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Agenda Item 20

PROGRESS REPORT ON IMPLEMENTING THE RESOURCE ALLOCATION FRAMEWORK

Recommended Council Decision

The Council, having reviewed GEF/C.28/12, *Progress Report on Implementing the Resource Allocation Framework*, takes note of the work being undertaken by the Secretariat and the Implementing and Executing Agencies to ensure the effective implementation of the agreed RAF in GEF-4. The Council welcomes, in particular, the consultations with recipient countries that are being undertaken to assist them in the transition to the RAF and requests the Secretariat and the agencies to provide continuing support and guidance to recipient countries.

The Council requests the Secretariat, in consultation with the agencies, to report to the Council at its meeting in June 2007 further progress achieved in implementing the RAF.

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Executive Summary

1. This progress report highlights the steps that the GEF Secretariat and the Implementing and Executing Agencies have taken since November 2005 to fully operationalize the RAF as requested by the Council at its November 2005 meeting. Steps have been taken in three areas: (i) finalize and publicly disclose allocations, (ii) develop a framework for programming country and group allocations and (iii) develop a framework for programming global and regional exclusions.
2. The Secretariat has completed the following steps towards finalizing and publicly disclosing allocations: (i) confirmed initial lists of countries eligible in each of the focal areas based on consultations with the CBD and UNFCCC secretariats for eligibility under article 9(a) and with the World Bank and the UNDP for eligibility under article 9(b); (ii) updated the GEF Performance Index, GPI, and the GEF Benefits Index (GBI) for biodiversity and climate change based on the latest available data. The Secretariat will finalize the indicative allocations for GEF-4 as soon as the GEF-4 replenishment negotiations have been completed and will publicly disclose them based on the public disclosure policies adopted by the Council.
3. Recognizing the enhanced role of recipient country GEF operational focal points, the inter-agency RAF implementation team has finalized and sent to countries the document *Guidelines for Country Operational Focal Points to Manage GEF Resources*. These guidelines request the GEF Operational Focal Points to facilitate a national consultative process with all relevant stakeholders, and based on these consultations to endorse an initial set of projects for further development and approval in GEF-4. Countries with project concepts that will be ready for approval in the first few work programs of GEF-4 are encouraged to submit their list of projects by September 15, 2006. These guidelines, along with preliminary indicative allocations based on GEF-3 amounts and lists of concepts under development in each country, were sent to operational focal points in April/May 2006. Under the National Dialogue Initiative, the GEF Secretariat and the Implementing and Executing Agencies organized a set of two 2-day sub regional consultations for GEF operational and political focal points together with non-government organizations in Africa in April 2006 to introduce the RAF, to explain how GEF resources will be managed under the RAF and to introduce focal points to the new Country Support Program for focal points (CSP) and seek their feedback on its implementation. Five additional sub-regional workshops are planned between May and September for recipient country GEF operational and political focal points in the remainder of the world.
4. Recognizing that the resources for the global and regional exclusion are limited, the inter-agency RAF implementation team has finalized guidelines for how these resources will be managed in the document *GEF Resource Allocation Framework: Guidelines for programming the Global and Regional Exclusion (GRE)*. The guidelines envision that the CEO will determine the level of support that each project requesting resources from the GRE will get based on well defined set of criteria and a transparent review process as outlined in the guidelines. The inter-agency focal area task forces will regularly monitor the portfolio balance and, if necessary, review the criteria from time to time. The GEF agency implementing the project will have the responsibility of coordinating with the participating countries regarding the appropriate share of resources that will be needed from the country and group allocations.

Background

1. The GEF Council approved a framework to allocate GEF resources at a Special Meeting of the Council held August 31- September 1, 2005, based on a review and discussion of GEF/C.26/Rev.1, *Technical Paper on the GEF Resource Allocation Framework*.¹ The RAF, as agreed by the Council is available as information document, GEF/C.27/Inf8/Rev.1, *Technical Note on the GEF Resource Allocation Framework*.
2. At its November 2005 meeting, the GEF Council appreciated the initial steps taken by the GEF to operationalize the RAF as described in GEF/C.27/5/Rev.1, *Implementing the GEF Resource Allocation Framework*. In addition, the Council also requested the Secretariat to report on further progress in implementing the RAF in June 2006, to continue to consult with the countries to assist with the transition to the RAF, and to involve the Executing Agencies, especially the development banks, in the planning process.²
3. This progress report highlights the steps that the GEF has taken since the November 2005 Council meeting and the planned steps over the next few months to fully operationalize the RAF. The inter-agency RAF implementation team established by the CEO, consisting of representatives of the GEF Secretariat and the Implementing and Executing Agencies, has held a series of meetings between November 2005 and April 2006 to identify the key implementation issues and suggest specific operational procedures for implementing the RAF as adopted by the Council in September 2005. The RAF implementation team identified three major issues: (a) finalize and publicly disclose allocations prior to the start of GEF4, (b) develop a framework for programming country and group allocations, and (c) develop a framework for programming global and regional exclusions.

