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# The System for Transparent Allocation of Resources (STAR)

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# Presentation Outline

- Introduction
- The STAR Model
- GEF-5 Statistics
- Conclusions



# Introduction



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# Background

- STAR is the current mechanism by which scarce GEF resources are allocated based on a series of indices relevant to focal areas and countries
- The Resource Allocation Framework (RAF) was adopted for GEF-4 as a system targeted to global environmental benefits
- The STAR updated the RAF and was implemented for GEF-5; STAR implementation began in July 2010



# 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



# The STAR Model



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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



# Available Focal Area Funds

- Total envelope is calculated by the Trustee based on commitments from donor countries, projections of investment income, deferrals etc.
- This is then divided into the different focal areas which include the STAR focal areas of BD, CC and LD
- 20% of the STAR focal area allocations are “set aside” for cross cutting programs such as global and regional projects, sustainable forest management
- The remainder is then allocated among eligible countries using the STAR model





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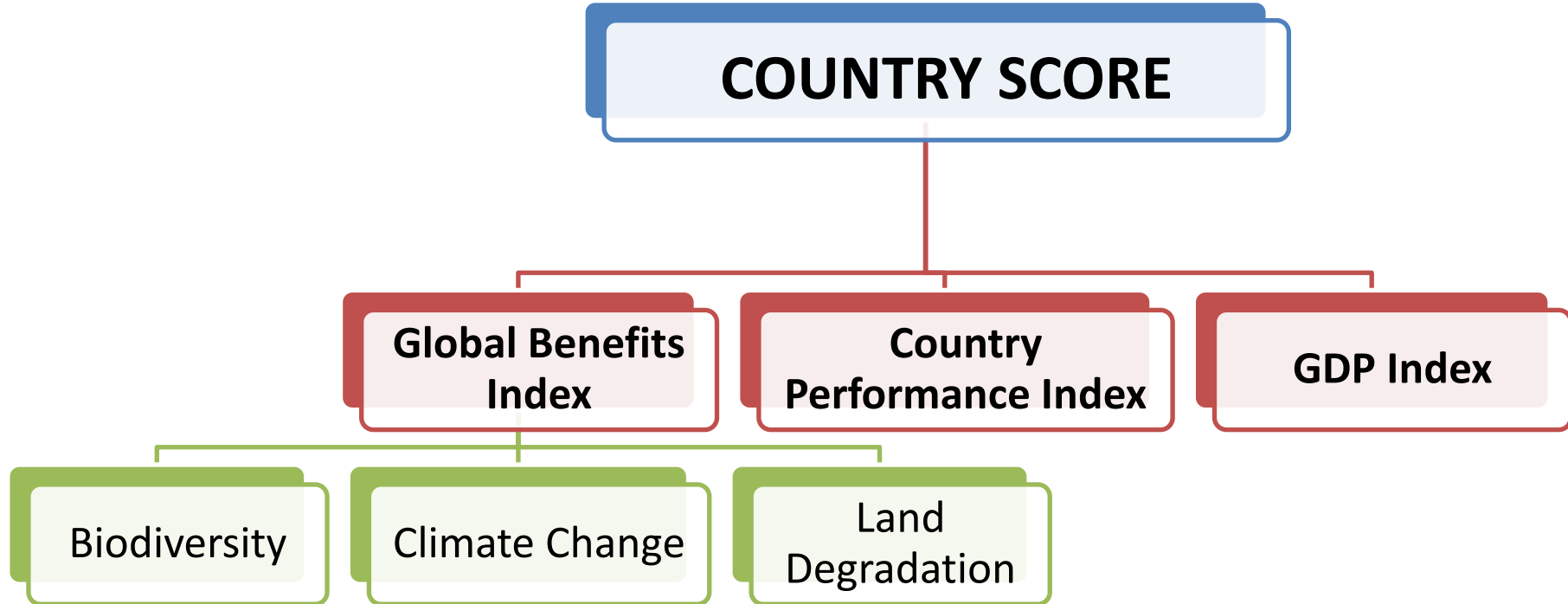
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# The Country Score



# The GEF 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
- A GBI is developed for each focal area
- Each GBI is itself a function of a series of indices, sub-indices, parameters and weights



# The GBI for Biodiversity

- f(marine, terrestrial)
  - Terrestrial biodiversity: eco region representation, species representation, threatened species and threatened eco regions
  - Marine biodiversity: species representation
- Marine weighted by 0.25, terrestrial by 0.75
- All parameter values are determined by expert opinion and political negotiation



- f(index on emission of greenhouse gases excluding land use change, index related to forest cover)

$$= 0.95 [\text{GHG}_{2007} \cdot (\text{CI}_{1990}/\text{CI}_{2007})] + 0.05 [\text{FC}_{2005} \cdot (\text{DF}_{1990\_2000} / \text{DF}_{2000\_2005})]$$

