



# Global Environment Facility

GEF/C.26/2/Rev.1

August 24, 2005

---

Special Meeting of the Council  
August 31 – September 1, 2005

## TECHNICAL PAPER ON THE GEF RESOURCE ALLOCATION FRAMEWORK

## Table of Contents

Background.....	1
GEF Resource Allocation Framework.....	1
GEF Benefits Index (GBI).....	1
GEF Performance Index (GPI).....	2
Method of Determining Allocations.....	3
Utilization of Indicative Country and Group Allocations.....	4
Mid-term Review of Country and Group Allocations.....	6
Exclusions.....	6
Ceilings.....	6
Country Eligibility.....	6
Public Disclosure.....	7
Review of the Resource Allocation Framework.....	8
Annex 1. GEF Benefits Index for Biodiversity (GBI <sub>Bio</sub> ).....	9
Annex 2. GEF Benefits Index for Climate Change (GBI <sub>CC</sub> ).....	16
Annex 3. GEF Performance Index.....	20
Annex 4. Indicative Allocations for Biodiversity.....	26
Annex 5. Indicative Allocations for Climate Change.....	29
Annex 6. Eligible Countries.....	31

## **BACKGROUND**

1. The policy recommendations of the third replenishment of the GEF Trust Fund, endorsed by the Council in October 2002, requested “the GEF Secretariat to work with the Council to establish a system for allocating scarce GEF resources within and among focal areas with a view towards maximizing the impact of these resources on global environmental improvements and promoting sound environmental policies and practices worldwide.”<sup>1</sup> Furthermore, the policy recommendations stated that, “the system should establish a framework for allocation to global environmental priorities and to countries based on performance. Such a system would provide for varied levels and types of support to countries based on transparent assessments of those elements of country capacity, policies and practices most applicable to successful implementation of GEF projects. This system should ensure that all member countries could be informed as to how allocation decisions are made.”<sup>2</sup>

2. This document provides a detailed specification of the GEF Resource Allocation Framework developed in response to those recommendations.

## **GEF RESOURCE ALLOCATION FRAMEWORK**

3. The GEF Resource Allocation Framework (RAF) is a system for allocating resources to countries in a transparent and consistent manner based on global environmental priorities and country capacity, policies and practices relevant to successful implementation of GEF projects.

4. The GEF RAF is built on two key pillars. The first pillar, a country’s potential to generate global environmental benefits, reflects the mandate of the GEF to provide incremental cost financing to generate global environmental benefits. The second pillar, country performance, reflects the national policies and enabling environment that facilitate successful implementation of GEF projects. These two pillars are reflected in the RAF through the following two indices:

- (a) GEF Benefits Index (GBI): a measure of the potential of each country to generate global environmental benefits in a particular focal area<sup>3</sup>; and
- (b) GEF Performance Index (GPI): a measure of each country’s capacity, policies and practices relevant to a successful implementation of GEF programs and projects.

## **GEF Benefits Index (GBI)**

5. For purposes of the initial application of the RAF, separate indices have been developed to measure a country’s potential to generate global environmental benefits in the focal areas of biodiversity and climate change.

---

<sup>1</sup> GEF/C.20/4, Summary of Negotiations on the Third Replenishment of the GEF Trust Fund, Annex C, para. 16

<sup>2</sup> Ibid, para 18.

<sup>3</sup> It has been agreed that the RAF will initially be applied to the focal areas of biodiversity and climate change. In GEF 3, these two focal areas together account for about two-thirds of the resources employed for programming in the GEF.

### *GBI for Biodiversity*

6. The GBI for biodiversity seeks to measure the potential global benefits that can be realized from biodiversity related activities in a country. It reflects the complex, highly uneven distribution of species and threats to them across the ecosystems of the world, both within and across countries. It recognizes the richness of available data in some areas of biodiversity through the inclusion of detailed indicators and acknowledges the data gaps in other areas through the inclusion of broad indicators. It is aligned with the 2010 targets of the Convention on Biological Diversity (CBD). Details of the GBI for Biodiversity are in **Annex 1**.

### *GBI for Climate Change*

7. The GBI for climate change seeks to measure the potential global benefits that can be realized from climate change mitigation activities in a country. The approach reflects the objectives of the GEF climate change operational programs to address long-term priorities to mitigate climate change.<sup>4</sup> Details of the GBI for Climate Change are in **Annex 2**.

### **GEF Performance Index (GPI)**

8. The second component of the framework, the GEF Performance Index, seeks to measure each country's capacity to successfully implement GEF programs and projects based on its current and past performance. It is composed of three indicators:

- (a) Portfolio Performance Indicator (PPI), with a weight of **20 percent** in GPI equally split between an indicator developed from GEF project ratings contained in the Project Implementation Review and an indicator developed from ratings by the World Bank Operations Evaluation Department of implementation completion reports of World Bank environment-related projects;
- (b) Country Environmental Policy and Institutional Assessment Indicator (CEPIA), with a weight of **60 percent** in GPI, based on the "Policies and Institutions for Environmental Sustainability" indicator<sup>5</sup> from the World Bank's Country Policy and Institutional Assessment (CPIA); and
- (c) Broad Framework Indicator (BFI), with a weight of **20 percent** in GPI, based on the average of the five indicators<sup>6</sup> under the "Public Sector Management and Institutions" cluster of the CPIA.

Details regarding the GEF Performance Index, including a list of CPIA indicators, are contained in **Annex 3**.

---

<sup>4</sup> The GEF has supported limited activities to sequester carbon, but this goal is largely a secondary benefit of projects in the biodiversity or land degradation focal areas. Activities on adaptation to climate change are being carried out under the strategic pilot on adaptation.

<sup>5</sup> CPIA Indicator # 11 – Refer to Annex 3.

<sup>6</sup> CPIA Indicators # 12,13,14,15,16 – Refer to Annex 3.

With respect to the GPI, the following items are still under discussion in the Council: (i) the choice of the indicators for BFI; (ii) the overall weight of governance in GPI; and (iii) inclusion of a macroeconomic indicator.

## Method of Determining Allocations

9. At the beginning of each replenishment period, the resources available for each focal area, as agreed in the programming document prepared for the replenishment negotiations, will be allocated to individual countries and a group of remaining countries based on the GEF Benefits Index (GBI) for the respective focal area and the GEF Performance Index (GPI) using the following five steps as shown in **Figure 1** and discussed in detail below.

### *Step 1. Country Score*

10. For each eligible country in each focal area,<sup>7</sup> a *country score* is computed from the GEF Benefits Index (GBI) and the GEF Performance Index (GPI) as follows:

$$\text{Country Score} = \text{GBI}^{0.8} \times \text{GPI}^{1.0}$$

### *Step 2. Country Share*

11. The *country share* for each focal area is determined by dividing the country score for the focal area by the sum of the country scores for all eligible countries in that focal area, as follows:

$$\text{Country Share} = \frac{\text{Country Score}}{\text{Sum of Country Scores for all eligible countries}}$$

### *Step 3. Preliminary Country Allocation*

12. A *preliminary country allocation* for each country in each focal area is computed as the product of the country share and the total amount of GEF resources available for that focal area under the RAF after *exclusions* (paragraph 20).

$$\text{Country Preliminary Allocation} = \text{Country Share} \times \text{GEF resources available under RAF}$$

### *Step 4. Adjusted Allocations for floors and ceilings*

13. The *preliminary country allocations* in each focal area are adjusted for the floors and ceilings as specified in paragraph 20(b) and paragraph 21.<sup>8</sup>

---

<sup>7</sup> With the exception of countries referred to in paragraph 24.

<sup>8</sup> Additional resources that become available after applying the ceiling are reallocated to the remaining countries in proportion to the *country shares*.

*Step 5. Indicative Allocations to countries and groups of countries*

14. For each focal area, all eligible countries are listed in decreasing order of *adjusted allocations*. The highest-ranked countries whose cumulative *adjusted allocations* equal 70 percent of the total resources in the focal area will receive specific country *indicative allocations* equal to their respective *adjusted allocation*.

15. The remaining countries will be placed in a group with collective access to the *indicative allocations* for the group consisting of the resources available for a focal area that are not excluded from the RAF as specified in paragraph 20(a) and are not allocated to individual countries. The *upper limit* on approved projects for any country in the group will be equal to the *adjusted allocation* of the highest-ranked country in the group.