Indicative Allocations for GEF-4 and its Disclosure

4. The indicative allocations for GEF-4 can only be finalized and disclosed in accordance with the disclosure policies adopted by the Council when: (a) the lists of countries eligible under the two focal areas are determined; (b) the performance and benefits indicators have been updated; and (c) the GEF-4 replenishment negotiations have been completed and the final resource envelopes for biodiversity and climate change are determined.
5. The inter-agency RAF implementation team has confirmed initial lists of countries eligible for GEF funding in the biodiversity and climate change focal area respectively, on the basis of the eligibility criteria described in paragraphs 9(a) and 9(b) of the GEF *Instrument*, and in consultation with the CBD and UNFCCC Secretariats. The initial lists of countries eligible for biodiversity and climate change are shown in Annex 1. These lists will be updated on an ongoing basis as the eligibility of countries changes under paragraphs 9(a) and 9(b).
6. The GEF Secretariat has updated both the GEF Performance Index (GPI) and the GEF Benefits Index (GBI) for biodiversity and climate change required to determine country and group allocations based on the latest available data.

¹ Joint Summary of the Chairs, Special Meeting of the GEF Council, August 31- September 1, 2005.

² Joint Summary of the Chairs, GEF Council Meeting, November 8-10, 2005.

7. The final resource envelopes for biodiversity and climate change will only be available once the GEF-4 replenishment negotiations have been completed. As soon as these negotiations are concluded, the GEF Secretariat will determine the indicative allocations for each country and the group and publicly disclose the following information:³

- (a) allocations for individual countries and the group will be publicly disclosed and the GEF Benefits (GBI) for all countries will be publicly disclosed; and
- (b) with respect to the World Bank Country Policy and Institutional Assessment (CPIA) data used in the GEF Performance Index (GPI), a link will be provided from the GEF website to the World Bank website.

8. In addition, the GEF Secretariat has set up a dedicated webpage on the GEF website (www.thegef.org/raf.html) to access all RAF-related documents. This includes a summary document “RAF at a Glance” and a detailed set of answers to Frequently Asked Questions (FAQs) on the RAF. Translations of these basic documents in French and Spanish have also been posted on the website. In addition, the GEF Secretariat will post all outgoing materials including the indicative allocations that are publicly disclosed as they become available.

Guidelines for Operational Focal Points

9. At the earliest stages the inter-agency RAF implementation team recognized that effective implementation of the RAF entails an enhanced role for recipient country GEF operational focal points. The team set out to define, through an open, inclusive, and consultative process across the GEF Secretariat, and the Implementing and Executing agencies, a specific set of guidelines for managing GEF resources under the RAF with specific focus on the role of the GEF operational focal points. The initial guidelines have been finalized and are attached as Annex 2, *GEF Resource Allocation Framework: Guidelines for Country Operational Focal Points to Manage GEF Resources*.

10. The guidelines envision a lead role for GEF operational focal points in facilitating a national consultative process with all relevant stakeholders in their respective countries and the GEF Implementing and Executing Agencies towards identifying country priorities and commitments under the global environmental conventions. The guidelines request operational focal points to finalize their initial priority setting process after they have received the final indicative allocations for GEF-4 and endorse projects for further development and approval in GEF-4 financed from their respective country/group allocation under the new RAF policy. In addition, countries with project concepts that will be ready for approval in the first few work programs of GEF-4 are encouraged to submit their list of priority project concepts by September 15, 2006.

11. In March 2006, the CEO wrote to all of the recipient country operational and political focal points to: (a) inform them of how the RAF will be implemented; (b) advise them of the steps in the transition to the RAF; and (c) outline the approximate level of support that would be available from the GEF.

³ Joint Summary of the Chairs, Special Meeting of the GEF Council, August 31- September 1, 2005.

12. This initial communication was followed up in April and May 2006 providing each operational focal point with the:

- (a) *GEF Resource Allocation Framework: Guidelines for Country Operational Focal Points to Manage GEF Resources (Annex 2)*
- (b) attachments showing the approximate indicative allocations relevant to the respective country based on GEF-3 funding levels for biodiversity and climate change; and
- (c) lists of concepts currently under development in the country in the biodiversity and climate change focal areas.

13. The letter advised operational focal points that the indicative allocations were for planning purposes only and that their final decisions should be based on the final indicative allocations countries will receive once the GEF-4 replenishment negotiations have been completed.

14. Between April and September 2006, the GEF Secretariat and the Implementing and Executing agencies are organizing a set of seven sub-regional consultations for recipient country operational and political focal points under the *National Dialogue Initiative* which focuses on the implementation and transition to the RAF and the needs and priorities of the countries under the new RAF policy environment. Each consultation is taking place over a two-day period. They are designed to:

- (a) introduce the RAF and to provide guidance on the GEF's new operational policies and modalities; and
- (b) seek feedback from GEF focal points on their needs and priorities under the new Country Support Programme for focal points (CSP).

15. The first two sub-regional consultations were held in Dakar, Senegal and Pretoria, South Africa respectively. All operational and political focal points and NGO representatives from the 46 recipient countries in Africa were invited to one of these two consultations. A total of 60 government participants representing 42 countries, more than 15 non-government organization participants, and representatives from the GEF partner agencies attended these workshops. The minutes of these consultations, as well as the issues and concerns raised at the consultations, are available at the GEF National Dialogue Initiative website at www.undp.org/gef/dialogue. The sub-regionals provided an opportunity for countries to provide the GEF with information on country-specific challenges related to implementation of the RAF and to have a dialogue on ways to improve implementation plans.

