



Global Environment Facility

Leonard Good

Chief Executive Officer
and Chairman

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1818 H Street, NW
Washington, DC 20433 USA
Tel: 202.473.3202
Fax: 202.522.3240/3245
Email: lgood@TheGEF.org

Dear GEF Operational Focal Point,

As you know, the GEF Council approved the Resource Allocation Framework (RAF) at a special Council meeting in August/September 2005. As agreed by the Council, the RAF will guide the allocation of GEF resources in the biodiversity and climate change focal areas during GEF-4 (July 1, 2006 – June 30, 2010). The RAF does not apply to the other GEF focal areas.

I am writing to alert you to the information and assistance that we will make available to you in the coming months to facilitate your transition to the RAF so that you can maximize the impact of GEF resources in your country.

Under the RAF, as the GEF country Operational Focal Point, you have primary responsibility for leading the priority setting process in your country and endorsing projects that will draw on the GEF resources available to your country. To maximize the impact of these resources, we recommend that you initiate a process of consultations to determine national funding priorities for GEF resources with interested stakeholders, including convention and GEF political focal points, other ministries dealing with global environmental issues, NGOs, civil society, the private sector, and the GEF Implementing and Executing Agencies.

The following steps will be taken to assist you in this process:

- By the end of March, the GEF Secretariat will send you a detailed letter with attachments, providing specific guidelines for implementing the RAF, including an initial indication of the expected amount available to your country under RAF for both biodiversity and climate change.
- In the coming weeks, UNEP will contact you to establish the process by which you can access financial resources under the *Country Support Program for GEF Focal Points* to assist in strengthening stakeholder involvement, creating institutional memory and increasing country coordination and ownership.
- From April through July, in collaboration with the *National Dialogue Initiative*, implemented by UNDP, we will hold a series of sub-regional workshops for GEF country focal points to provide in-depth information on the RAF. The workshops will also provide an opportunity for you to consult with the GEF Secretariat and the Implementing and Executing Agencies on how the *Country Support Program* can assist in meeting country-specific challenges and related issues. These workshops are currently under preparation in accordance with the following schedule:

Sub-regional consultations to be organized between April and July 2006

Please note that these are tentative dates.

Date	Region	Venue
April 20-21, 2006	West and Central Africa	Dakar
April 24-25, 2006	East and South Africa	Pretoria
May 18-19, 2006	North Africa, Mid East, South Asia	Alexandria
May 22-23, 2006	Eastern Europe	Bratislava
June 12-13, 2006	East and Southeast Asia	Kuala Lumpur
July 6-7, 2006	Latin America and the Caribbean	Panama
Tbd	Pacific SIDS	Tbd

We look forward to your cooperation as we begin implementing RAF. My colleague Funke Oyewole (Team Leader, GEF Corporate Affairs, focalpoints@thegef.org) is available to answer questions or provide additional information if needed.

I am enclosing with this letter some general information on the RAF which we would invite you to share with your colleagues interested in the GEF. These are:

- ✓ RAF at a Glance, and
- ✓ RAF: Frequently asked Questions.

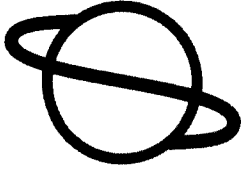
More information on the RAF can be found on the GEF website at thegef.org/raf.html.

Sincerely,



Leonard Good
Chief Executive Officer
And Chairman

cc: GEF Political Focal Points, Council Members & Alternates, country Focal Points of Convention on Biological Diversity and UN Framework Convention on Climate Change (through the Convention Secretariats), Executive Coordinators of GEF Implementing and Executing Agencies



**Global
Environment
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RAF At A Glance: GEF's New Framework for Allocating Resources

What is the RAF? In September 2005, the Global Environment Facility (GEF) Council adopted the Resource Allocation Framework (RAF), a new system for allocating GEF resources to recipient countries to increase the impact of GEF funding on the global environment. The RAF allocates resources to countries based on each country's potential to generate global environmental benefits and its capacity, policies and practices to successfully implement GEF projects. As such, the RAF builds on GEF's existing country-driven approach and partnerships with Implementing and Executing Agencies, and provides countries with increased predictability in the allocation of GEF funds.

When and for what focal areas will the RAF be implemented? Implementation will begin in July 2006 and will apply to resources for financing biodiversity and climate change projects.

How will resources be allocated through the RAF? The indicative allocations for each country during a replenishment period will be publicly disclosed at the outset of each replenishment period. These allocations will be adjusted every two years to reflect changes in each country's capacity and potential to deliver global environmental benefits. All eligible countries will have access to resources for biodiversity and climate change to support enabling activities and projects in these areas. Each country will work with the GEF Implementing and Executing Agencies to develop project proposals to be financed from its indicative allocation. Country allocations will be published once funding for the next four year phase of the GEF has been finalized.