- GHG = emissions of 6 types of greenhouse gases in tons of CO2 equivalent
- CI = carbon intensity = GHG emissions / GDP
- FC = forest cover in hectares
- DF = absolute value of the average annual change in the forest cover between the years considered



# The GBI for Land Degradation

- Function of 3 indicators:
  - Total land area affected by land degradation
  - Proportion of dry lands
  - Proportion of rural population

= (0.2\*global share of land area affected)  
+ (0.6\*proportion of dry land area)  
+ (0.2\*proportion of rural population)



# The Country Performance Index

- measures a country's performance and capacity to deliver potential global environmental benefits
- Proxies a country's capacity to successfully implement GEF programs and projects in order to deliver the potential global environmental benefits identified above by the GBI



# The Country Performance Index

- comprises 3 sub-indicators:
  - PPI: Project Portfolio Performance Index
  - CEPIA: Country Environmental Policy and Institutional Assessment
  - BFI: Broad Framework Indicator

$$\text{GPI} = 0.65 \text{ CEPIA} + 0.15 \text{ BFI} + 0.2 \text{ PPI}$$

- $\text{PPI} = 0.4 \text{ PIR} + 0.6 \text{ TER}$ :
- PIR = project implementation report
- TER = terminal evaluation report



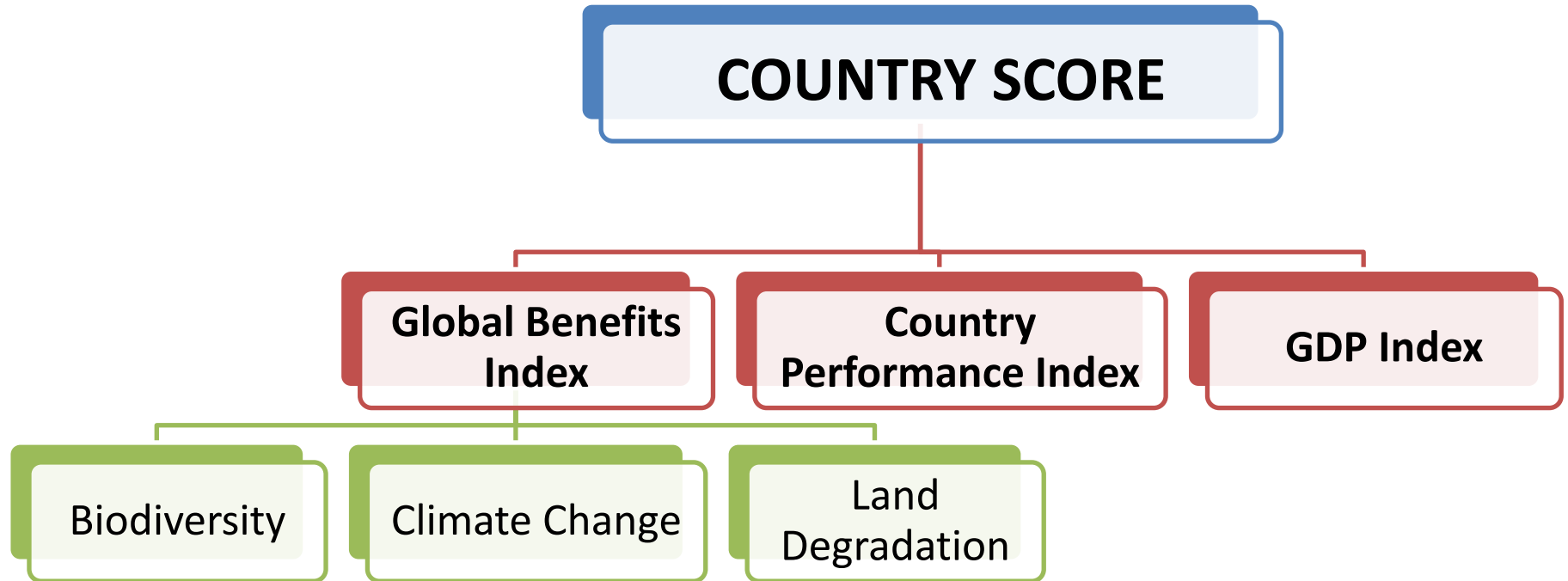


# The GDP Index

- Historically there were relatively few GEF investments in LDC; barriers to working in these countries means that the delivery of a unit of global environmental benefits can come at a higher cost
- $GDPI = (GDP \text{ per capita})$  raised to a negative exponential power
- Designed to increase allocation of countries with a low GDP per cap, decrease those with a high GDP per cap, keep the allocations for middle GDP per cap unchanged