16. The complete schedule of the seven consultations that are planned between April and September 2006 is shown in Table 1. Prior to the June Council meeting, two additional consultations are scheduled in Alexandria, Egypt, and Bratislava, Slovak Republic, for countries in North Africa, Mideast, West Asia, South Asia, Eastern Europe and the CIS. Almost all countries invited to these workshops have confirmed plans to attend. The remaining three consultations are scheduled after the June Council meeting for countries in East and Southeast

Asia, Latin America and the Caribbean and Pacific SIDS. After the completion of the seven consultations, all recipient countries will have had the opportunity to participate in a sub-regional consultation. The minutes of each of these consultations as well as the concerns and issues raised at the consultations will be made available at the GEF National Dialogue Initiative website www.undp.org/gef/dialogue.

Table 1: Sub-Regional Consultations

Date	Region	Venue
April 20-21, 2006	West and Central Africa	Dakar, Senegal
April 24-25, 2006	East and South Africa	Pretoria, South Africa
May 18-19, 2006	North Africa, Mid East, West and South Asia	Alexandria, Egypt
May 22-23, 2006	Eastern Europe and the CIS	Bratislava, Slovak Rep
June 13-14, 2006	East and Southeast Asia	Kuala Lumpur, Malaysia
July 6-7, 2006	Latin America and the Caribbean	Panama, Panama
September 2006(TBC)	Pacific SIDS	(TBD)

Guidelines for Global and Regional Exclusion

17. The inter-agency RAF implementation team recognized that the resources for the global and regional exclusion are limited especially compared to historical levels. The team set out to define, through an open, inclusive, and consultative process across the GEF Secretariat and the Implementing and Executing agencies, a specific set of guidelines for managing the resources set-aside for global and regional projects for biodiversity and climate change. The initial guidelines for these resources have been finalized and are attached as Annex 3, *GEF Resource Allocation Framework: Guidelines for programming the Global and Regional Exclusion (GRE)*.

18. The guidelines envision that the CEO will determine the level of support that each project requesting resources from the GRE will get based on a well defined set of criteria and a transparent review process as outlined in the guidelines. The inter-agency focal area task forces will regularly monitor the portfolio balance and, if necessary, review the criteria from time to time. The GEF agency implementing the project will have the responsibility of coordinating with the participating countries regarding the appropriate share of resources that will be needed from the country and group allocations.

Next Steps in Implementing the RAF

19. The next step in implementing the RAF is to finalize indicative allocations for the country and the group and publicly disclose the allocations. Each country can then finalize an initial list of concepts to further develop in GEF-4 using the allocations available to it. The endorsed concepts will be developed for Council approval using the existing project cycle and project review procedures. However, final indicative allocations will have to await the conclusion of the GEF-4 replenishment negotiations and finalization of resources available under each of the focal areas.

List of eligible countries in the biodiversity focal area

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

List of eligible countries in the climate change focal area

1	Afghanistan	42	Dominica	83	Lithuania	124	Saudi Arabia
2	Albania	43	Dominican Republic	84	Macedonia	125	Senegal
3	Algeria	44	Ecuador	85	Madagascar	126	Serbia and Montenegro
4	Angola	45	Egypt	86	Malawi	127	Seychelles
5	Antigua And Barbuda	46	El Salvador	87	Malaysia	128	Sierra Leone
6	Argentina	47	Equatorial Guinea	88	Maldives	129	Singapore
7	Armenia	48	Eritrea	89	Mali	130	Slovak Republic
8	Azerbaijan	49	Estonia	90	Malta	131	Solomon Islands
9	Bahamas	50	Ethiopia	91	Marshall Islands	132	South Africa
10	Bahrain	51	Federated States of Micronesia	92	Mauritania	133	Sri Lanka
11	Bangladesh	52	Fiji	93	Mauritius	134	St. Kitts And Nevis
12	Barbados	53	Gabon	94	Mexico	135	St. Lucia
13	Belarus	54	Gambia	95	Moldova	136	St. Vincent and Grenadines
14	Belize	55	Georgia	96	Mongolia	137	Sudan
15	Benin	56	Ghana	97	Morocco	138	Suriname
16	Bhutan	57	Grenada	98	Mozambique	139	Swaziland
17	Bolivia	58	Guatemala	99	Myanmar	140	Syria
18	Bosnia-Herzegovina	59	Guinea	100	Namibia	141	Tajikistan
19	Botswana	60	Guinea-Bissau	101	Nauru	142	Tanzania
20	Brazil	61	Guyana	102	Nepal	143	Thailand
21	Bulgaria	62	Haiti	103	Nicaragua	144	Togo
22	Burkina Faso	63	Honduras	104	Niger	145	Tonga
23	Burundi	64	Hungary	105	Nigeria	146	Trinidad and Tobago
24	Cambodia	65	India	106	Niue	147	Tunisia
25	Cameroon	66	Indonesia	107	Oman	148	Turkey
26	Cape Verde	67	Iran	108	Pakistan	149	Turkmenistan
27	Central African Republic	68	Israel	109	Palau	150	Tuvalu
28	Chad	69	Jamaica	110	Panama	151	Uganda
29	Chile	70	Jordan	111	Papua New Guinea	152	Ukraine
30	China	71	Kazakhstan	112	Paraguay	153	United Arab Emirates
31	Colombia	72	Kenya	113	Peru	154	Uruguay
32	Comoros	73	Kiribati	114	Philippines	155	Uzbekistan
33	Congo DR	74	Korea DPR	115	Poland	156	Vanuatu
34	Congo, Republic of	75	Kuwait	116	Qatar	157	Venezuela
35	Cook Islands	76	Kyrgyzstan	117	Republic Of Korea	158	Vietnam
36	Costa Rica	77	Lao PDR	118	Romania	159	Yemen
37	Cote d'Ivoire	78	Latvia	119	Russian Federation	160	Zambia
38	Croatia	79	Lebanon	120	Rwanda	161	Zimbabwe
39	Cuba	80	Lesotho	121	Samoa		
40	Cyprus	81	Liberia	122	San Marino		
41	Djibouti	82	Libya	123	Sao Tome and Principe		