The share of resources between 60 percent and 75 percent allocated to individual countries is still under discussion by the Council
---

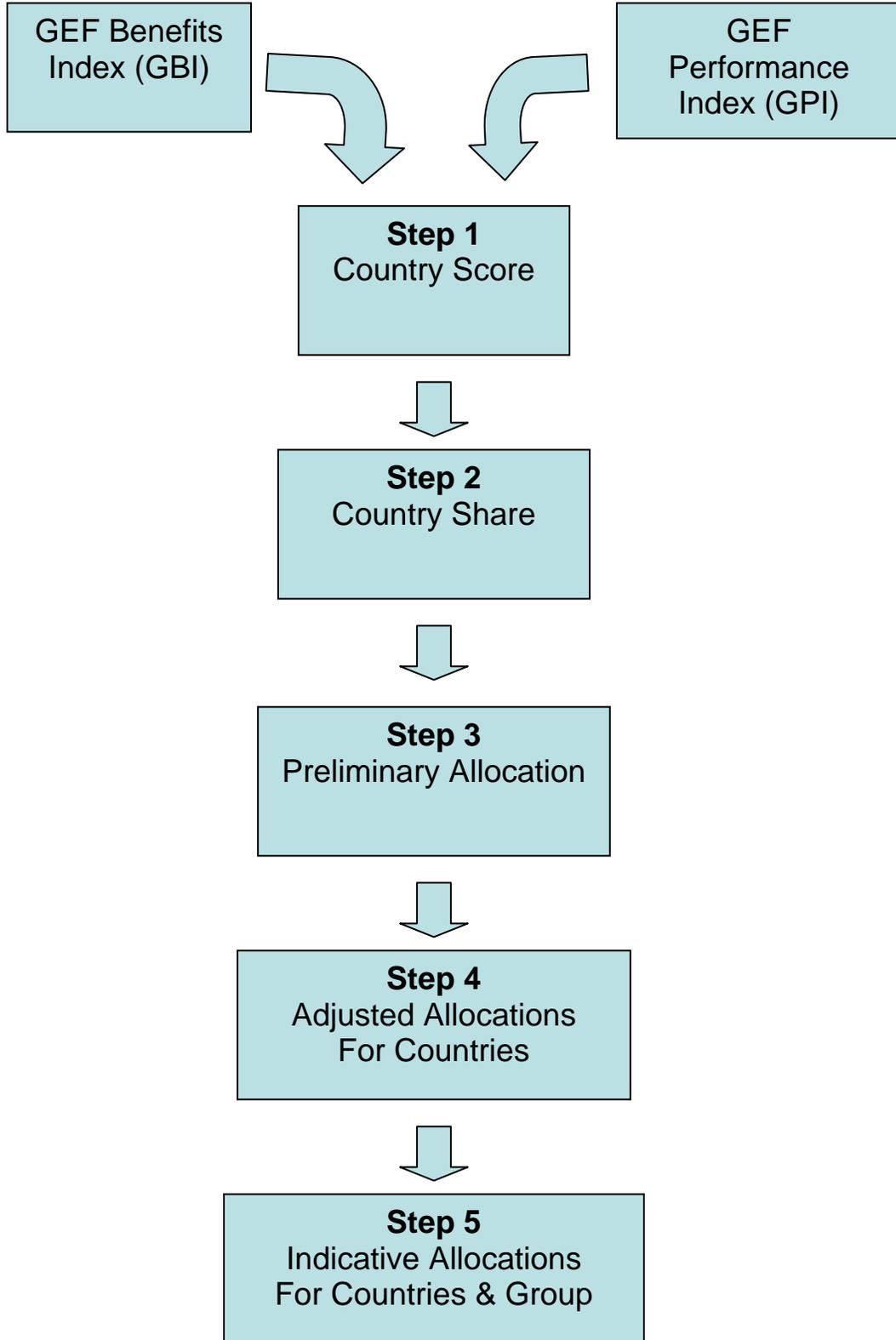
16. The *indicative allocations* to specific countries and to the group of countries in the biodiversity and climate change focal areas for the replenishment period are shown in **Annex 4** and **Annex 5** respectively.

**Utilization of Indicative Country and Group Allocations**

17. The *indicative allocations* to countries and groups of countries are not entitlements. They constitute an envelope against which countries may request GEF grants by proposing high quality programs and projects that meet GEF's strategic objectives using agreed project cycle procedures.

18. Unused *indicative allocations* at the end of the replenishment period will not be carried forward as part of the country/group allocation into the next replenishment period. Unused allocations will be carried over as part of the total funds available for a new allocation in the next replenishment period.

**Figure 1: Method of Determining Allocations**



## Mid-term Review of Country and Group Allocations

19. Commitments made to a country during the first half of a replenishment period (typically two years) will not exceed 50 percent of the *indicative allocations* of the country if it receives individual allocations or 50 percent of the *upper limit*, referred to in paragraph 15, if it belongs to the group. At the mid-point of a replenishment period, the *indicative allocations* for an individual country and the group will be adjusted for the remainder of the replenishment period by applying the RAF model to 50 percent of the resources available for each focal area in the replenishment period using updated GBI and GPI data. This amount plus the carryover (uncommitted resources) from the first half of the replenishment period becomes the *revised indicative allocation* for each country and the group for the remainder of the replenishment period.

## Exclusions

20. Exclusions are resources made available to the focal areas that are not allocated through the RAF steps 1 to 3. The exclusions are for:

- (a) Global and Regional Projects. Five percent of the resources available for each of the focal areas will be set aside for global and regional projects;<sup>9</sup> and
- (b) Floors. For each focal area, one million dollars will be set aside as a floor for each eligible country. It is expected that the floor will be used primarily to finance enabling activities, small grants projects in the focal area<sup>10</sup>, and a share of crosscutting capacity building.

## Ceilings

21. For each focal area, no country will be allocated more than 10 percent of the total focal area resources available for the replenishment period.<sup>11</sup>

## Country Eligibility

22. Country eligibility for GEF financing is defined in paragraph 9 of the GEF instrument. Under paragraph 9(a), the conventions are to determine the eligibility criteria for grants made available within the framework of the financial mechanism of the convention.

---

<sup>9</sup> A country may also agree to use some or all of its indicative allocation or the group allocation to participate in a regional program or project.

<sup>10</sup> OPS3 and the Third Independent Evaluation of the Small Grants Programme in 2003 noted that “the overall long-term global benefits from SGP activities will be considerable, and are likely to exceed the global benefits generated by larger projects.” Furthermore, OPS3 recommended that additional resources be allocated to the SGP, and that the land degradation and POPs focal areas, and the adaptation strategic priority under the climate change portfolio, be integrated into the program. Resources for the SGP will be drawn from all focal areas, including those to which the RAF will apply. In elaborating the RAF, the GEF Secretariat and UNDP will collaborate to develop operational procedures that reflect the SGP’s basic principle of strengthening the capacity of civil society to manage the global environment and allow it to continue to operate using SGP’s existing governance and resource pooling mechanism.

<sup>11</sup> Historically, the largest share of GEF resources a country has had is about 4 percent in the biodiversity focal area, and about 17 percent in the climate change focal area.

23. Experience has shown that there are not always clear criteria provided by the conventions to determine eligibility. Pending clear criteria that would allow the GEF to list all countries eligible within the framework of the financial mechanism of a convention, the GEF will use, for purposes of the RAF, the following criteria: a country is eligible for GEF funding in a focal area if either: (i) the convention secretariat confirms that the country meets the eligibility criteria established by the relevant conference of parties; or (ii) the country is eligible to borrow from the World Bank or eligible for country assistance from UNDP. The list of countries eligible for GEF financing based on these criteria in the biodiversity and climate change focal areas is presented in **Annex 6**.

24. If an eligible country: (i) is not a Participant in the GEF; or (ii) has not previously received GEF resources in the focal area; or (iii) does not have any GPI data, then it will not be subject to steps 1 through 4 described in paragraphs 9 through 13. It will be included in the group and will have access to the floor allocations and the group resources.

25. A country that becomes eligible for GEF financing during the replenishment period, but after the resources have been allocated, will be included in the group, pending a determination of the GEF Benefits Index and the GEF Performance Index for the country when the indices are next updated and allocations are determined.

### **Public Disclosure**

26. The public disclosure of data and indicators used in the RAF is dependent upon the rules and conditions placed on the use of such information by the source of the information. In accordance with these rules, the following data will be publicly disclosed:

- (a) The indicative allocations for each country with an individual allocation;
- (b) The indicative allocation for the group; and
- (c) The GEF Benefits Index for all eligible countries.

27. The GEF Performance Index (GPI) and its components will not be disclosed for any country until the World Bank, in accordance with its rules and procedures, can allow CPIA data to be publicly disclosed for all GEF-eligible countries.<sup>12</sup>

The issue of whether the same public disclosure policy should apply to all recipient countries or whether the GPI for IDA countries should be disclosed while not for other recipient countries (consistent with World Bank disclosure policy on CPIA) is still under Council discussion.

---

<sup>12</sup> The World Bank will publicly disclose CPIA data for IDA countries in 2006; there are no immediate plans to disclose CPIA data for IBRD countries.

## **Review of the Resource Allocation Framework**

28. The Council will review the RAF after two years of implementation. The review will examine the operational experience with the RAF. It will also consider the feasibility of using indicators available, or to be developed, within the UN system. The feasibility of expanding the RAF to other focal areas will also be reviewed.

## **ANNEX 1. GEF BENEFITS INDEX FOR BIODIVERSITY (GBI<sub>BIO</sub>)**

### **Background and Context**

1. The GEF Benefits Index for Biodiversity (GBI<sub>BIO</sub>) provides a relative ranking of countries for meeting the biodiversity objectives of the GEF under the Resource Allocation Framework. As the financial mechanism for the Convention on Biological Diversity (CBD), the GEF's biological diversity objectives derive from the guidance of the Convention on Biological Diversity (CBD).