# The Country Score



- Country Score =  $GBI^{0.8} CPI^{1.0} GDP^{-0.04}$
- CPI (performance) has the strongest weight
- GDP has the lowest weight



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# Preliminary Country Allocations

- Country Share =

Country Score / Sum of Country Scores for all eligible countries

- Preliminary Allocation =

Country Share \* GEF Resources available for each focal area less 20% set-asides



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# Floors and Ceilings

Focal Area	Floor	Ceiling Percentage
Climate Change	2 million	11%
Biodiversity	1.5 million	10%
Land Degradation	0.5 million	10%



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# Final Allocations

- An iterative process
- When adjustments are made for floors and ceilings, there is a surplus or deficit relative to the preliminary allocation
- This is then allocated among countries using the country scores – countries therefore either all get an addition or a subtraction from their allocation
- This process continues until the full focal area amount (less set aside) 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) according to different rules

Total Allocation X	Allowed Marginal Adjustment
$X \leq 7$ million	unlimited
$7 < X \leq 20$ million	200 000
$20 < X \leq 100$ million	1 million
$X > 100$ million	2 million



# Example Calculation: Trinidad and Tobago

	<i>BIODIVERSITY</i>	<i>CLIMATE CHANGE</i>	<i>LAND DEGRADATION</i>
<i>GBI</i>	0.21	0.12	0.32
<i>CPI</i>	3.62		
<i>GDPI</i>	17860.99		
<i>COUNTRY SCORE</i> <i>(GBI<sup>0.8</sup> CPI<sup>1.0</sup> GDP<sup>-0.04</sup>)</i>	0.70	0.45	0.98
<i>SUM OF COUNTRY SCORES</i>	239.68	199.32	255.40
<i>COUNTRY SHARE</i>	0.00293	0.00225	0.0038
<i>FOCAL AREA ALLOCATION</i>	968	1088	324
<i>PRELIMINARY COUNTRY ALLOCATION</i>	2.84	2.45	1.23
<i>FINAL COUNTRY ALLOCATION</i>	2.74	2.94	1.24
<b>TOTAL ALLOCATION = 6.92 MILLION (FULLY FLEXIBLE COUNTRY)</b>			