GEF RESOURCE ALLOCATION FRAMEWORK: GUIDELINES FOR COUNTRY OPERATIONAL FOCAL POINTS TO MANAGE GEF RESOURCES

INTRODUCTION

1. These guidelines describe how GEF resources will be managed under the Resource Allocation Framework. The GEF Resource Allocation Framework (RAF) defines the level of resources available for GEF programs in biodiversity and climate change to each eligible country during a four-year replenishment period. In each focal area, an eligible country will: (i) have a country-specific individual allocation; or (ii) be part of a group of countries with a group allocation, each with access up to an upper limit, subject to the total allocation of the group. Accordingly, the guidelines are divided into two parts: (i) Section A applies to a country with a country-specific allocation in a focal area; and (ii) Section B applies to a country that is part of a group in a focal area.⁴ Each section first describes how resources will be programmed under the RAF, followed by a description of the transition process to the RAF.

2. Operational Focal Points play a lead role in facilitating a consultation process involving key stakeholders, including the convention focal points, other relevant ministries, NGOs, civil society, the private sector, and the GEF Implementing and Executing Agencies, to identify country priorities in managing GEF resources under the RAF.⁵ The types of services and financial assistance available from the GEF to focal points to carry out their responsibilities are available at http://www.gefweb.org/participants/focal_points/FP_Resources/fp_resources.html.

SECTION A: GUIDELINES FOR COUNTRY-SPECIFIC ALLOCATION IN A FOCAL AREA

3. This section of the guidelines applies to a country that receives a country-specific allocation in a focal area. The allocation, which is for a four-year GEF replenishment period, is not an entitlement. Instead it indicates the maximum level of resources that would be available to a country to finance technically qualified projects that are consistent with GEF's strategic priorities in the focal area.

The GEF Project Cycle and Country Endorsement of Concepts under the RAF

4. The RAF does not change the technical review criteria during the GEF project cycle. Operational focal points, through a consultative process, may on a regular basis endorse: (i) concepts for development into projects and (ii) the financing of project development facilities (PDFs) or fully developed projects. The endorsements submitted to the GEF Secretariat through the Implementing and Executing Agencies affirm that the concepts and projects: (i) are consistent with country priorities and country commitments under the relevant global environmental convention, and (ii) can be financed with the focal area specific allocation of the country under the RAF.

⁴ Both sections of this guideline apply to a country that has a country-specific allocation in one focal area but is part of the group in the other focal area.

⁵ The GEF's policy on public involvement is available at http://thegef.org/Operational_Policies/public_involvement/public_involvement.html.

5. The Operational Focal Point endorsement requirements during the GEF Project Cycle by activity are summarized in Table 1 by a “\$” or “✓” mark.

Table 1: Operational Focal Point Endorsement Requirements in the GEF Project Cycle

<i>Prior to GEF Secretariat</i>						
	for CEO Approval of Project Preparation Funds			For Pipeline Entry of Concepts	for Inclusion in the Work Program for Council Approval	for CEO Approval
	PDF-A	PDF-B	PDF-C			
Enabling Activities (expedited process)						\$
Medium Size Projects	\$					\$
Full Size Projects	\$	\$	\$	✓	\$	

6. The country-specific allocation is utilized upon approval of each endorsed request denoted by the “\$” in the above table. Endorsement of full size project concepts for entry into the GEF pipeline denoted by the “✓” is usually done in conjunction with a PDF request, and hence it does not utilize any additional allocations beyond those requested with the associated PDF.

List of Project Concepts under Development

7. Each country can ensure that its allocations will be fully utilized by maintaining a list of concepts under development larger than its four-year allocation to allow for delays in preparing concepts or dropped concepts. This can result in a situation where some of these concepts may have to be deferred to the next period if all of the concepts under development are successfully developed in a timely manner, until new allocations become available.

8. The specific level of programming in each country at any given point in time will be determined by the Operational Focal Point through a consultative process. Based on the historical experience of managing the GEF pipeline of concepts under development, the GEF Secretariat recommends that the list of concepts under development for a country be maintained so that the total GEF resources required by these concepts lies between 1.3 to 1.5 times the country’s focal area specific four-year allocation.

9. On behalf of each country, the GEF Secretariat will maintain on an ongoing basis a focal area specific List of Project Concepts under Development that have been endorsed by the GEF Operational Focal Point for GEF approval out of the country’s allocations, consisting of: (i) country projects in the focal area, (ii) multi-focal projects or multi-country projects that are partially funded from the allocations and (iii) additional contributions to the small grants program and cross cutting capacity building activities in the country. The list will include: (i) Full-sized project concepts that have been technically reviewed and entered into the GEF pipeline; (ii) medium-sized concepts that are under preparation; and (iii) enabling activities that are under preparation. All projects will be tracked based on the amount of resources required from the country’s focal area allocation.

10. The GEF Secretariat will periodically send to each Operational Focal Point and the GEF Implementing and Executing Agencies a detailed focal area specific List of Project Concepts under development in the country along with a summary report showing the total resources required from the country's focal area allocation by this list of concepts in relation to the country's focal area allocation (Table 2 and Table 3).