2. Biological diversity is defined by the CBD in terms of the variability in genes, species, and ecosystems. The CBD's objectives are conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources. Additionally, the CBD has set out specific targets to be met by 2010 towards achieving these objectives.

3. Consistent with the guidance of the CBD, the GEF has defined strategic priorities for catalyzing sustainability of protected areas, mainstreaming biodiversity conservation in production systems, capacity building for the Cartagena Protocol on Biosafety, and the generation and dissemination of best practices. Recognizing the biological diversity across ecosystems, these priorities are operationalized separately through operational programs for arid and semiarid ecosystems, coastal, freshwater, and marine ecosystems, forest ecosystems, mountain ecosystems and biodiversity important for agriculture.

4. Biodiversity is not equally distributed throughout the world. Rates of biodiversity loss vary across ecosystems, and ecosystems vary in their level of species richness. Neither the economic nor the ecosystemic value of biodiversity resources is well understood. In particular, there is insufficient knowledge of the interdependence of species within ecosystems and the impact of the extinction of one species on others. However, lack of full scientific certainty should not be used as a reason for postponing measures to avoid or minimize the threats of significant reduction or loss of biological diversity.

5. Conserving biological diversity requires achieving a balance between ensuring that resources are allocated primarily to areas of high biodiversity using the best available information, and maintaining large-scale ecological processes and life-support systems at local, regional, and global scales (i.e., ecosystem services), thus recognizing that all biodiversity is important. Sustainable achievement of global biodiversity objectives will greatly depend on the extent to which GEF activities are country-driven; respond to programs of national priority that fulfill the obligations of the Convention; and are related to appropriate national policy frameworks and plans for sectoral, economic, and social development.

### **GEF Benefits Index for Biodiversity**

6. The GEF Benefits Index for Biodiversity is intended to be responsive to its mandate, conceptually simple, scientifically based, and comprehensive in its coverage of GEF-eligible countries. Drawing on work by the scientific community and data compiled by various organizations, including the World Wildlife Fund, Conservation International, The World

Conservation Union (IUCN), Birdlife International and FishBase, the Secretariat has constructed the GEF Benefits Index for Biodiversity with the support of the World Bank's Development Research Group. The GEF Benefits Index, described below, makes maximum possible use of the available, scientifically-reliable information for a cross-country assessment of terrestrial and marine biodiversity. The index has benefited from extensive technical consultations with conservation scientists in NGOs. It will be further refined and updated as additional reliable data and indicators become available.<sup>13</sup>

7. The GEF Benefits Index reflects the complex, highly uneven distribution of species and threats to them across the ecosystems of the world, both within and across countries. It recognizes the richness of available data in some areas of biodiversity (e.g., species within certain taxonomic groups) and the sparseness of available data in others (e.g., genetic diversity and ecosystem services). It also acknowledges the gaps in the available data -- for example, information on genetic diversity and ecosystem services at the country level -- through the inclusion of broad indicators that capture the uniqueness of ecoregions within each country. It is aligned with the 2010 targets of the CBD through the incorporation of the following elements:

- (a) Magnitude of taxonomic variability at the species and higher levels, by recognizing species richness with special emphasis on threatened species. As speciation is correlated with genetic diversity, it also recognizes variability at the genetic level;
- (b) Large and unique eco-regions that provide opportunities for expansion in the global network of protected areas, both by area and species representation;
- (c) Explicit inclusion of marine and terrestrial biodiversity, recognizing their distinct contributions to ecosystems in these spheres; and
- (d) Recognition that all biodiversity is important and provision of opportunities for sustainable use and the maintenance of ecosystem services at various scales, by ensuring a minimum level of resources to all countries.

8. Wherever feasible, the GEF Benefits Index for Biodiversity (GBI<sub>BIO</sub>) is developed from sub-national data that are based on biological science and not on political boundaries. The bottom-up approach can also provide detailed local information on globally-important biodiversity resources, to help countries formulate their own biodiversity programs.

9. The GBI<sub>BIO</sub> for a country is a weighted average of the country's scores for marine biodiversity and terrestrial biodiversity, as detailed in the next two sections. In the base case, the terrestrial score is weighed 80 percent and the marine score is weighed 20 percent. The GBI<sub>BIO</sub> scores are not evenly distributed across countries. **Figure 1.1** show the share of the total GBI<sub>BIO</sub> accounted for by each country eligible for receiving GEF funding for biodiversity projects.<sup>14</sup>

---

<sup>13</sup> For instance, additional indicators for agrobiodiversity are currently under review for inclusion in GBI.

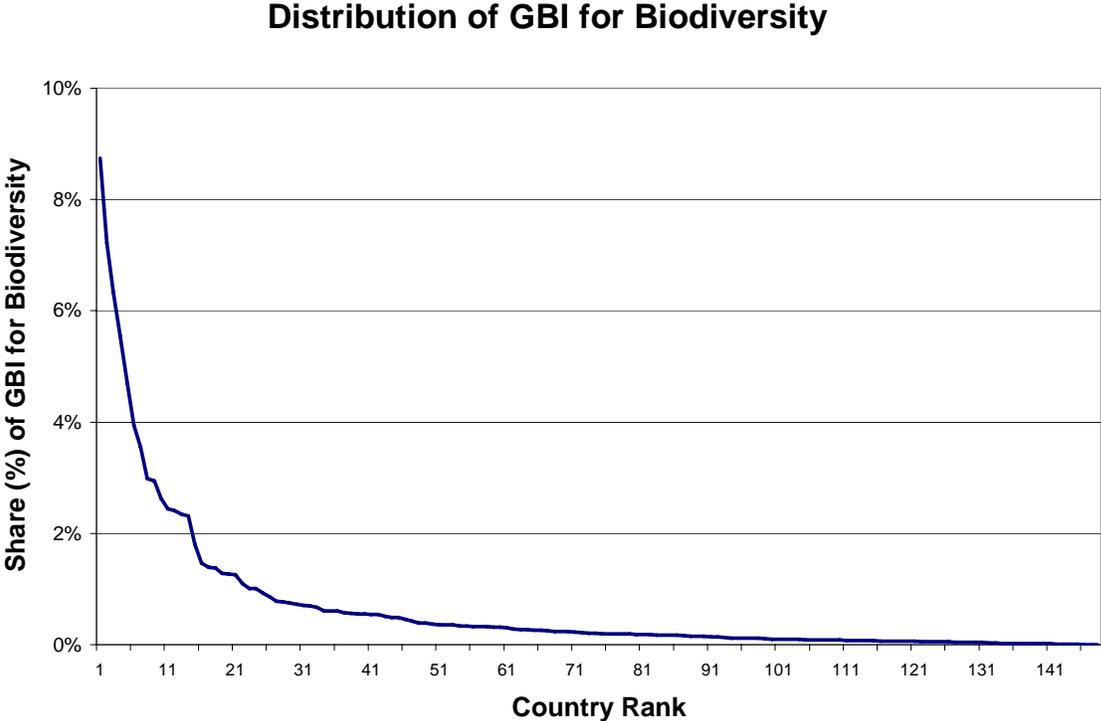
<sup>14</sup> The shares reported here are the shares of the total GEF Benefits Index for Biodiversity (GBI<sub>BIO</sub>) only; they are not the allocation shares in the Country and Group Allocation Phase of the Resource Allocation Framework. The latter are computed after the benefits index shown here are combined with the GEF Performance Index using the equation described in the first technical note in this series.

Countries with the highest scores are shown in the left while those with the lowest scores are shown in the right. 30 countries account for about 76% of the global biodiversity benefits, while the remaining 118 countries account for 24% of the global biodiversity benefits.

$$\text{GEF Benefits Index for Biodiversity} = W_T \times \text{Terrestrial Score} + W_M \times \text{Marine Score}$$

With  $W_T=0.8$  and  $W_M=0.2$

**Figure 1.1: Distribution of GEF Benefits Index Biodiversity ( $GBI_{BIO}$ )**



## Terrestrial Score for each country

10. The terrestrial score for each country is built up from highly-detailed subnational data available for specific taxonomic groups, but recognizes the paucity of data for other groups and for ecosystems. The score is constructed in four steps, which are described more fully in the following section.

- (a) Identify all components of distinct terrestrial ecoregions within a country (these Country-Ecoregion Components are abbreviated as CECs);
- (b) Score each CEC using four characteristics – represented species, threatened species, ecoregion representation, and threatened ecoregions;
- (c) Determine the composite score for each terrestrial CEC using a weighted average of the four characteristics scores; and
- (d) Compute the score for each country as the sum of scores for all of the CECs in the country.