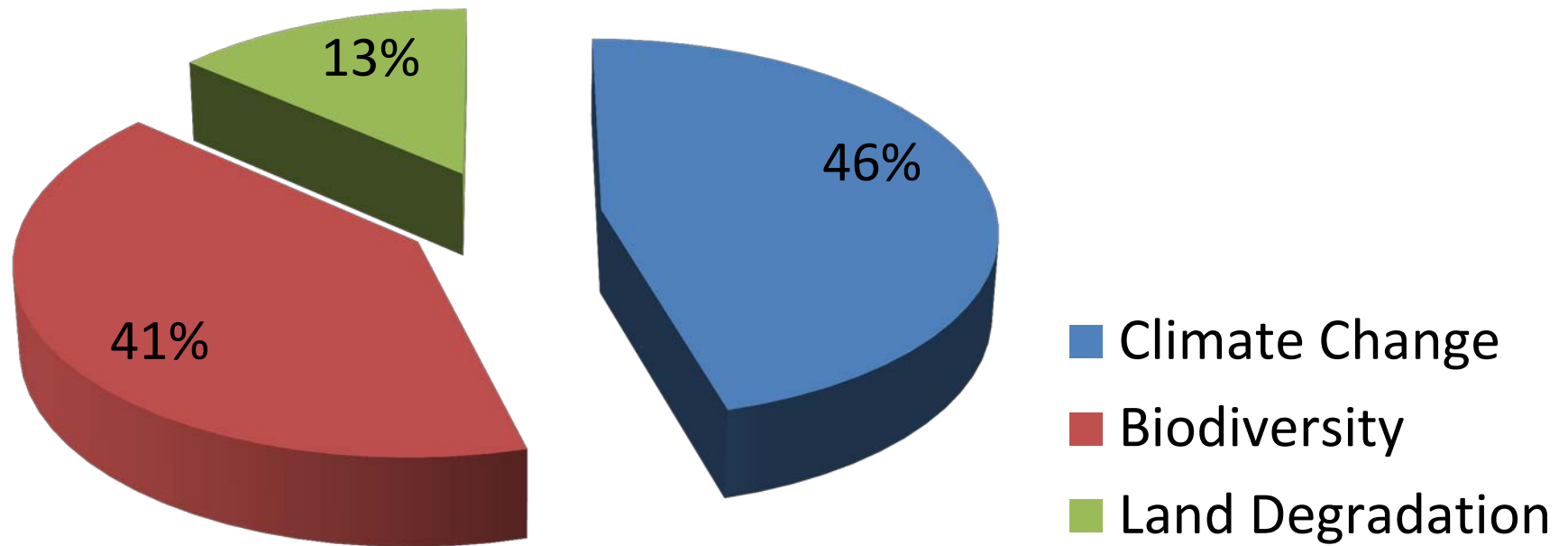


# GEF-5 Statistics

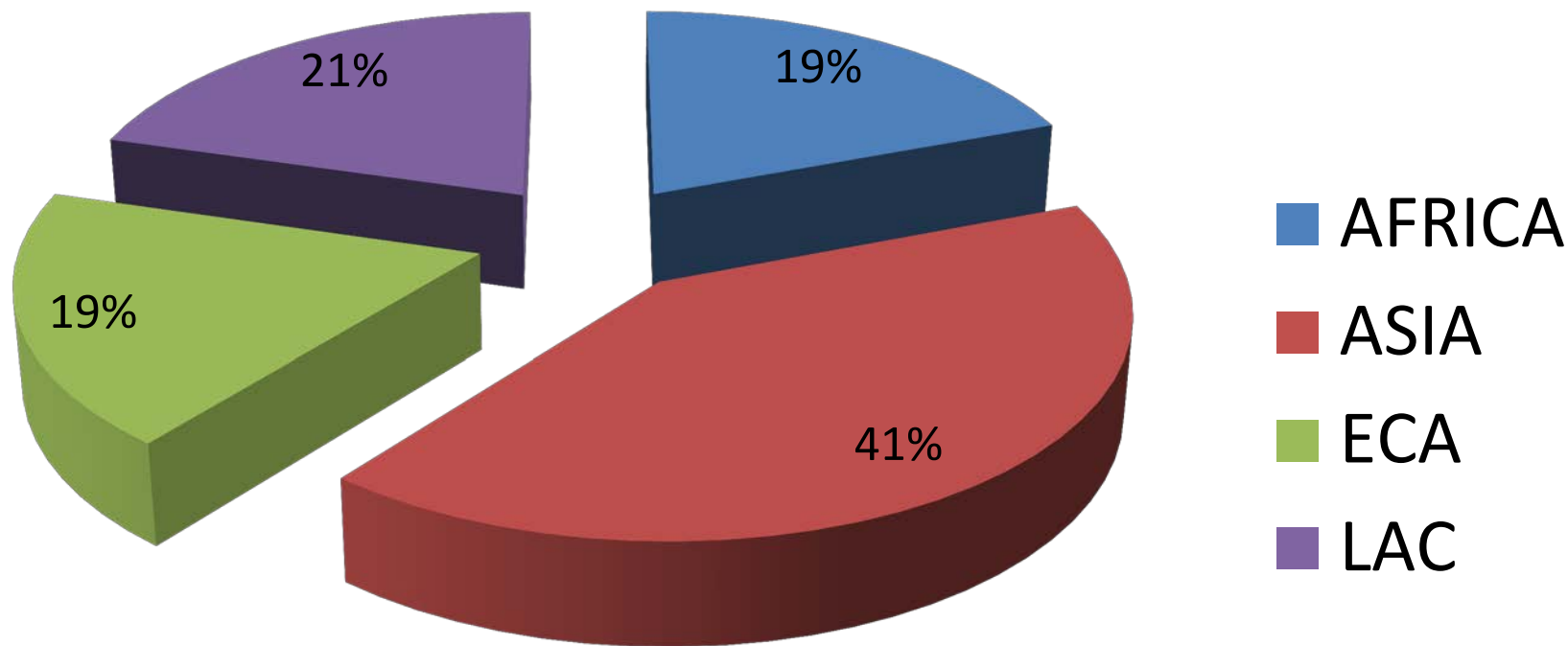