**Table 2: Summary Report for (Country) as of (date)
List of Project Concepts under Development for Biodiversity**

	Technical review to be conducted at time of approval		Technically reviewed by GEFSEC	Total Amount of Concepts under Development
	Enabling Activities	Medium Size Projects	Full Size Projects	
Biodiversity Country Projects				
Biosafety Country Projects				
Country's share of Global/Regional Biodiversity & Biosafety Projects				
Share of Multifocal Projects				
Additional contribution to Small Grants Program				
Additional contribution to Crosscutting Capacity Building				
Total Amount of Concepts under Development				
Expected 4-year allocation				
Ratio of Concepts under Development / Expected 4-year allocation				

**Table 3: Summary Report for (Country) as of (date)
List of Project Concepts under Development for Climate Change**

	Technical review to be conducted at time of approval		Technically reviewed by GEFSEC	Total Amount of Concepts under Development
	Enabling Activities	Medium Size Projects	Full Size Projects	
Climate Change Mitigation Country Projects				
Country's share of Global/Regional Climate Change Mitigation Projects				
Share of Multifocal Projects				
Additional contribution to Small Grants Program				
Additional contribution to Crosscutting Capacity Building				
Total Amount of Concepts under Development				
Expected 4-year allocation				
Ratio of Concepts under Development / Expected 4-year allocation				

Utilization of Country-specific Allocations

11. Country specific allocations are utilized as indicated by “\$” in Table 1 and para 6 above when country endorsed (i) PDF resources, Enabling Activities and Medium Size projects are approved by the CEO, and (ii) Full Size projects are approved by the Council. These approvals will reflect the following provisions of the RAF:

- (a) A country can utilize up to 50 percent of its focal area specific four-year allocation during the first two years of a replenishment period.
- (b) Any unutilized resources at the end of the first two-year period will be carried forward and added to the country’s allocation for the second two-year period.
- (c) The country and group allocations will be adjusted at the midpoint of a replenishment period based on a reapplication of the RAF model using updated indicators for the GEF Benefits Index and the GEF Performance Index of each country.
- (d) All country allocations expire at the end of the replenishment period, and unutilized resources at that time are returned to the GEF Trust Fund.

12. The GEF Secretariat will periodically send to the Operational Focal Point, as well as the GEF Implementing and Executing Agencies, a summary of the resources allocated for a specific focal area to a country, the amount that has been utilized, and the amount that remains for financing new activities in the focal area (as illustrated in Table 4). A separate summary table will be sent for each focal area.

Table 4: Indicative Allocations and its Cumulative Utilization for (country) for (biodiversity) /(climate change) focal area as of (date)

		Amount (\$)	Comments
1	Allocations July 2006- June 2008		Finalized after replenishment. (50% of 4-year allocation)
2	- Cumulative Utilization July 2006 – June 2008		PDFs, EAs, MSPs, FSPs
3	Allocations Remaining for new approvals till June 2008		Carryover to line 4
4	Unutilized Allocations Carried Forward from June 2008		Line 3 as of July 2008
5	+ Allocations July 2008-June 2010		finalized by June 2008
6	- Cumulative Utilization July 2008 – June 2010		PDFs, EAs, MSPs, FSPs
7	Allocation Remaining for new approvals till – June 2010		Returned to GEF Trust Fund

Transition to the RAF

13. To facilitate the transition to the RAF, country operational focal points are requested to endorse an initial set of project concepts to be developed for approval in GEF-4 consistent with the country's allocations and based on a consultative process as described in paragraph 2. These endorsements would affirm the endorsed concepts are consistent with country priorities and country commitments under the relevant global environmental convention, and are to be prepared for utilization of GEF resources through Council/CEO approval in GEF-4. The target date for receiving these initial endorsements at the GEF Secretariat is September 15, 2006.

14. Attached to these guidelines is a list of project concepts under development in the country in the biodiversity and climate change focal areas according to the records at the Secretariat to support the consultative endorsement decision making process. The list includes:

(a) Full size project concepts that:

- (i) have been technically reviewed and are in the GEF pipeline;
- (ii) were submitted to the GEF Secretariat but have not been technically reviewed, pending the development of RAF policies and procedures; and

(b) Medium size project concepts with approved PDF-A that are under preparation.

15. GEF operational focal points may also wish to consult with Implementing and Executing Agencies regarding additional concepts that are not in the above-mentioned lists provided by the Secretariat.

16. For each single country project, two amounts are listed: the total amount of GEF funding for the project and the amount of funding that is required from the country's focal area allocation. The two amounts differ in the case of multi-focal projects by the amount of GEF funding from the other focal areas. For multi-country projects only the total project amount funded by GEF is provided. Operational focal points are requested to indicate the level of resources that the country will contribute from its country allocations based on consultations with the relevant GEF Implementing or Executing Agency.

17. Operational focal points are requested to inform the GEF Secretariat of the initial set of project concept endorsements for development during GEF-4 based on the country's final focal area specific indicative allocations for GEF-4. The GEF Secretariat will inform Operational Focal Points these final GEF-4 allocations after the GEF-4 replenishment negotiations have been completed. Pending the availability of these focal area specific GEF-4 allocations, Operational Focal Points may initiate the priority setting consultative process for GEF-4 allocations based on the GEF-3 amounts provided together with these guidelines.