## Identify Terrestrial Country-Ecoregion Components

11. An ecoregion is a relatively large unit of land containing a distinct assemblage of natural communities and species, with boundaries that approximate the original extent of natural communities prior to major land use changes. The World Wildlife Fund (WWF) has recently developed a map of the world that identifies and characterizes 867 terrestrial ecoregions.<sup>15</sup> The map's resolution is high enough to make it suitable for designing networks of conservation areas.<sup>16</sup>

12. Terrestrial ecoregions are defined with respect to original extent of biodiversity, while the focus of the GEF framework is on countries. Terrestrial ecoregion boundaries often overlap national boundaries, which are in most instances unrelated to the geographic distribution of biodiversity. Country Ecoregion Components (CECs) are identified by overlaying the biologically-determined ecoregion map of the world on a politically-determined map of country boundaries. Given the focus on current actions and projects, only areas that remain currently uncleared for agriculture or urban settlement are considered.<sup>17</sup> Within countries, CECs reflect the distributions of local fauna and flora.

13. A CEC is defined as the part of a terrestrial ecoregion within a country's boundaries that currently remains uncleared for agriculture or urban settlement. For instance, an ecoregion that runs across four different countries is divided into four CECs, each containing the part of the ecoregion that currently remains uncleared within the respective country's borders. Making this

---

<sup>15</sup> WWF has also partially characterized the freshwater and marine ecoregions of the world. These regions can also be incorporated into the GEF Benefits Index in the future when the characterization is globally complete. See [www.nationalgeographic.com/wildworld/terrestrial.html](http://www.nationalgeographic.com/wildworld/terrestrial.html) for additional details.

<sup>16</sup> The average size of an ecoregion in the WWF delineation is about 150,000 km<sup>2</sup>.

<sup>17</sup> High-resolution GIS maps supplied by the International Food Policy Research Institute (IFPRI) are used to identify parts of the original ecoregion that have been cleared.

distinction divides the 867 terrestrial ecoregions into approximately 1,700 CECs. Of these, 1,326 CECs are in GEF-recipient countries and are the focus of analysis for the GEF Resource Allocation Framework.

### **Score Terrestrial Country Ecoregion Components**

14. The second step in computing the terrestrial score of each country is characterizing each CEC with four indicators – represented species, threatened species, represented ecoregions, and threatened ecoregions -- each of which is discussed below.

#### *Represented Species*

15. The represented species score is obtained by averaging scores for all the available taxonomic groups. The current score is based on data for mammals, birds, amphibians, reptiles, freshwater fish, flowering plants and non-flowering plants. Additional taxonomic groups will be added as data become available.

16. This indicator is aggregated from separate analyses of the remaining habitat for each species. Only species that have been evaluated in a manner that is comprehensive and meaningful for cross-country comparisons are included.<sup>18</sup> Each species receives a total credit of 1 globally, which is distributed across CECs in proportion to the remaining habitat for the species. For instance, if 60 percent of the habitat for a species lies in a particular CEC and the remaining 40 percent is distributed evenly across two other CECs, the three CECs receive credits of 0.6, 0.2, and 0.2 for that species. All other CECs do not receive any credits for the species. For each CEC, species credits are totaled for each of the taxonomic groups (or taxa) and normalized using the total number of species in the taxa worldwide. The CEC score for represented species is computed as the average of the normalized credits for the seven taxonomic groups for which data is currently available. This approach gives equal representation to the taxa at the world scale.<sup>19</sup>

#### *Threatened Species*

17. Computation of the threatened species score is identical to computation of the represented species score, after one initial adjustment. In this adjustment, species receive credits based on their threat class, rather than uniform credits of 1. The current score is based on threat-class information for mammals, birds and amphibians. Additional taxonomic groups will be added as data become available.

18. The threatened species score recognizes the greater urgency of protecting species that face significant risks of extinction. After evaluating global threats to each existing species,

---

<sup>18</sup> IUCN has provided comprehensive range data for mammals, birds and amphibians. More aggregative data on reptiles and plants have been provided by the World Conservation Monitoring Center, while data on marine and freshwater fish have been provided by FishBase.

<sup>19</sup> Aggregating credits at the species level would result in domination of indicators by taxonomic groups with large numbers of species, such as flowering plants. Group averaging more fully recognizes the breadth of biodiversity across taxonomic groups.

IUCN classifies it into one of six categories: extinct in the wild, critically endangered, endangered, vulnerable, near threatened and least concern. Taking scientifically-estimated extinction probabilities and conservation priorities into account, the six categories are respectively assigned weights of 10, 10, 6.7, 1, 0 and 0.<sup>20</sup>

19. The threatened species credits for each CEC are aggregated separately for mammals, amphibians and birds, and normalized by the total number of threatened species credits in each taxon. The threatened species score averages the normalized credits for the three taxa.

#### *Represented Ecoregions*

20. Each terrestrial CEC represents an ecoregion with unique characteristics from a global perspective. Each ecoregion receives a total credit of 1 globally, which is distributed across the CECs comprising that ecoregion in proportion to the remaining habitat (land that is uncleared for agriculture or urban settlement). This index captures the uniqueness of each CEC as well as its scale. The wide array of factors encompassed in an ecoregion ensures that non-species-related components of biodiversity are reasonably represented in the terrestrial score. This index will be replaced with more precise indicators of genetic diversity, ecosystem services and other components of biodiversity as comprehensive data become available for all GEF-eligible countries.

#### *Threatened Ecoregions*

21. The threatened ecoregion score recognizes the greater urgency of protecting ecoregions that face significant risks of habitat destruction. The World Wildlife Fund classifies all ecoregions into three groups: critical/endangered, vulnerable and stable. Taking scientific estimates of habitat-degradation rates into account, the three categories are respectively assigned threat credits of 4, 2 and 1. The threat credit for each ecoregion is distributed across its constituent CECs in proportion to the remaining habitat. This index captures the scale, uniqueness and threat level of each CEC. Like the represented ecoregion index, it will be replaced by more precise indicators of genetic diversity, ecosystem services and other components of biodiversity as comprehensive data become available for all GEF-eligible countries.

### **Determine Composite Terrestrial Scores for each CEC**

22. The third step in determining a country's terrestrial score is to compute the composite terrestrial score for each CEC. This is defined as the weighted average of the four scaled biodiversity indicators, as shown in the following equation.<sup>21</sup> The composite scores are sensitive to the weights, which are chosen to reflect the relative contribution of each indicator to the

---

<sup>20</sup> The highest weight, 10, is applied to both critically endangered species and species that are extinct in the wild. The latter category is given critical weighting so that conservation priorities will expand the possibility for future re-introduction of the relevant species into their native habitats.

<sup>21</sup> The first step in computing the composite terrestrial score is to scale all of four indicators uniformly. This ensures that one-point changes in all four indicators will have the same impact on the composite score if they are equally weighted.

GEF's objectives. After extensive consultation with biodiversity experts on current best practice, the base-case simulations give larger weights to species indicators because these are characterized with greater certainty. Further, threatened species are given additional weight through the inclusion of the threatened species indicator which accounts for the threatened status of species. Similarly, threatened ecoregions are given additional weight compared to less threatened ecoregions through the inclusion of the threatened ecoregion. The weights are defined below.

$$\text{CEC Biodiversity Score} = W_{T1} \times \text{Represented Species} + W_{T2} \times \text{Threatened Species} \\ + W_{T3} \times \text{Represented Ecoregion} + W_{T4} \times \text{Threatened Ecoregion}$$

$$\text{Where } W_{T1} + W_{T2} + W_{T3} + W_{T4} = 1$$

$$W_{T1}=0.55; W_{T2}=0.20; W_{T3}=0.15; W_{T4}=0.10$$

### **Compute the Terrestrial Biodiversity Score for each Country**

23. The fourth step in determining the terrestrial score for a country is to sum the terrestrial scores for all CECs within it.

### **Marine Biodiversity Score for each Country**

24. The marine score for each country is developed in a much simpler way, because of the lack of detailed subnational data. The available information registers the presence of specific fish species within a country's waters, but does not provide data on precise ranges, extinction threats, or relative uniqueness of marine ecosystems. Consequently, the marine score is based solely on represented fish species. Each evaluated species receives a total credit of 1 globally, which is distributed across countries in proportion to the estimated habitat for the species in the respective country.<sup>22</sup> The marine score for a country is the sum of the credits from all of the marine species located in the territorial waters of the country.

---

<sup>22</sup> The habitat in each country is approximated by its EEZ. A country's share of habitat for each species is the share of its EEZ area in the total EEZ area for countries where the species is registered.

