The GEF-7 System of Transparent Allocation of Resources (STAR)

Asia ECW
April 23-26, 2019
Ulaanbaatar, Mongolia
Background

• The mechanism by which GEF resources are allocated to countries in three focal areas – Biodiversity, Climate Change, and Land Degradation

• 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
<table>
<thead>
<tr>
<th>Country</th>
<th>Climate Change</th>
<th>Biodiversity</th>
<th>Land Degradation</th>
<th>Total</th>
<th>Fully Flexible</th>
<th>Marginal Adjustment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>2.16</td>
<td>3</td>
<td>1.5</td>
<td>6.66</td>
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<td>6</td>
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<td>3.34</td>
<td>9.09</td>
<td>no</td>
<td>2</td>
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<tr>
<td>Myanmar</td>
<td>4.26</td>
<td>9.84</td>
<td>1.5</td>
<td>15.59</td>
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<td>2.03</td>
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<tr>
<td>Nepal</td>
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<td>3.75</td>
<td>1.77</td>
<td>7.03</td>
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<td>Pakistan</td>
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<td>3.81</td>
<td>4.36</td>
<td>14.1</td>
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<td>2</td>
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<td>Sri Lanka</td>
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<td>1.7</td>
<td>10.85</td>
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<td>Thailand</td>
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<td>13</td>
<td>1.39</td>
<td>18.01</td>
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<td>2.34</td>
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<tr>
<td><strong>Asia STAR totals:</strong></td>
<td><strong>166.84</strong></td>
<td><strong>151.52</strong></td>
<td><strong>32.41</strong></td>
<td><strong>350.76</strong></td>
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</tbody>
</table>

*This represents the marginal adjustments allowed for countries with total initial STAR country allocations exceeding US$7 million, at US$2 million or 13% of their total initial STAR country allocations, whichever is higher.
Calculating STAR Allocations

1. 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
Available Focal Area Funds

Total Envelope

Focal Areas

STAR Focal Areas

less Set Asides

Country Allocations
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
The STAR Indices

Global Benefits Index
- Biodiversity
- Climate Change
  - Emissions
  - Forestry
- Drylands
- Land Degradation
  - Area Affected by Land Degradation
- Rural Population

Country Performance Index
- GEF Portfolio Performance
- Institutional Assessment
  - PIRs
  - TERs
- Public Sector Management and Institutions
- Policy and Institutions for Environmental Sustainability

GDP Index
- GDP per capita

Country Score = GBI^{0.8} CPI^{1.0} GDP^{-0.12}

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Calculating STAR Allocations

1. Determine Available Focal Area Funds
2. Calculate “Country Scores”
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4. Adjust for Floors and Ceilings
5. Obtain Final Allocations
6. Determine post-allocation Flexibilities
Preliminary Country Allocations

- **Country Share** =
  
  Country Score / Sum of Country Scores for all eligible countries

- **Preliminary Allocation** =
  
  Country Share * Available Focal Area Funds
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
## Floors and Ceilings

<table>
<thead>
<tr>
<th>Focal Area</th>
<th>Floor for LDCs (US Mn)</th>
<th>Floor for Non LDCs (US Mn)</th>
<th>Ceiling %</th>
<th>ceilings (US Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Change</td>
<td>1.5</td>
<td>1</td>
<td>10%</td>
<td>80.15</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>3</td>
<td>2</td>
<td>10%</td>
<td>129.20</td>
</tr>
<tr>
<td>Land Degradation</td>
<td>1.5</td>
<td>1</td>
<td>10%</td>
<td>47.52</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6</strong></td>
<td><strong>4</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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
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.
The STAR Calculation Process

1. **Total Focal Area Allocation**
   - Multiply by Country Share

2. **Preliminary Allocation**
   - Apply Floors and Ceilings

3. **Adjusted Allocation**
   - Subtract Total FA Allocation

4. **Difference between Σ Adjusted Allocations and FA Allocation**
   - If the difference = 0

5. **Final Allocation**
   - Allocation of the difference
   - If the difference ≠ 0,
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
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)

<table>
<thead>
<tr>
<th>Total Allocation X</th>
<th>Allowed Marginal Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>X ≤ 7 million</td>
<td>Unlimited (&quot;fully flexible&quot;)</td>
</tr>
<tr>
<td>X &gt; 7 million</td>
<td>US$2 million or up to 13% of their total initial STAR country allocations, whichever is higher.</td>
</tr>
</tbody>
</table>
Question 1

Country A has the following STAR allocations:

- Biodiversity = 4 million
- Climate Change = 4 million
- Land Degradation = 2 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?
Question 2

Country B has the following STAR allocations:

- Biodiversity = 2 million
- Climate Change = 2 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?