SECTION B: GUIDELINES FOR GROUP ALLOCATION IN A FOCAL AREA

18. This section of the guidelines applies to a country that is part of a group with a group allocation in a focal area. Countries in the group are collectively allocated a group allocation for a four-year GEF replenishment period. Each country in the group has access to the group allocation subject to an upper limit as well as a minimum level of \$1 million during the replenishment period. The available resources are not an entitlement of the country or the group of countries. Instead it indicates the maximum level of resources that would be available to a country to finance technically qualified projects that are consistent with GEF's strategic priorities in the focal area.

The GEF Project Cycle and Country Endorsement of Concepts under the RAF

19. The RAF does not change the technical review criteria during the GEF project cycle. Operational focal points, through a consultative process, may on a regular basis endorse: (i) concepts for development into projects and (ii) the financing of project development facilities (PDFs) or fully developed projects. The endorsements submitted to the GEF Secretariat through the Implementing and Executing Agencies affirm that the concepts and projects: (i) are consistent with country priorities and country commitments under global environmental conventions, and (ii) can be financed within the resources available to the country under the RAF.

20. The Operational Focal Point endorsement requirements during the GEF Project Cycle by GEF financed activity are summarized in Table 5 by a "\$" or "✓" mark.

Table 5: Operational Focal Point Endorsement Requirements in the GEF Project Cycle

<i>Prior to GEF Secretariat</i>						
	for CEO Approval of Project Preparation Funds			For Pipeline Entry of Concepts	for Inclusion in the Work Program for Council Approval	for CEO Approval
	PDF-A	PDF-B	PDF-C			
Enabling Activities (expedited process)						\$
Medium Size Projects	\$					\$
Full Size Projects	\$	\$	\$	✓	\$	

21. The group allocation is utilized upon approval of each endorsed request denoted by the "\$" in the above table for any country in the group. In addition, these endorsements also count against the upper limit of the country. Endorsement of full size project concepts for entry into the GEF pipeline denoted by the "✓" has usually been done in conjunction with a PDF request, hence does not utilize any additional allocations beyond those requested in the associated PDF.

List of Project Concepts under Development

22. On behalf of the countries in the group, the GEF Secretariat will maintain on an ongoing basis a focal area specific List of Project Concepts under Development that have been endorsed by the GEF Operational Focal Point for GEF approval out of the group allocation, consisting of: (i) country projects in the focal area, (ii) multi-focal projects or multi-country projects that are partially funded from the group allocations and (iii) additional contributions to the small grants program and cross cutting capacity building activities in the country. The list will include: (i) Full-sized project concepts that have been technically reviewed and entered into the GEF pipeline; (ii) medium-sized concepts that are under preparation; and (iii) enabling activities that are under preparation. All projects will be tracked based on the amount of resources required from the country's focal area allocation.

23. The GEF Secretariat will maintain the List of Concepts under Development in the countries in the group larger than the four-year allocation of the group to ensure that the group allocation will be fully utilized during the replenishment period even if some of the concepts are dropped or delayed. This can result in a situation where some of these concepts may have to be deferred to the next period if all of the concepts under development are successfully developed in a timely manner, until new allocations become available.

24. Based on the historical experience of managing the GEF pipeline of concepts under development, the GEF Secretariat will initially maintain the list at no more than 1.5 times the four-year allocation of the group. Additionally, the list of concepts under development in each country in the group will be no larger than the upper limit for countries in the group. The programming levels will be adjusted, as necessary, to ensure that the group allocation will be fully utilized during the replenishment period.

25. The GEF Secretariat will periodically send to all Operational Focal Points for countries in a group and the GEF Implementing and Executing Agencies a summary report showing the total resources required from the group allocation by the list of concepts under development in the countries in the group in relation to the group's focal area allocation (Table 6 and Table 7). In addition, the GEF Secretariat will also send the Operational Focal Point for countries in the group, a detailed list of concepts under development in their respective countries.

**Table 6: Summary List of Project Concepts under Development for Biodiversity
for the Group of Countries as of (date)**

	Technical review to be conducted at time of approval		Technically reviewed by GEFSEC	Total Amount of Concepts under Development
	Enabling Activities	Medium Size Projects	Full Size Projects	
Biodiversity Country Projects				
Biosafety Country Projects				
Country's share of Global/Regional Biodiversity & Biosafety Projects				
Share of Multifocal Projects				
Additional contribution to Small Grants Program				
Additional contribution to Crosscutting Capacity Building				
Total Amount of Concepts under Development				
Expected 4-year group allocation				
Ratio of Concepts under Development / Expected 4-year group allocation				

**Table 7: Summary List of Project Concepts under Development for Climate Change
for the Group of Countries as of (date)**

	Technical review to be conducted at time of approval		Technically reviewed by GEFSEC	Total Amount of Concepts under Development
	Enabling Activities	Medium Size Projects	Full Size Projects	
Climate Change Mitigation Country Projects				
Country's share of Global/Regional Climate Change Mitigation Projects				
Share of Multifocal Projects				
Additional contribution to Small Grants Program				
Additional contribution to Crosscutting Capacity Building				
Total Amount of Concepts under Development				
Expected 4-year group allocation				
Ratio of Concepts under Development / Expected 4-year group allocation				

Utilization of Group Allocations

26. Group allocations are utilized as indicated by “\$” in Table 5 and para 21 above when country endorsed (i) PDF resources, Enabling Activities and Medium Size projects are approved by the CEO and (ii) Full Size projects are approved by the Council in any of the countries in the group. These approvals will reflect the following provisions of the RAF:

- (a) During the first two years of a replenishment period, a country in the group can utilize no more than 50 percent of the applicable upper limit for countries in the group in the focal area.⁶
- (b) Any unutilized resources at the end of the first two-year period will be carried forward and added to the group allocation for the second half of the replenishment period.
- (c) The Country and Group allocation will be adjusted at the midpoint of replenishment period based on a reapplication of the RAF model using updated indicators for the GEF Benefits Index and the GEF Performance Index of each country.
- (d) The group allocations expire at the end of the replenishment period, and unutilized resources at that time are returned to the GEF Trust Fund.
- (e) A minimum allocation of \$1 million for a focal area over a replenishment period.⁷

27. The GEF Secretariat will periodically send to Operational Focal Points in all countries that are part of a group, as well as the GEF Implementing and Executing Agencies, a summary of the resources allocated to the group, the amount that has been utilized, and the amount that remains for financing new activities in the focal area in the countries in the group (as illustrated in Table 8). In addition, each Operational Focal Point will also receive a summary of the resources that have been utilized against the upper limit for countries in the group (Table 9). Separate summary tables will be sent for each focal area.

⁶ Operationalization of this provision implies that no more than 50% of the four-year allocation of the group for a focal area can be utilized during the first 2 years of a replenishment period.

⁷ A country that has not utilized any of the group allocation during the first two years of a replenishment period will have priority in utilizing the group allocation during the second two-year period.

**Table 8: Indicative Allocations and its Cumulative Utilization for the Group
For (biodiversity) / (climate change) focal area as of (date)**

		Amount (\$)	Comments
1	Group Allocation July 2006- June 2008		Finalized after replenishment. (50% of 4-year allocation)
2	- Cumulative Utilization by Countries in the Group (July 2006 – June 2008)		PDFs, EAs, MSPs, FSPs
3	Allocations Remaining for new approvals in Countries in The group till June 2008		Carryover to line 4
4	Unutilized Allocations by Countries in the Group Carried Forward from June 2008		line 3 as of July 2008
5	+ Group Allocations July 2008-June 2010		Finalized by June 2008
6	- Cumulative Utilization by Countries in the Group (July 2008 – June 2010)		PDFs, EAs, MSPs, FSPs
7	Allocations Remaining for new approvals in Countries in The group till June 2010		Returned to GEF Trust Fund

**Table 9: Upper Limit on Available Resources and its Cumulative Utilization for (country)
For (biodiversity) / (climate change) focal area as of (date)**

		Amount (\$)	Comments
1	Country Upper Limit for Approvals July 2006- June 2008		Finalized after replenishment. (50% of 4-year allocation)
2	- Cumulative Utilization July 2006 – June 2008		PDFs, EAs, MSPs, FSPs
3	Upper Limit Remaining for new approvals till June 2008		Carryover to line 4
4	Unutilized Upper limit Carried Forward from June 2008		line 3 as of July 2008
5	+ Upper Limit for Approvals July 2008-June 2010		finalized by June 2008
6	- Cumulative Utilization July 2008 – June 2010		PDFs, EAs, MSPs, FSPs
7	Upper Limit Remaining for new approvals till - June 2010		

Transition to the RAF

28. To facilitate a smooth transition to the RAF, country operational focal points are requested to endorse an initial set of project concepts to be developed for approval in GEF-4 consistent with the upper limit for countries in the group based on a consultative process as described in paragraph 2. These endorsements would affirm the endorsed concepts are consistent with country priorities and country commitments under the relevant global environmental convention, and are to be prepared for utilization of GEF-4 allocations through

Council/CEO approval. The target date for receiving these initial endorsements at the GEF Secretariat is September 15, 2006.

29. Attached to these guidelines is a list of project concepts under development in the country in the biodiversity and climate change focal areas according to the records at the Secretariat to support the consultative endorsement decision making process. The list includes:

(a) Full size project concepts that

- (i) have been technically reviewed and are in the GEF pipeline;
- (ii) were submitted to the GEF Secretariat but have not been technically reviewed, pending the development of RAF policies and procedures; and

(b) Medium size project concepts with approved PDF-A that are under preparation.

30. GEF operational focal points may also wish to consult with Implementing and Executing Agencies regarding additional concepts that are not in the above-mentioned lists provided by the Secretariat.

31. For each single country project, two amounts are listed: the total amount of GEF funding for the project and the amount of funding that is required from the country's focal area allocation. The two amounts differ in the case of multi-focal projects by the amount of GEF funding from the other focal areas. For multi-country projects only the total project amount funded by GEF is provided. Operational focal points are requested to indicate the level of resources that the country will contribute from its country allocations based on consultations with the relevant GEF Implementing or Executing Agency.

32. Operational focal points are requested to inform the GEF Secretariat of the initial set of project concept endorsements for development during GEF-4 based on the final upper limit for countries in the group for the focal area. The GEF Secretariat will inform Operational Focal Points the final upper limits and the group allocations for GEF-4 after the GEF-4 replenishment negotiations have been completed. Pending the availability of the final upper limit and the group allocation for GEF-4, Operational Focal Points may initiate the priority setting consultative process based on the GEF-3 amounts provided together with these guidelines.