## ANNEX 2. GEF BENEFITS INDEX FOR CLIMATE CHANGE (GBI<sub>CC</sub>)

### Background and Context

1. The GEF Benefits Index for Climate Change (GBI<sub>CC</sub>) provides a relative ranking of countries for meeting the climate change objectives of the GEF under the Resource Allocation Framework. As the financial mechanism for the United Nations Framework Convention on Climate Change (UNFCCC), the GEF's climate change objectives are based on the guidance of the UNFCCC.
2. The UNFCCC, which became effective in March 1994, is an international acknowledgment that changes in the Earth's climate and its adverse effects are a common concern of mankind and calls for the widest possible cooperation by all countries. The UNFCCC seeks to stabilize atmospheric greenhouse gas concentrations at levels that would prevent dangerous anthropogenic interference with the global climate system. The Convention calls upon all countries to take actions to stabilize the climate in keeping with the principle of "common but differentiated responsibilities".
3. As the financing mechanism to the UNFCCC, the GEF provides new and additional grant and concessional funding to developing countries and countries with economies in transition to achieve global environmental benefits in climate change. The GEF supports the preparation of the national communications of developing countries to the UNFCCC. The GEF operational strategy for climate change placed initial emphasis on four Operational Programs that address long-term program priorities to mitigate climate change: the removal of barriers to energy conservation and energy efficiency; the promotion of renewable energy; the reduction of costs for low GHG technology; and promotion of sustainable transport. The GEF has supported limited activities to sequester carbon, but the goal of sequestering terrestrial carbon is largely a secondary benefit of projects in the biodiversity or land degradation focal areas.<sup>23</sup>
4. The guidance to the GEF on adaptation calls for the GEF to support Stage I and Stage II adaptation activities in the context of national communications. More recently, the Council has responded to guidance from COP7 and COP10 by approving resources for a Strategic Pilot on Adaptation (SPA), intended to provide support for adaptation activities in the various focal areas in which GEF works.<sup>24</sup>

### GEF Benefits Index for Climate Change

5. The GEF Benefits Index for Climate Change seeks to determine the potential global benefits that can be realized from climate change mitigation activities in the country. It is constructed from two indicators: (i) baseline GHG emissions for the year 2000 in tons of carbon

---

<sup>23</sup> GHG emissions from land use are less certain than GHG emissions from fossil fuel combustion. The World Resources Institute estimates that land use changes accounts for approximately 30% of total worldwide GHG emissions. See Climate Analysis Indicators Tool of the World Resources Institute. ([cait.wri.org](http://cait.wri.org))

<sup>24</sup> In addition, the GEF operates the Special Climate Change Fund (SCCF) and the Least Developed Countries Fund (LDCF), both of which support projects designed to meet countries adaptation needs. In future, the GEF also to operate the Adaptation Fund.

equivalent; and (ii) Carbon Intensity Adjustment Factor computed as the ratio of the carbon intensity in 1990 to the carbon intensity in 2000.

$$\text{GBI}_{\text{CC}} = \text{Baseline GHG Emissions} \times \frac{\text{Carbon Intensity}_{1990}}{\text{Carbon Intensity}_{2000}}$$

6. Baseline GHG emission levels provides a broad measure of the scale of the mitigation potential of a country, while avoiding perverse incentives that results from using current level emissions. To ensure widest coverage among countries, the year 2000 is used as the base year. Including baseline GHG emission levels in the GBI results in a larger GEF Benefit Index for larger emitters. There are two reasons for using GHG emission levels. First, in general, countries with larger emissions have lower abatement costs, which increase less rapidly with abatement than those in countries with smaller emissions. Second, projects are likely to have greater demonstration and learning effects in high emitting countries than in countries with smaller levels of emissions.

7. The carbon intensity of a country measures the tons of carbon equivalent emitted by a country per unit of economic activity (GDP). It changes over time because of (i) increased carbon efficiency brought about by changes in fuels or technology or economic growth; and (ii) structural shifts in the economy away from carbon intensive activities. There are two reasons for using change in carbon intensity. First, reducing emissions will be less costly in countries that have already demonstrated willingness and/or ability to reduce carbon intensity. Second, it rewards countries that have reduced their carbon intensity levels.

8. National communications to the UNFCCC provide detailed and accurate GHG emissions inventories. At present, their coverage is still too limited to cover all of the countries eligible for GEF support in a consistent manner.<sup>25</sup> To ensure both comprehensiveness and comparability, standardized carbon emissions data available from the Climate Analysis Indicators Tool (CAIT) unit of the World Resources Institute are used in the calculation of the GEF Benefits Index.<sup>26</sup> Comparisons of the CAIT data with the corresponding data reported by countries in their national communications to the UNFCCC show a high degree of correlation between the two datasets.

9. In keeping with the current programs and strategies of the GEF, only carbon emissions from fossil fuel combustion and cement and the emission of other GHG gases are included in the baseline GHG emissions. Specifically, GHG emissions associated with land use changes have

---

<sup>25</sup> Out of the 160 countries eligible for GEF support, only about 100 countries have provided national communications to the UNFCCC with details of the GHG inventory for a base year. While most of the initial national communications have been for the year 1994, a number of countries have reported their inventories for a different base year. The second national communications (SNC) should provide a more consistent basis for emissions data than did the first. However, this data will not be available for several years. In the future, information taken from inventories found in national communications may be used to generate the global benefits index for climate change.

<sup>26</sup> Additional information on the World Resource Institute's CAIT tool can be found at [cait.wri.org](http://cait.wri.org).

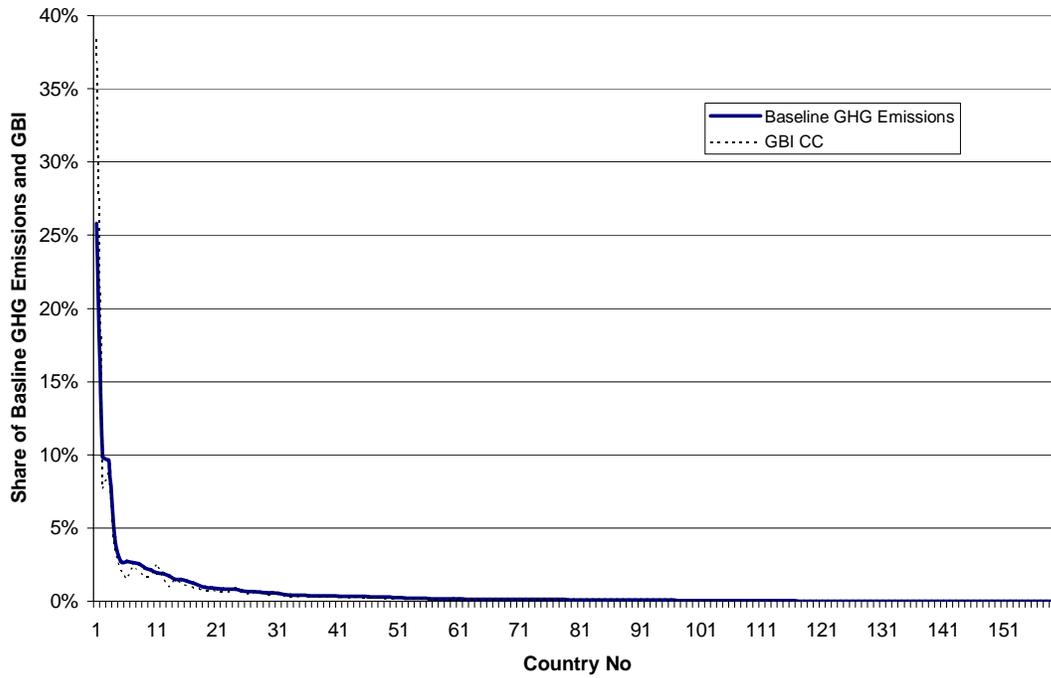
not been included in the baseline figures. The distribution of baseline GHG emission levels (year 2000) across eligible GEF recipient countries is shown in Figure 2.1. Countries have been sorted based on their baseline GHG emission shares and are shown from left to right. For each country, the graph shows the percentage share of total GHG emission among the eligible GEF recipient countries. The distribution is highly skewed with 30 countries accounting for 85% of total GHG emissions, while the remaining 137 countries account for the remaining 15% of total GHG emissions.

10. The distribution of the carbon intensity adjustment factor, measured as the ratio of the carbon intensity in 1990 to that in 2000 is shown in Table 2.1. The carbon intensity in three-fourths of the countries has decreased during the 90's and increased in the remaining countries. While it has changed by less than 10% for many countries, the changes are quite substantial for a large number of countries. Carbon intensity has decreased by between 10% and 25% in 21 countries and by more than 25% in 39 countries during the 90's. In contrast, the carbon intensity has increased by between 10% and 25% in 12 countries and by more than 25% in 9 countries. The carbon intensity adjustment factor is not available for 22 countries. For these countries the GBI is solely based on the baseline GHG emissions with no adjustment for carbon intensity.

11. The distribution of the GEF Benefits Index for Climate Change, which includes the change in carbon intensity, is also shown in **Figure 2.1**. This distribution is quite similar to the distribution of baseline GHG emissions.

**Figure 2.1:**

**Share of Baseline GHG Emissions and Climate Change GBI**



**Table 2.1: Distribution of Carbon Intensity Adjustment Factor**

Carbon Intensity Adjustment Factor	No of Countries
Greater than 2	4
1.25 to 2	35
1.1 to 1.25	21
1.0 to 1.1	39
0.9 to 1.0	18
0.75 to 0.9	12
0.5 to 0.75	9
Not available	22

## ANNEX 3. GEF PERFORMANCE INDEX

### Background and Context

1. The GEF Performance Index (GPI) provides a relative ranking of each country's capacity to deliver potential global environmental benefits based on its current and past performance. The success of GEF projects and programs is directly affected by the policy framework and the capacities of institutions. Public sector policies and regulations, the ability of institutions to implement and enforce these policies and the extent of public participation and information play an important role in influencing the incentives and behavior of stakeholders. They also affect the smooth functioning of markets, and the adoption and development of technologies. The successes of GEF projects and programs are also often most directly affected by the enthusiasm, capacity and dedication of the local community and project stakeholders and are reflected in the performance of existing project in the country.