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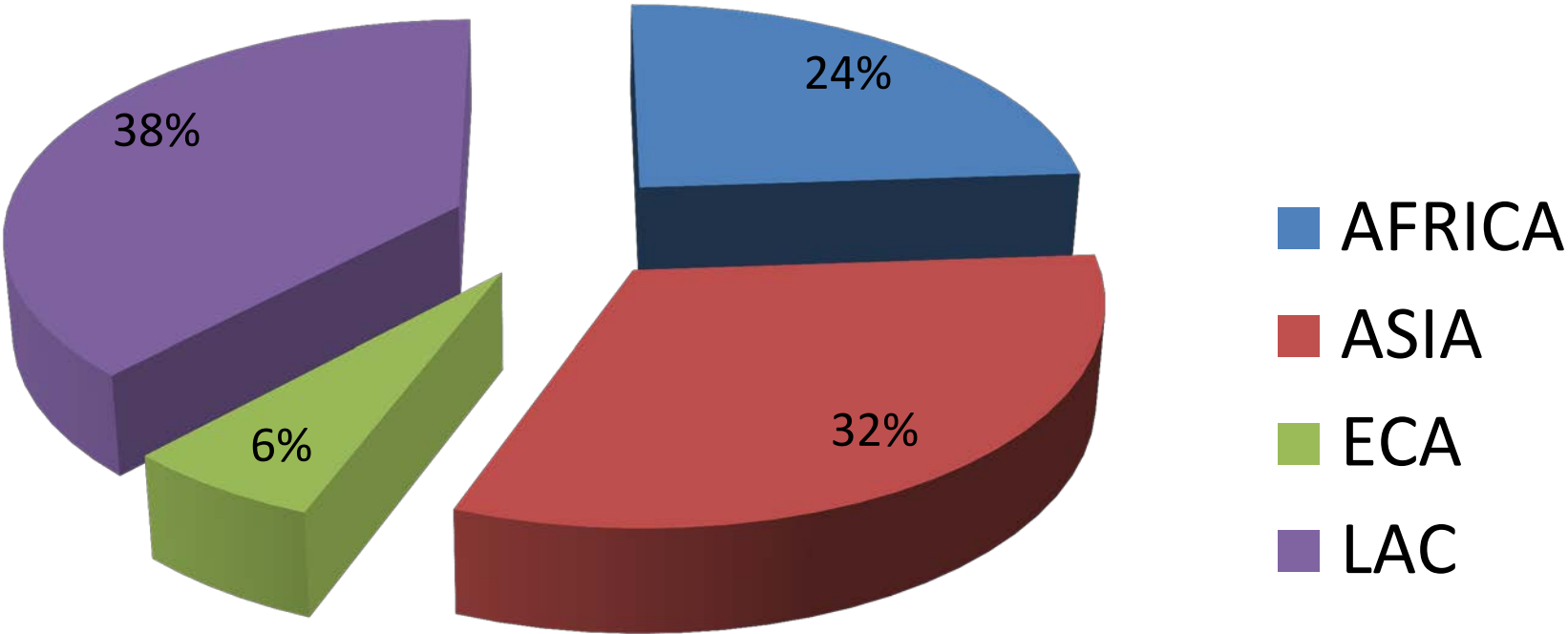
# Allocations by Focal Area (4.25 Billion)



