BACKGROUND NOTE

GEF-9 STAR

CONTEXT FOR GEF-9

GEF-9 marks a critical step forward in the GEF response to the escalating global environmental crisis, raising the ambition, scale, and effectiveness of action to deliver global environmental benefits. With this, GEF-9 reinforces the Global Environment Facility's role in mobilizing environmental finance, enhancing operational effectiveness, and responding to differentiated needs and vulnerabilities. Within this framework, the System for Transparent Allocation of Resources (STAR) remains the GEF core grant allocation mechanism for biodiversity, climate change, and land degradation under the GEF-9 STAR Policy designed to enhance effectiveness and impact.

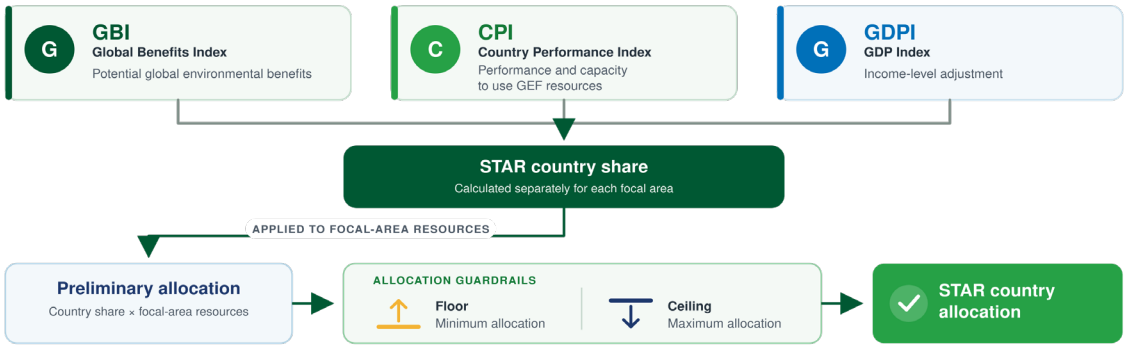
Through STAR, resources are pre-allocated at the beginning of a replenishment cycle. STAR provides a transparent framework that considers the potential to generate global environmental benefits, country performance and capacity to utilize GEF resources, and economic needs. This enhances predictability, supports country ownership and planning, and provides incentives to reward good performance and sound governance. STAR allocations represent an important component of GEF resource programming, alongside non-STAR focal areas, strategic incentives, and focal area set-asides.

HOW ARE STAR COUNTRY ALLOCATIONS CALCULATED?

STAR allocations are calculated around three major indices: the Global Benefits Index (GBI), the Country Performance Index (CPI), and the GDP Index (GDPI).

The GBI measures a country's relative potential to generate global environmental benefits. The GPI reflects the ability of a country to deliver those benefits through the quality of its policies and institutions and its track record on GEF project performance. The GDPI measures a country's income level and marginally steers resources to lower-income countries.

In addition, the STAR model includes floors and ceilings to ensure minimum and maximum allocations for all countries.

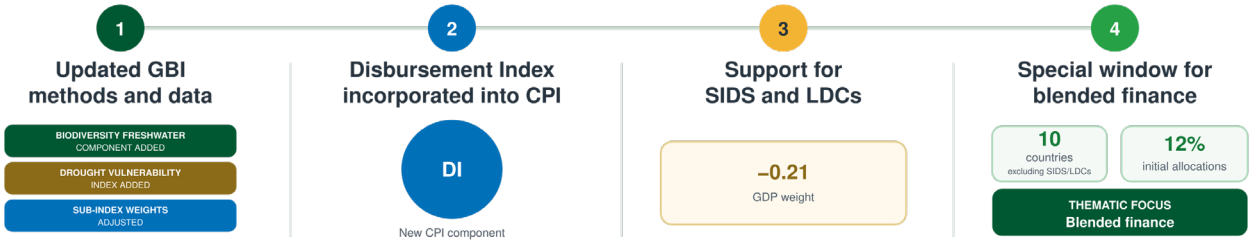


WHAT'S NEW IN GEF-9?

The GEF-9 STAR Policy introduces several important changes to strengthen environmental impact and implementation performance:

- Methodologies and data have been updated and refined, including the introduction of a freshwater biodiversity component and a new drought vulnerability index, as well as adjustments to the weights of individual sub-indices.

- A Disbursement Index has been introduced to complement the Country Performance Index, providing an additional incentive to reward strong country performance and timely implementation.
- Stronger support has been given to Small Island Developing States and Least Developed Countries through the maintenance of floors of $8 million and through a greater weighting on the GDPI.
- A dedicated STAR window for blended finance has been established, drawing 12 percent of the initial STAR allocations of the 10 largest STAR recipient countries (excluding SIDS and LDCs).



HOW ARE STAR ALLOCATIONS USED?

STAR resources are programmed through a country-driven process led by GEF Operational Focal Points, who play a central role in coordinating GEF activities and portfolio development, working with relevant government institutions, GEF Agencies, and other stakeholders to identify priorities, develop project ideas, and advance projects through the regular GEF project cycle.

Under GEF-9, the full flexibility feature of STAR allows countries to program resources freely across their three STAR focal area allocations and combine resources to support larger or more integrated projects. This flexibility enables countries to manage their portfolios more strategically, avoid fragmentation of programming, and maximize the impact of available resources.

WHY DO MANY COUNTRIES EXPERIENCE REDUCED ALLOCATIONS IN GEF-9 COMPARED TO GEF-8?

The GEF-9 STAR share, methodology, and parameters were negotiated by replenishment participants, including recipient countries, and approved by the GEF Council through a member-driven process.

The reduction in STAR allocations for many countries in GEF-9 is primarily driven by the smaller overall replenishment and a smaller share of GEF resources allocated through STAR. The initial GEF-9 replenishment is $3.9 billion, compared with $5.3 billion in GEF-8. Under GEF-8, focal areas accounted for 89 percent of total GEF resources, with STAR representing 46 percent of the replenishment. Under the initial GEF-9 replenishment, these shares decreased to 82 percent and 35 percent, respectively. This reflects growing financing needs in other corporate priorities, including blended finance, international waters, and chemicals and waste.

The maintenance of the floor at $8 million for SIDS and LDCs also increases their share of the smaller STAR envelope, resulting in greater redistribution from countries receiving allocations above the floor.

In addition, updates to STAR data, methodology, and parameters have also contributed to changes in individual country allocations.

Scan the QR codes for more information:

GEF-9 STAR Policy

Initial GEF-9 STAR Country Allocations