### GEF Performance Index (GPI)

2. The GEF Performance Index (GPI) is the simple weighted average of the following three indicators after they have been uniformly scaled: (i) a project portfolio performance indicator (PPI) developed by equally weighting the average ratings of GEF projects contained in the Project Implementation Reviews and the average ratings of World Bank environment related projects contained in the Project Completion Report of the World Bank OED; (ii) a country environmental policy and institutional assessment indicator (CEPIA), developed from a component of the World Bank's CPIA; and (iii) a broad framework indicator (BFI) developed from the World Bank's CPIA.<sup>27</sup> A detailed discussion of the contents of each of these indicators is contained in the next section. The discussion of the broad framework includes the sensitivity of the GPI to changes in its content.

3. The weights used in the GPI reflect both the relative importance and the accuracy and robustness of each underlying indicator. The GEF Performance Ratings is not sensitive to small changes in the weights  $P_1$ ,  $P_2$ , and  $P_3$ .

$$\mathbf{GPI = P_1 \times PPI + P_2 \times CEPIA + P_3 \times BFI}$$

$$\mathbf{Where, P_1 = 0.2; P_2 = 0.6; P_3 = 0.2}$$

4. If any of the performance indicators above are not available for a country, the GPI will be computed as follows:

- (a) If either the BFI or CEPIA indicator is available, the GPI is based only on the available indicators and is computed by proportionately increasing their weights;

---

<sup>27</sup> All 3 indicators are scaled to a range between 1 and 5. Rescaling each indicator to this uniform scale makes it easier to interpret the relative impact of the specific weights. Similar changes in equally weighted indicators will impact the GPI equally. For instance, a change from 2 to 3 in either the Portfolio or Broad Framework indicator will result in an increase in the GPI of 0.2.

- (b) If only the PPI is available, the rural sector indicator used in the IFAD PBA<sup>28</sup> system will be used, when available, as a substitute for the BFI and CEPIA indicators;
- (c) If only the PPI is available and the substitute IFAD indicator is not available, or if none of the performance indicators are available, the GPI is not computed. Instead, the country is included in the group, pending a determination of the performance indicators.

5. The distribution of the GEF Performance Index is shown in **Table 3.1**. Of the rated countries, the GPI lies between 2.5 and 3.5 for about two thirds of the countries. The remaining third of the countries are split between the high end (greater than 3.5) and low end (less than 2.5) of the Country Performance Rating scale with slightly more countries at the high end.

**Table 3.1: Distribution of GEF Performance Index**

GEF Performance Index Range	No of Countries
Less than 2	3
2.0 – 2.5	17
2.5 – 3.0	52
3.0 – 3.5	35
3.5 – 4.0	25
Greater than 4.0	5
Unrated Countries	23

### **Project Portfolio Indicator (PPI)**

6. The project portfolio indicator used in computing GPI is developed by equally weighting the average ratings of GEF projects contained in the Project Implementation Reviews, and the average of World Bank Operations Evaluation Department (WBOED) ratings of the implementation completion reports of World Bank environment-related projects. If either of the ratings is not available, the PPI is based on the remaining portfolio indicator.

7. The average ratings of GEF projects contained in the Project Implementation Reviews are based on the development objectives (DO) and implementation progress (IP) ratings for all projects under implementation in a country’s portfolio since 1999. Projects are rated separately for DO and IP in one of four categories – highly satisfactory, satisfactory, partially satisfactory and unsatisfactory by project managers at the implementing and executing agencies. The categorical ratings are converted to a numerical score ranging from 1 to 4, with 4 corresponding to *highly satisfactory*, 3 to *satisfactory*, 2 to *partially satisfactory* and 1 to *unsatisfactory*. There has been no effort to standardize these PIR ratings across agencies to date.<sup>29</sup> A simple average of the available individual project ratings in each country is used.

<sup>28</sup> The IFAD Rural Development Sector Framework indicator is developed by the International Fund for Agriculture Development (IFAD) for use in its Performance Based Allocation System. See Box 3.2 for details.

<sup>29</sup> This indicator is neither comprehensiveness nor robust. It is only available for 92 countries. The large potential influence of a few non-representative PIR ratings reduces its robustness for countries with limited PIR data.

8. The average ratings of World Bank environment-related projects are based on the World Bank OED ratings of the implementation completion reports of all such projects completed during the last 10 years. Projects are rated relative to their objectives in one of six categories – highly successful, partially successful, marginally successful, marginally unsuccessful, partially successful, and highly unsuccessful. The categorical ratings are converted to a numerical score ranging from 1 to 6, with 6 corresponding to *highly successful*, 5 to *partially successful*, 4 to *marginally successful*, 3 to *marginally unsuccessful*, 2 to *partially unsuccessful*, and 1 to *highly unsuccessful*.<sup>30</sup> A simple average of the available individual project ratings in each country is used.

### **Country Environment Policy Institution Assessment Indicator (CEPIA)**

9. The sectoral policy and institutions indicator used in computing the GPI is based on the “Policies and Institutions for Environmental Sustainability” indicator of the World Bank’s CPIA.<sup>31</sup> This indicator provides a systematic and comprehensive assessment of environment related policies and institutional frameworks within each country. It is developed by the World Bank for its client countries through separate evaluations of (i) the existence of supportive policies; and (ii) the capacity to implement and enforce policies; in each of the following six areas – air pollution, water pollution, solid and hazardous waste, ecosystem conservation and biodiversity protection, marine and coastal resources, freshwater resources and commercial natural resources. It will also separately assesses the ability of countries to perform environmental assessments, set priorities, and coordinate across sectors and the extent to which public participation is facilitated through for instance the provision of public information. The public disclosure of this indicator and the GPI developed from it are subject to the disclosure policies of the World Bank as discussed in paragraphs 26-27 in the main text.

### **Broad Framework Indicator (BFI)**

10. The broad framework indicator used in computing GPI is based on the average rating for the five indicators in the “Public Sector Management and Institutions” cluster of the World Bank CPIA. This cluster consists of the following 5 indicators:

- (a) Property Rights and Rule-based Governance;
- (b) Quality of Budgetary and Financial Management;
- (c) Efficiency of Revenue Mobilization;
- (d) Quality of Public Administration; and
- (e) Transparency, Accountability and Corruption in the Public Sector.

11. A complete list of the available CPIA indicators from the World Bank is shown in Box 3.1. There is a high degree of correlation between the different CPIA indicators under the

---

<sup>30</sup> This indicator is more comprehensive and robust than the indicator based on GEF PIR reports. It is available for 113 countries most of which have a sufficient number of projects that reduces the undue influence of non-representative projects.

<sup>31</sup> A complete list of the available CPIA indicators from the World Bank is shown in Box 3.1.

“Public Sector Management and Institutions” cluster. For instance, the correlation between CPIA indicator # 15, “Quality of Public Administration” and the average of the “Public Sector Management and Institutions” cluster is 0.91. As a result the substitution of a single indicator such as CPIA indicator #15, “Quality of Public Administration” for the average “Public Sector Management and Institutions” cluster rating does not make a significant difference in the GPI. Specifically, in this case, the GPI changes by more than 0.1 for only 9 of the 137 counties. Sensitivity analysis shows that similar results hold when other subsets of the “Public Sector Management and Institutions” cluster are used to measure the BFI.

### **Box 3.1 World Bank Country Policy and Institutional Assessment (CPIA) Indicators**

The World Bank annually conducts a benchmarked country policies and institutions assessment of each of its client countries. These assessments are based on 16 indicators under the following four clusters: economic management, structural policies, social inclusion/equity and the public sector. These assessments are an important component of the performance-based allocation system of the International Development Association. The World Bank has decided that it will provide full disclosure of the CPIA assessments for all IDA countries by the beginning of 2006.

The 16 indicators in the four clusters are:

#### Economic Management

1. Macroeconomic Management
2. Fiscal Policy
3. Debt Policy

#### Structural Policies

4. Trade
5. Financial Sector
6. Business Regulatory Environment

#### Policies for Social Inclusion/Equity

7. Gender Equality
8. Equity of Public Resource Use
9. Building Human Resources
10. Social Protection and Labor
11. Policies and Institutions for Environmental Sustainability

#### Public Sector Management and Institutions

12. Property Rights and Rule-based Governance
13. Quality of Budgetary and Financial Management
14. Efficiency of Revenue Mobilization
15. Quality of Public Administration
16. Transparency, Accountability, and Corruption in the Public Sector

### **Box 3.2 IFAD Rural Sector Assessment Indicators**

The International Fund for Agricultural Development (IFAD) annually conducts a Sectoral Policy and Institutional Assessment of the rural development sector for each of its client countries for use in its Performance Based Allocation System. These assessments are based on 12 indicators under the following 5 clusters: strengthening the capacity of the rural poor and their organizations, improving equitable access to productive natural resources and technology, increasing access to financial services and markets, gender issues, and public resources management and accountability. The assessments for all countries are publicly disclosed.