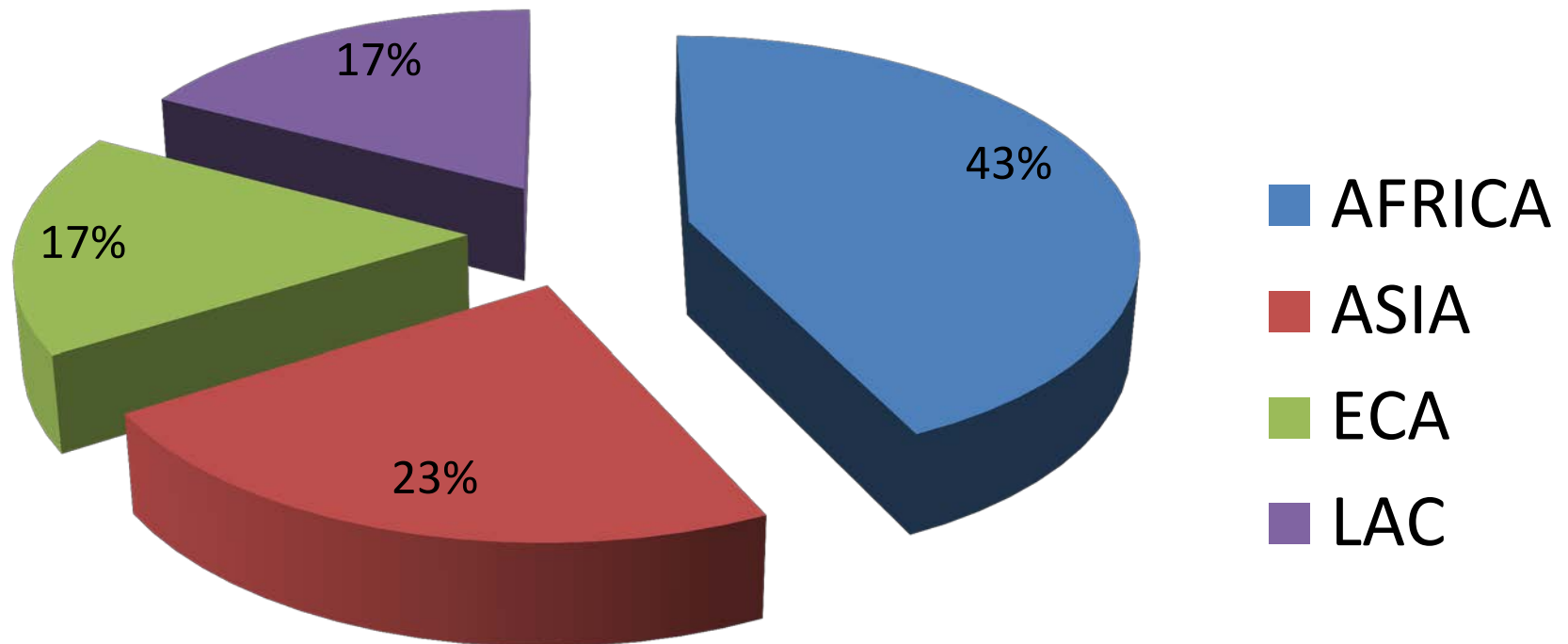
# Climate Change Allocations By Region



# Biodiversity Allocations By Region



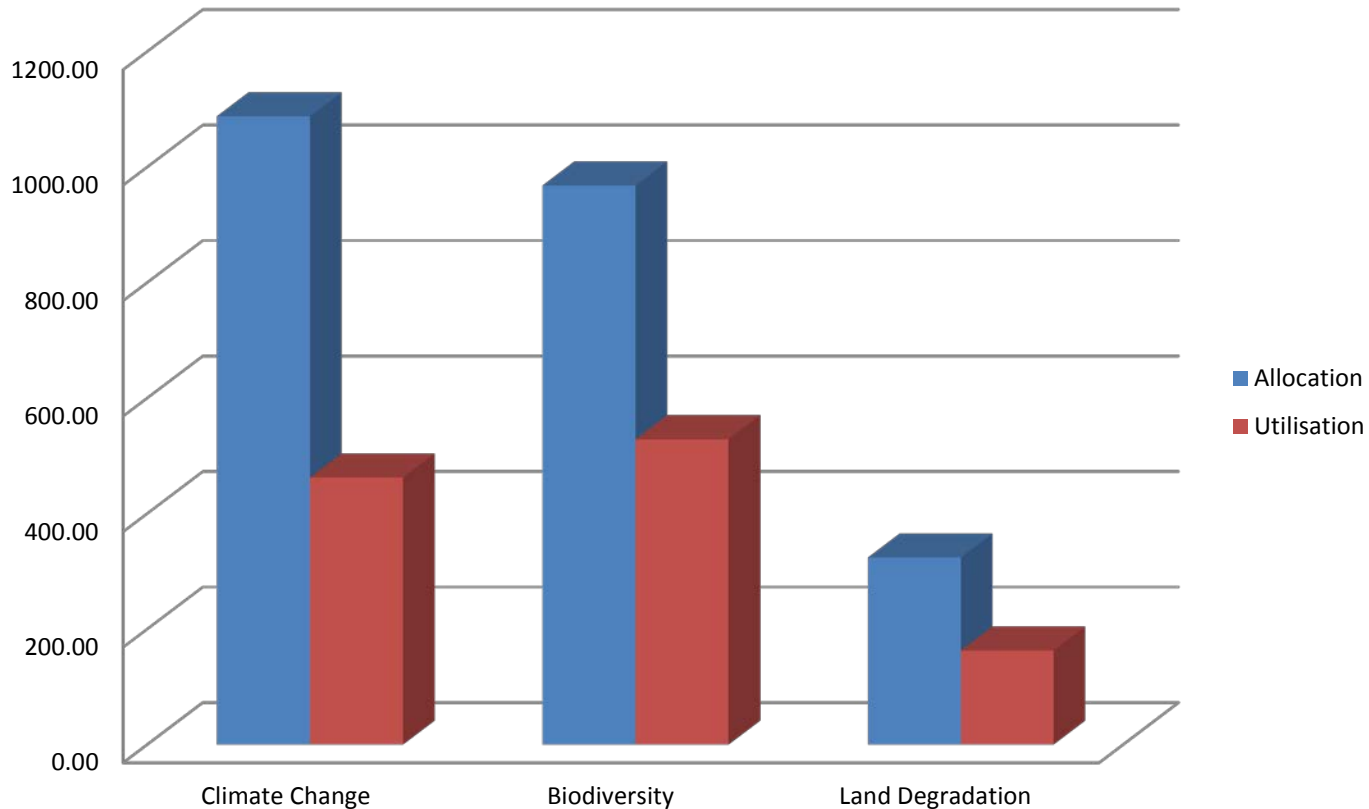
# Land Degradation Allocations By Region