GEF RESOURCE ALLOCATION FRAMEWORK: GUIDELINES FOR PROGRAMMING THE GLOBAL AND REGIONAL EXCLUSION (GRE)

Introduction

1. The Resource Allocation Framework (RAF), approved by the GEF Council in September 2005, defines exclusions for:
 - (a) Five percent of the resources available for each of the biodiversity and climate change focal areas for global and regional projects; and
 - (b) Five percent of the resources available for each of the biodiversity and climate change focal areas for the small grants program and crosscutting capacity building activities.

This guideline outlines how the resources available under item (a), the “Global and Regional Exclusion (GRE)”, will be programmed.

2. The level of resources available for global and regional projects under the GRE in GEF4 depends on the outcomes of the ongoing GEF4 negotiations. If the negotiations result in the same level of resources as in GEF3 (\$960 million each for biodiversity and climate change), \$48 million would be available for global and regional projects in each of these two focal areas for the 4 years of GEF4. The shares of resources available for global and regional projects under the GRE in these two focal areas are smaller than the corresponding historical shares; so the demands for these resources will likely be greater than the amounts available under the GRE.

Types of Projects to be Supported

3. In the Biodiversity focal area, projects which support any of the GEF-4 Strategic priorities will be eligible for funding under the Global and Regional Exclusion. In addition, a main rationale for demonstrating eligibility will be based on the eligibility criteria for Strategic Priority 4 in the GEF-4 Programming Document.
4. In the Climate Change focal area, in 2004, the GEF Council made a global commitment of \$50m for the Strategic Pilot on Adaptation (SPA). It is expected that projects with a total cost of \$27 million will be approved in GEF3 for the SPA (approximately \$13 million have been approved by March 2006 and the remaining \$14m are expected to be approved in the March-June 2006 period). The remaining \$23 million will be funded in GEF4 out of the Global and Regional Exclusion. The GRE resources in the climate change focal area that remain after the SPA has concluded will be used to finance regional and global projects based on the criteria described in this document.
5. Two types of projects can be funded out the Global and Regional Exclusion: (i) Purely global projects; and (ii) Multi-country projects with a global/regional component.

Purely Global

6. These projects assemble, codify and generate global information, knowledge,⁸ and best practice, or transform global markets. These projects normally do not generate local benefits that can be attributed to any given country. Examples of projects in this category are:

- ✓ Biodiversity focal area - The Millennium Ecosystem Assessment.
- ✓ Climate Change focal area - Technology Assessments for OP7, Knowledge Management for existing GEF programming priorities and clusters, or targeted support to the strategic objectives.

7. Up to 100 percent of the request for GEF financing of these proposals can be funded from the Global and Regional Exclusion. While there is no upper limit on the resources that can be made available from the GRE for an individual proposal, any proposal exceeding \$5 million in biodiversity and \$1 million in climate change will be reviewed by the corresponding taskforce.⁹ The review will consider the impact that funding the proposal may have on the availability of funding and the diversity of issues that can be supported through the Exclusion.

Multi-country with a global/regional component

8. These are projects in which a number of GEF-eligible countries participate, and that have a central global/regional component (the “chapeau”) that serves as an overall hub for information exchange and best practices. They need to be justified on the basis of cost-effectiveness introduced by the global/regional component compared to the implementation of stand-alone country projects (i.e. same impacts at lower costs or higher impacts at same costs). Some examples of projects in this category are:

Biodiversity focal area:

- ✓ Early Action for Protected Areas (Project with a global objective and fairly modest activities and benefits at the country level).
- ✓ Implementing the Global Strategy for Plant Conservation (Project with a global objective and country-level activities and benefits for demonstration purposes).
- ✓ IABIN (Project with clearly identifiable global and country-level benefits).

Climate Change focal area:

- ✓ Capacity building activities such as the National Communications Support Program.
- ✓ Technical Assistance (TA) programs for market harmonization (e.g. standards and labels programs of UNDP, UNEP EMPOWER)

⁸ It is expected that all agencies should actively participate in purely global knowledge management activities, and an agreement to that effect is a precondition for the approval of these types of projects.

⁹ Historically, knowledge management projects and global market transformation projects have been successfully completed with MSPs.

- ✓ Regional revolving funds ;

9. Only part of the GEF financing of these projects can be derived from the Global and Regional Exclusion. The remainder has to be financed through the country and group allocations of the countries participating in the project. The share of resources funded out of the GRE varies by focal area and is based on the global/regional component of these projects. The actual level of funding will be assessed on a case-by-case basis by the GEF Secretariat in consultation with the Implementing or Executing Agency.

Types of Projects that cannot be supported

10. Single country and multi-country projects without a global/regional component will not be funded from this Exclusion.¹⁰

Managing the Global and Regional Exclusion

11. The GEF Secretariat will maintain a pipeline of projects that qualify to be funded from the Global and Regional Exclusion. The pipeline will consist of Full size projects and MSPs.¹¹ The pipeline will be managed by the GEF Secretariat biodiversity and climate change teams, in consultation with the focal area task forces, so that at any given time the total resource demand from projects in this pipeline cannot be greater than 150 percent of the resources expected to be available over the next four years. New concepts can be added to the pipeline as existing concepts in the pipeline are cancelled or are approved by the CEO or by the GEF Council.

¹⁰ The exception is the funding of projects under the Strategic Pilot on Adaptation in the climate change focal area as noted in footnote 1 above.

¹¹ Since MSPs do not have a formal pipeline entry process, special Task Force efforts will be required to track them and discuss them through upstream consultations. The Implementing and Executing Agencies are expected to use the Task Force meetings and email distribution lists to keep the Task Force current on their plans, and to facilitate Inter-Agency cooperation.