The 12 indicators in the five clusters are:

- A. Strengthening the capacity of the rural poor and their organizations
  - (i) Policy and legal Framework for rural organizations
  - (ii) Dialogue between government and rural organizations
  
- B. Improving equitable access to productive natural resources and technology,
  - (i) Improving access to land
  - (ii) Access to water for agriculture
  - (iii) Access to agricultural research and extension services
  
- C. Increasing access to financial services and markets,
  - (i) Enabling conditions for rural financial services development
  - (ii) Investment climate for rural business
  - (iii) Access to agricultural input and produce markets
  
- D. Gender issues
  - (i) Access to education in rural areas
  - (ii) Representation
  
- E. Public resources management and accountability
  - (i) Allocation and management of public resources for rural development
  - (ii) Accountability, transparency and corruption in rural areas

#### ANNEX 4. INDICATIVE ALLOCATIONS FOR BIODIVERSITY

1. Indicative allocations for specific countries and for the group of countries are determined for the biodiversity focal area in the Resource Allocation Framework in five steps as discussed in the paragraphs 9 through 16 in the main text. Simulated indicative allocations for biodiversity for three scenarios are presented in this annex. All simulations are developed from the GBI for biodiversity (Annex 1) and GPI (Annex 3) with an assumed resource pool of \$960 million for the biodiversity focal area. This approximately corresponds to the resources available for biodiversity in GEF3 with the appropriate exclusions for global and regional projects.

2. Simulated indicative allocations when 70 percent of the resources available for the biodiversity focal area are allocated to individual countries are shown in Table 4.1. The simulations do not identify specific countries. Instead, countries are identified by their GBI for biodiversity rank.<sup>32</sup> 47 countries with indicative allocations greater than \$4.8 million receive individual allocations while the remaining 101 countries can collectively access \$237.3 million allocated to the group. All of these indicative allocations are inclusive of the \$1 million floor allocation per country.

3. As the threshold indicative allocation used to determine whether a country receives individual allocations reduced the number of countries that receive individual allocations and the share of resources that they account for increases. Table 4.2 shows the threshold indicative allocations that are required to ensure that at least 60%, 70% and 75% of the biodiversity resources are allocated to individual countries. The number of countries corresponding to these threshold amounts is also shown. The highest ranked 31 countries each with indicative allocations that exceed \$7.1 million account for at least 60% of the biodiversity resources. Similarly, the highest ranked 47 countries each with indicative allocations that exceed \$4.8 million account for at least 70% of the biodiversity resources. The next 11 countries with indicative allocations between \$3.9 and \$4.8 million account for approximately 5% of the biodiversity resources.

---

<sup>32</sup> There is no specific relationship between a country's GBI for biodiversity and GBI for climate change. Country numbers for the two focal areas are different.

**Table 4.1 Biodiversity Indicative Allocations for Biodiversity**

<b>Countries/Groups</b>		<b>Indicative Allocations (\$ millions)</b>
Individual Allocations for 47 countries	Country2	51.3
	Country3	43.9
	Country1	41.0
	Country4	38.9
	Country5	31.6
	Country6	27.3
	Country13	24.0
	Country9	23.1
	Country7	22.7
	Country8	21.9
	Country10	19.5
	Country14	17.9
	Country15	17.5
	Country11	17.3
	Country18	16.0
	Country17	14.7
	Country12	14.5
	Country16	12.4
	Country22	12.1
	Country19	12.1
	Country24	11.7
	Country21	11.4
	Country20	10.4
	Country23	9.8
	Country25	9.7
	Country28	8.3
	Country27	8.1
	Country32	7.6
	Country39	7.4
	Country45	7.1
	Country41	7.1
	Country34	6.9
	Country31	6.9
	Country35	6.8
	Country33	6.8
	Country30	6.8
	Country37	6.7
	Country40	6.3
	Country38	5.9
	Country46	5.6
	Country42	5.4
	Country47	5.2
	Country51	5.2
	Country36	5.2
	Country58	5.0
	Country50	5.0
	Country48	4.8
	<b>TOTAL Individual allocations (including floors)</b>	<b>47 Countries</b>
<b>TOTAL Group allocation (including floors)</b> (101 countries with Indicative Allocations less than \$4.8 million dollars)	<b>101 Countries</b>	<b>237.3</b>
<b>Exclusion for Regional and Global Projects</b>		<b>50.0</b>
<b>TOTAL – Biodiversity</b>	<b>148 Countries</b>	<b>960.0</b>

**Table 4.2: Number of Countries with Individual Allocations and Threshold Amounts for Individual Allocation for Biodiversity**

<b>Share to Individual Countries</b>	<b>No of Countries with Individual Allocations</b>	<b>Threshold Amount (\$ millions)</b>
<b>60%</b>	<b>31</b>	<b>7.1</b>
<b>70 %</b>	<b>47</b>	<b>4.8</b>
<b>75%</b>	<b>59</b>	<b>3.9</b>

## ANNEX 5. INDICATIVE ALLOCATIONS FOR CLIMATE CHANGE

1. Indicative allocations for specific countries and for the group of countries are determined for the climate change focal area in the Resource Allocation Framework in five steps as discussed in paragraphs 9 through 16 in the main text. Simulated indicative allocations for climate change for three scenarios are presented in this annex. All of the simulations are developed from the GBI for climate change (Annex 2) and GPI (Annex 3) with an assumed resource pool of \$960 million for the climate change focal area. This approximately corresponds to the resources available for climate change under GEF3 with the appropriate exclusions for global and regional projects.
2. Simulated indicative allocations when at least 70 percent of the resources available for a focal area are allocated to individual countries are shown in Table 5.1. The simulations do not identify specific countries. Instead, countries are identified by their climate change GBI rank.<sup>33</sup> 36 countries with indicative allocations greater than \$5.5 million receive individual allocations while the remaining 124 countries can collectively access \$236.1 million allocated to the group. All of these indicative allocations are inclusive of the \$1 million floor allocation per country.
3. As the threshold indicative allocation used to determine whether a country receives individual allocations reduced the number of countries that receive individual allocations and the share of resources that they account for increases. Table 5.2 shows the threshold indicative allocations that are required to ensure that at least 60%, 70% and 75% of the climate change resources are allocated to individual countries. The number of countries corresponding to these threshold amounts is also shown. The highest ranked 23 countries each with indicative allocations that exceed \$10 million account for at least 60% of the climate change resources. Similarly, the highest ranked 36 countries each with indicative allocations that exceed \$5.5 million account for at least 70% of the climate change resources. The next 11 countries with indicative allocations between \$3.5 and \$5.5 million account for approximately 5% of the climate change resources.

---

<sup>33</sup> There is no specific relationship between a country's biodiversity GBI and climate change GBI. The country numbers shown in Table 4.1 and 5.1 for the two focal areas do not refer to the same countries.

**Table 5.1 Climate Change Indicative Allocations to Countries and Groups**

Countries/Groups		Indicative Allocations (\$ millions)
Individual Allocations for 36 countries	Country1	96.0
	Country3	71.0
	Country2	62.7
	Country4	38.4
	Country11	36.5
	Country7	30.1
	Country10	25.6
	Country9	19.8
	Country8	18.0
	Country14	17.3
	Country12	16.5
	Country16	15.3
	Country6	14.8
	Country15	14.8
	Country18	14.3
	Country25	13.8
	Country20	12.1
	Country21	12.0
	Country24	11.8
	Country17	11.7
	Country19	10.4
	Country27	10.2
	Country23	10.0
	Country36	9.1
	Country22	8.1
	Country28	8.0
	Country35	7.5
	Country29	7.5
	Country31	7.1
	Country26	7.0
	Country51	7.0
	Country32	6.7
	Country37	5.8
	Country40	5.7
	Country44	5.6
	Country38	5.5
<b>TOTAL Individual allocations (including floors)</b>	<b>36 Countries</b>	<b>673.9</b>
<b>TOTAL Group allocation (including floors)</b> (124 countries with Indicative Allocations less than \$5.6 million dollars)	<b>124 Countries</b>	<b>236.1</b>
<b>Exclusion for Regional and Global Projects</b>		<b>50.0</b>
<b>TOTAL – Climate Change</b>	<b>160 Countries</b>	<b>960.0</b>

**Table 5.2: Number of Countries with Individual Allocations and Threshold Amounts for Individual Allocation for Climate Change**

Share of resources to Individual Countries	No of Countries with Individual Allocations	Threshold Amount (\$ millions)
60%	23	10.0
70%	36	5.5
75%	47	3.5

## ANNEX 6. ELIGIBLE COUNTRIES

### Background and Context

1. Paragraph 9 of the GEF Instrument specifies that a country is eligible for GEF funding in a focal area if it: (i) meets the eligibility criteria established by the relevant Conference of Parties to the convention pertaining to the focal area; or (ii) it is eligible to borrow from the World Bank or eligible for country assistance from the UNDP, and it is a party to the convention pertaining to the focal area. The Council is also authorized to determine additional eligibility criteria.