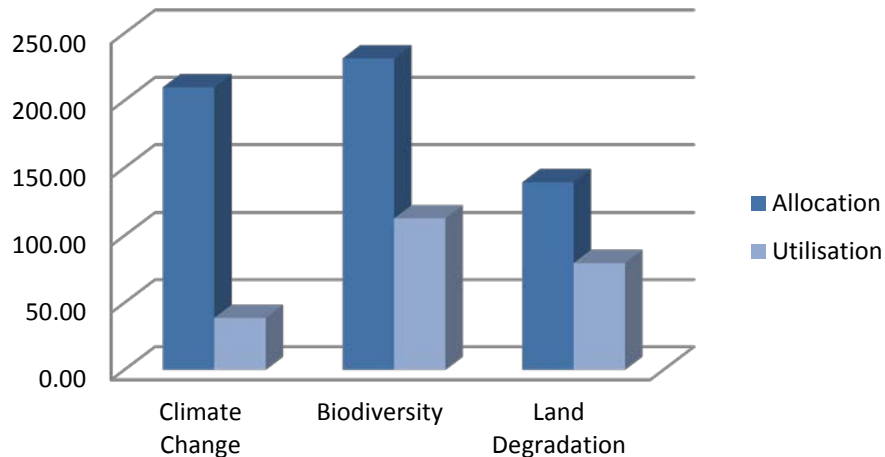
# From Allocations to Utilizations, November 2012

