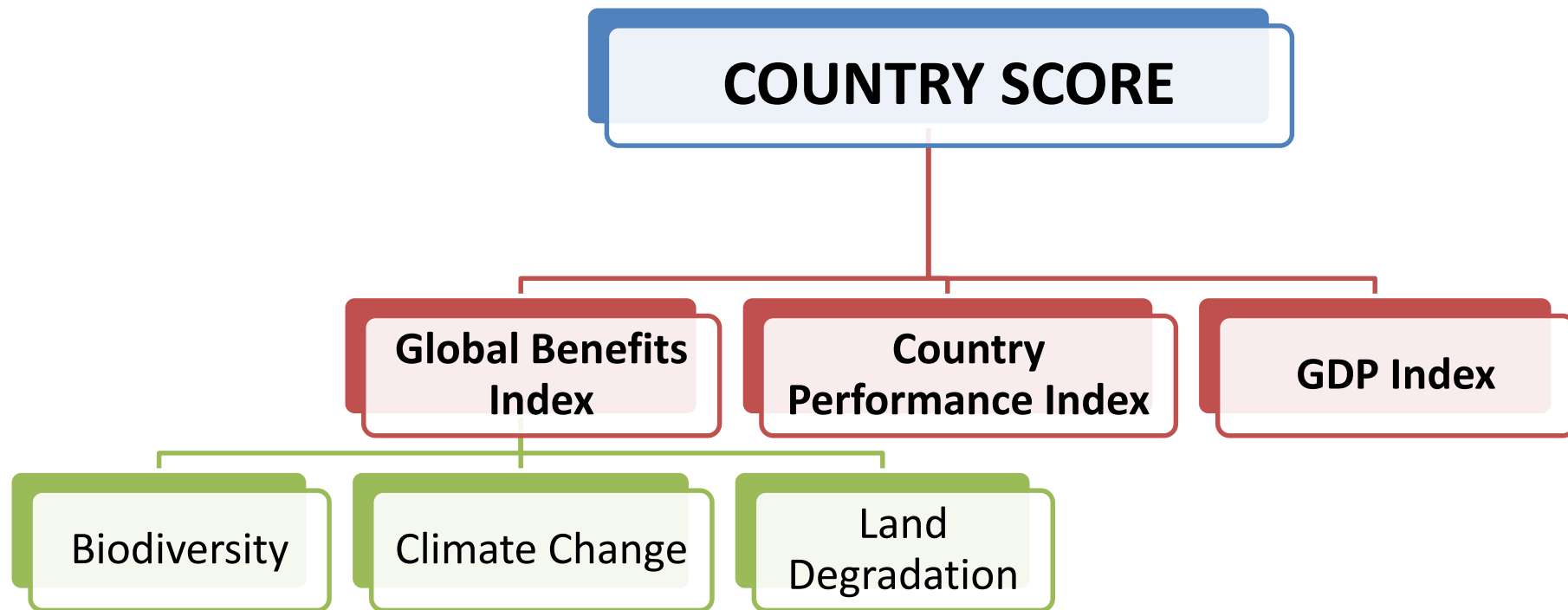
The Main Indices

- Global Benefits Index: measures a country's relative share of GEF potential benefits that can be generated by a fixed amount of resource input into a focal area
- Country Performance Index: measures a country's performance and capacity to deliver potential global environmental benefits
- GDP Index: designed to increase allocation of countries with a low GDP per capita



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The Country Score



$$\text{Country Score} = \text{GBI}^{0.8} \text{CPI}^{1.0} \text{GDP}^{-0.08}$$



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Preliminary Country Allocations

- Country Share =
$$\text{Country Score} / \text{Sum of Country Scores for all eligible countries}$$
- Preliminary Allocation =
$$\text{Country Share} * \text{Available Focal Area Funds}$$



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Floors and Ceilings

Focal Area	Floor for LDCs	Floor for Non LDCs	Ceiling %	Ceilings (US Mn)
Climate Change	3	2	10%	126
Biodiversity	2	1.5	10%	129.6
Land Degradation	1	0.5	10%	43.1



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Final Allocations

- Adjustments for floors and ceilings mean there is a surplus or deficit relative to the preliminary allocation
- This is then allocated among countries using the country scores
- Process iterates until the full amount has been allocated among countries



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Flexibilities and Marginal Adjustments

- Flexibilities relate to the utilization(not allocation) of GEF resources
- Countries are allowed to adjust their focal area allocations (but not their total envelope)

Total Allocation X	Allowed Marginal Adjustment
$X \leq 7$ million	unlimited
$X > 7$ million	2 million



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Approximate Calculation: Trinidad and Tobago

	<i>BIODIVERSITY</i>	<i>CLIMATE CHANGE</i>	<i>LAND DEGRADATION</i>
<i>GBI</i>	0.21	0.12	0.30
<i>CPI</i>	3.65		
<i>GDPI</i>	17934.06		
<i>COUNTRY SCORE</i> <i>(GBI^{0.8} CPI^{1.0} GDP^{-0.08})</i>	0.48	0.306	0.63
<i>SUM OF COUNTRY SCORES</i>	174.45	147.30	189.39
<i>COUNTRY SHARE</i>	0.002753	0.00208	0.00333
<i>FOCAL AREA ALLOCATION</i>	1051	941	346
<i>PRELIMINARY COUNTRY ALLOCATION</i>	2.89	1.96	1.15
<i>FINAL COUNTRY ALLOCATION</i>	2.78	2.29	1.14
TOTAL ALLOCATION = 6.22 MILLION (FULLY FLEXIBLE COUNTRY)			



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Question

Country A has the following STAR allocations:

Biodiversity = 3 million

Climate Change = 4 million

Land Degradation = 1 million

- (a) Does this country have full flexibility in the use of its resources? Why, or why not?
- (b) Is this country allowed any marginal adjustment across focal areas? If so, how much?



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Question

Country B is an LDC. During the STAR model simulations, Country B has preliminary allocations as follows:

	<i>BIODIVERSITY</i>	<i>CLIMATE CHANGE</i>	<i>LAND DEGRADATION</i>
<i>PRELIMINARY ALLOCATIONS</i>	1.7	2.4	0.8

Comment on these values. *(hint – floors!)*



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Question

During the STAR model simulations, Country C has preliminary allocations as follows:

	<i>BIODIVERSITY</i>	<i>CLIMATE CHANGE</i>	<i>LAND DEGRADATION</i>
<i>PRELIMINARY ALLOCATIONS</i>	135	140	40

Comment on these values. *(hint – ceilings!)*



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Question

Given the following values, calculate the Country Scores for Country D for each of the three focal areas.

	<i>BIODIVERSITY</i>	<i>CLIMATE CHANGE</i>	<i>LAND DEGRADATION</i>
<i>GBI</i>	0.04	0.05	0.08
<i>CPI</i>	3.25		
<i>GDPI</i>	13000		
<i>COUNTRY SCORE</i>	?	?	?



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Thank You

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