2. These provisions, however, do not provide sufficient clarity to always determine the eligibility of a specific country. For instance, the Convention on Biodiversity has agreed that developing country parties are eligible for financing under its financial mechanism, yet the Parties have not agreed on a clear list of developing country parties. In addition, later decisions of the Parties have identified specific groups of countries, such as SIDS and economies in transition, as also being eligible for financing without clarifying the relationship of later guidance to the basic rule of eligibility. GEF practice has been, when there is ambiguity as to the eligibility of a particular country, to seek confirmation from the convention secretariat that the country is eligible under the convention's guidance.

3. Additionally, countries that are eligible for GEF financing on the basis of their eligibility for World Bank lending or UNDP country assistance may change their status during a replenishment period.

### Criteria on Eligibility

4. For purposes of the RAF, the following criteria will be applied until such time as the Conference of the Parties to a convention approves a definitive list of countries eligible under the financial mechanism. A list of countries eligible for GEF financing in each focal area on the basis of these criteria is included in Tables 6.1 and 6.2.

5. For the *biodiversity focal area*, a country will be eligible if it is a party to the CBD, and is eligible to borrow from the World Bank or is eligible for UNDP country assistance.

6. For the *climate change focal area*, a country will be eligible if it is a party to the UNFCCC and is either: (i) a non-Annex 1 Party; or (ii) is eligible to borrow from the World Bank or eligible for UNDP country assistance.

7. If a country is not: (i) a Participant in the GEF; or (ii) has not previously received GEF resources in the focal area; or (iii) does not have country performance data for at least one indicator in GPI, then it will be included in the group and can access the group resource envelope.

### Change in Eligibility during the Replenishment Period

8. Changes may occur in the list of eligible countries during a replenishment period. In accordance with the GEF project cycle, the GEF will confirm a country's eligibility at the time a request is made for financing (e.g., for a PDF, for CEO approval of an MSP, or for inclusion of a

project proposal in the work program). If a country is no longer eligible at the time a request is made for financing, the request will not be approved. Indicative country allocations for countries that are no longer eligible for GEF financing will be included in the resources to be reallocated when the RAF model is next applied (either at the start of a replenishment period or at its mid-point).

9. Countries which become eligible after indicative allocations of resources have been made under the RAF will be included in the group of countries, pending a determination of the GEF Benefits Index and the GEF Performance Index for the country and an indicative allocation being calculated when the RAF model is next applied (either at the start of a replenishment period or at its mid-point).

**Table 6.1 List of eligible countries in the biodiversity focal area <sup>34</sup>**

1	Afghanistan	41	Dominican Republic	81	Malawi	121	South Africa
2	Albania	42	Ecuador	82	Malaysia	122	Sri Lanka
3	Algeria	43	Egypt	83	Maldives	123	St. Kitts And Nevis
4	Angola	44	El Salvador	84	Mali	124	St. Lucia
5	Antigua And Barbuda	45	Equatorial Guinea	85	Marshall Islands	125	St. Vincent and Grenadines
6	Argentina	46	Eritrea	86	Mauritania	126	Sudan
7	Armenia	47	Estonia	87	Mauritius	127	Suriname
8	Azerbaijan	48	Ethiopia	88	Mexico	128	Swaziland
9	Bahamas	49	Federated States of Micronesia	89	Moldova	129	Syria
10	Bangladesh	50	Fiji	90	Mongolia	130	Tajikistan
11	Barbados	51	Gabon	91	Morocco	131	Tanzania
12	Belarus	52	Gambia	92	Mozambique	132	Thailand
13	Belize	53	Georgia	93	Myanmar	133	Togo
14	Benin	54	Ghana	94	Namibia	134	Tonga
15	Bhutan	55	Grenada	95	Nepal	135	Trinidad and Tobago
16	Bolivia	56	Guatemala	96	Nicaragua	136	Tunisia
17	Bosnia-Herzegovina	57	Guinea	97	Niger	137	Turkey
18	Botswana	58	Guinea-Bissau	98	Nigeria	138	Turkmenistan
19	Brazil	59	Guyana	99	Niue	139	Uganda
20	Bulgaria	60	Haiti	100	Oman	140	Ukraine
21	Burkina Faso	61	Honduras	101	Pakistan	141	Uruguay
22	Burundi	62	India	102	Palau	142	Uzbekistan
23	Cambodia	63	Indonesia	103	Panama	143	Vanuatu
24	Cameroon	64	Iran	104	Papua New Guinea	144	Venezuela
25	Cape Verde	65	Jamaica	105	Paraguay	145	Vietnam
26	Central African Republic	66	Jordan	106	Peru	146	Yemen
27	Chad	67	Kazakhstan	107	Philippines	147	Zambia
28	Chile	68	Kenya	108	Poland	148	Zimbabwe
29	China	69	Kiribati	109	Republic Of Korea		
30	Colombia	70	Korea DPR	110	Romania		
31	Comoros	71	Kyrgyzstan	111	Russian Federation		
32	Congo DR	72	Lao PDR	112	Rwanda		
33	Congo Republic of	73	Latvia	113	Samoa		
34	Cook Islands	74	Lebanon	114	Sao Tome and Principe		
35	Costa Rica	75	Lesotho	115	Senegal		
36	Cote d'Ivoire	76	Liberia	116	Serbia and Montenegro		
37	Croatia	77	Libya	117	Seychelles		
38	Cuba	78	Lithuania	118	Sierra Leone		
39	Djibouti	79	Macedonia	119	Slovak Republic		
40	Dominica	80	Madagascar	120	Solomon Islands		

<sup>34</sup> Hungary and the Czech Republic are currently eligible for GEF financing in the biodiversity focal area but are expected to graduate from World Bank lending and UNDP country assistance by the end of 2005.

**Table 6.2: List of eligible countries in the climate change focal area<sup>35</sup>**

1	Afghanistan	41	Djibouti	81	Libya	121	San Marino
2	Albania	42	Dominica	82	Lithuania	122	Sao Tome and Principe
3	Algeria	43	Dominican Republic	83	Macedonia	123	Saudi Arabia
4	Angola	44	Ecuador	84	Madagascar	124	Senegal
5	Antigua And Barbuda	45	Egypt	85	Malawi	125	Serbia and Montenegro
6	Argentina	46	El Salvador	86	Malaysia	126	Seychelles
7	Armenia	47	Equatorial Guinea	87	Maldives	127	Sierra Leone
8	Azerbaijan	48	Eritrea	88	Mali	128	Singapore
9	Bahamas	49	Estonia	89	Malta	129	Slovak Republic
10	Bahrain	50	Ethiopia	90	Marshall Islands	130	Solomon Islands
11	Bangladesh	51	Federated States of Micronesia	91	Mauritania	131	South Africa
12	Barbados	52	Fiji	92	Mauritius	132	Sri Lanka
13	Belarus	53	Gabon	93	Mexico	133	St. Kitts And Nevis
14	Belize	54	Gambia	94	Moldova	134	St. Lucia
15	Benin	55	Georgia	95	Mongolia	135	St. Vincent and Grenadines
16	Bhutan	56	Ghana	96	Morocco	136	Sudan
17	Bolivia	57	Grenada	97	Mozambique	137	Suriname
18	Bosnia-Herzegovina	58	Guatemala	98	Myanmar	138	Swaziland
19	Botswana	59	Guinea	99	Namibia	139	Syria
20	Brazil	60	Guinea-Bissau	100	Nauru	140	Tajikistan
21	Bulgaria	61	Guyana	101	Nepal	141	Tanzania
22	Burkina Faso	62	Haiti	102	Nicaragua	142	Thailand
23	Burundi	63	Honduras	103	Niger	143	Togo
24	Cambodia	64	India	104	Nigeria	144	Tonga
25	Cameroon	65	Indonesia	105	Niue	145	Trinidad and Tobago
26	Cape Verde	66	Iran	106	Oman	146	Tunisia
27	Central African Republic	67	Israel	107	Pakistan	147	Turkey
28	Chad	68	Jamaica	108	Palau	148	Turkmenistan
29	Chile	69	Jordan	109	Panama	149	Tuvalu
30	China	70	Kazakhstan	110	Papua New Guinea	150	Uganda
31	Colombia	71	Kenya	111	Paraguay	151	Ukraine
32	Comoros	72	Kiribati	112	Peru	152	United Arab Emirates
33	Congo DR	73	Korea DPR	113	Philippines	153	Uruguay
34	Congo, Republic of	74	Kuwait	114	Poland	154	Uzbekistan
35	Cook Islands	75	Kyrgyzstan	115	Qatar	155	Vanuatu
36	Costa Rica	76	Lao PDR	116	Republic Of Korea	156	Venezuela
37	Cote d'Ivoire	77	Latvia	117	Romania	157	Vietnam
38	Croatia	78	Lebanon	118	Russian Federation	158	Yemen
39	Cuba	79	Lesotho	119	Rwanda	159	Zambia
40	Cyprus	80	Liberia	120	Samoa	160	Zimbabwe

<sup>35</sup> Hungary and the Czech Republic are currently eligible for GEF financing in the climate change focal area but are expected to graduate from World Bank lending and UNDP country assistance by the end of 2005.