## Utilization by Focal Area

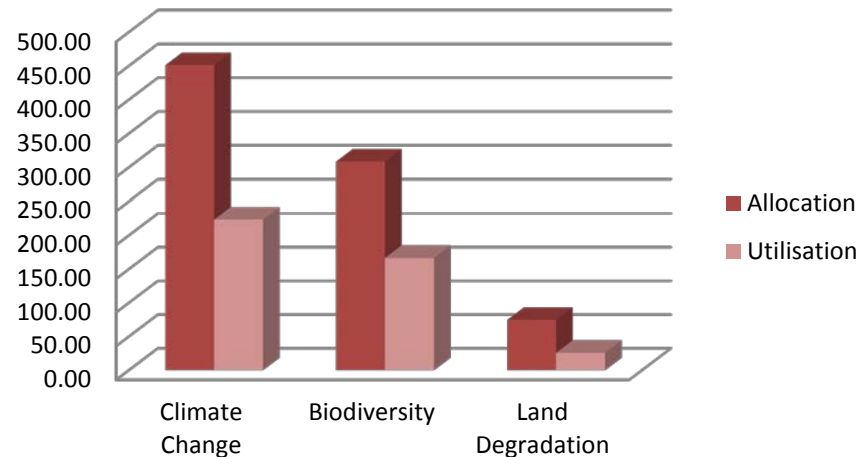


# From Allocations to Utilizations

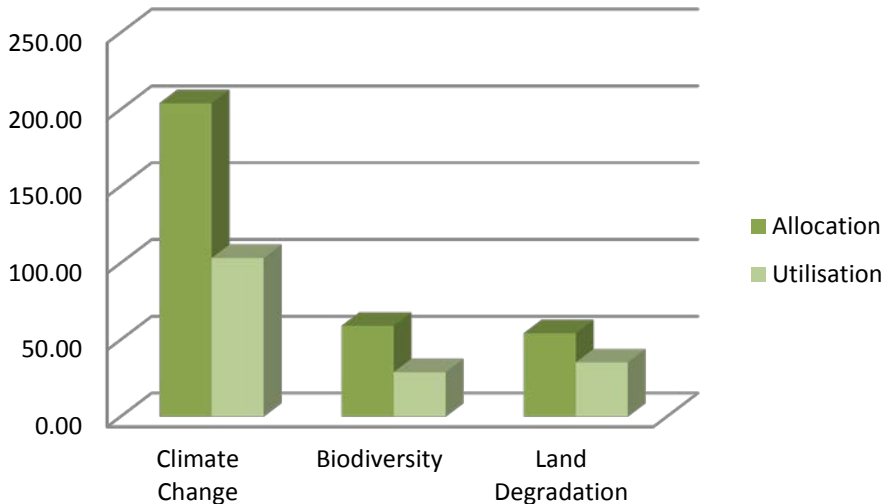
## AFRICA



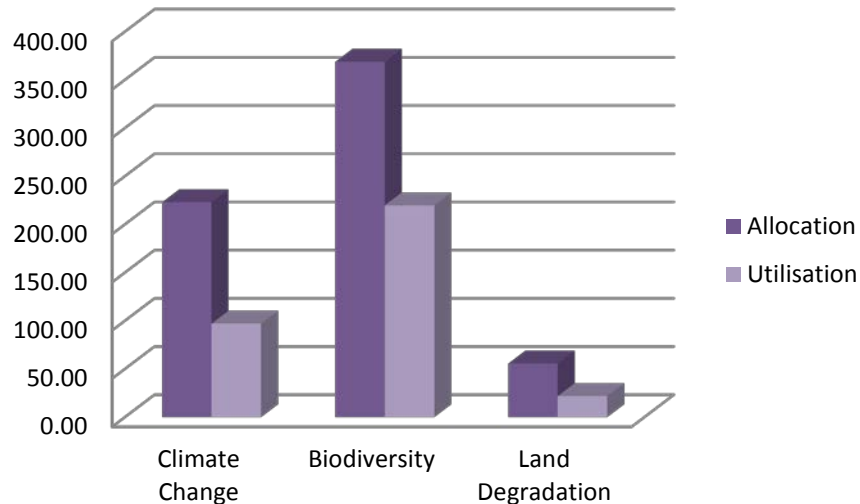
## ASIA



## ECA

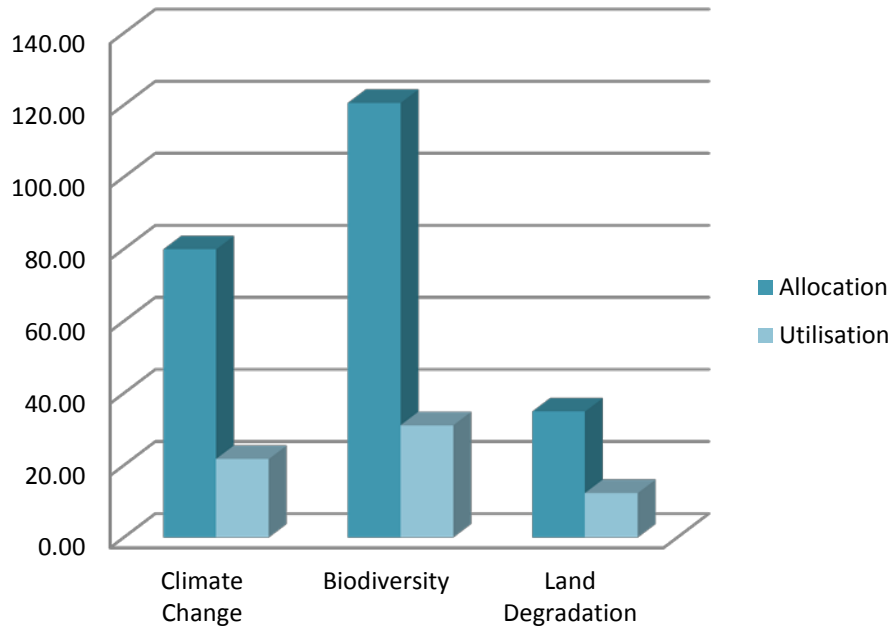


## LAC

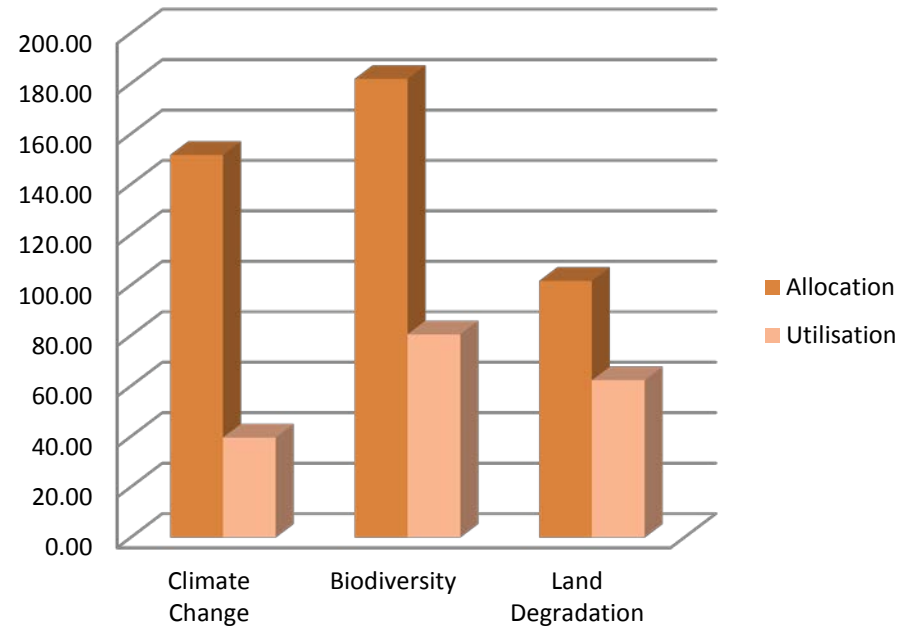


# From Allocations to Utilizations

## Small Island Developing States



## Least Developed Countries



# Conclusions



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# Conclusions

- STAR allocates GEF resources among countries according to
  - potential global environmental benefits
  - a country's ability to deliver those benefits
  - a country's development status
- Challenges that we face include:
  - financial shortfalls
  - choosing parameter values (these can strongly influence model results)
  - keeping indices in line with current global methodologies
  - Extending to other focal areas (international waters, chemicals)
- GEF's allocation system will continue to be a work-in-progress to enable us to better achieve our objectives



# Thank You!

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