What support will be provided for countries to build their capacity to implement the RAF? The RAF is intended to strengthen each country's ability to ensure that GEF financing is based on country priorities and reflects guidance from the international environmental conventions for which the GEF serves as the financial mechanism. The Council has expanded support for GEF national focal point development and national capacity development so that countries can better address global environmental challenges and strengthen their capacities to work through the RAF approach. Two new initiatives – Country Support Program (CSP) for Focal Points and the GEF National Dialogue Initiative – will provide opportunities for stakeholders to seek clarification and provide feedback about the RAF.

Are there systems in place like the RAF in other international institutions? The new system is similar to resource allocation systems in place at other international financial institutions, such as the World Bank's International Development Association (IDA) and the International Fund for Agricultural Development (IFAD).

Are any GEF resources available outside the RAF? In addition to their allocations, countries can receive GEF financing for projects in the other focal areas (international waters, land degradation, ozone layer depletion, and persistent organic pollutants), cross-cutting capacity building projects and the Small Grants Programme, which finances smaller projects that encourage wider participation by civil society, and through regional and global projects.

When will the RAF be evaluated? An independent review of the operational experience with the RAF will be undertaken by the GEF Evaluation Office after two years of implementation.

How will more information be provided? A variety of channels, including country consultations, fact sheets and FAQs, will be used to inform stakeholders at the country, regional and global levels about the RAF starting in February 2006. For more information, please visit thegef.org/raf.html.

GEF Resource Allocation Framework (RAF)

Frequently Asked Questions: General

What is the Resource Allocation Framework?

The Resource Allocation Framework (RAF) is a new system adopted by the GEF Council in September 2005 to allocate GEF resources to recipient countries based on global environmental priorities and country-level performance. The RAF is designed to increase the predictability and transparency in the way GEF allocates resources.

When will the RAF system be implemented?

The RAF will begin implementation on July 1, 2006.

Will all GEF resources available in GEF4 be allocated under the RAF?

No. Initial implementation is limited to biodiversity and climate change projects. GEF resources for international waters, land degradation, persistent organic pollutants, and ozone depletion will continue to be allocated using the existing systems. Resource allocations for the small grants program and cross-cutting capacity development activities are also exempted from the RAF.

When will the RAF be used to allocate resources beyond the initial focal areas covered?

In September 2005, the GEF Council decided (1) to use the new RAF to allocate resources for biodiversity and climate change projects only beginning in July 2006 and (2) to examine the feasibility of developing the indicators necessary for extending the RAF to the other focal areas.

How does the RAF increase transparency and predictability?

The RAF increases transparency by specifying a well-defined and publicly disclosed method for allocating resources to countries. The RAF increases predictability by specifying at the beginning of each four-year replenishment period the resources each eligible country can expect from the GEF during the four years of the replenishment period, and how these initial allocations will be updated at the middle of the replenishment period.

What countries are eligible to receive GEF resources?

Eligibility for GEF resources is defined in the GEF instrument and is separately determined for each focal area. In all cases, a country has to be a party to the relevant international convention to be eligible for resources under a focal area. In addition, a country has to be either eligible based on the guidance of the convention or be a developing country that is eligible to borrow from the World Bank or for technical assistance from UNDP.

What is the total amount of money that will be allocated based on the RAF?

The distribution of resources across different focal areas during each GEF replenishment period will be agreed to during negotiations for each replenishment. All of the resources agreed for climate change and biodiversity during GEF4 will be allocated based on the RAF; the exact amount will be known when the GEF4 replenishment negotiations which are currently underway have been completed.

What is the greatest and least amount of money a country can expect from the GEF during the 4 years of GEF4?

Each eligible country can expect to receive a minimum allocation of \$1 million each for biodiversity and climate change. Additional resources are available to each eligible country based on a formula. The total amount that a country receives cannot exceed ceiling amounts of 15% of the resources available to the GEF for climate change and 10% of the resources available to the GEF for biodiversity.

What is the formula used to determine allocations?

Two indices, the GEF Benefits Index and the GEF Performance Index, are combined [by the GEF Secretariat] to determine the share of resources that each country is allocated. The GEF Benefits Index measures the potential of a country to generate global environmental benefits while the GEF Performance Index measures a country's capacity, policies and practices relevant to successful implementation of GEF programs and projects. A country's share increases with higher values of each index. (For details see the technical FAQ)

How can a country increase its allocations?

Adoption and implementation of policies and practices that lead to successful implementation of GEF projects is the quickest way to increase country allocations. Country allocations will also increase over the medium to long term through increases in a country's potential to generate environmental benefits

Will the allocations be disclosed publicly?

Yes. The GEF Secretariat will publicly disclose the resources allocated to each country when they have been finalized, around May 2006.

How can a country plan its GEF4 program when allocations are disclosed only a few months before the start of GEF4?

Each country will be provided some background information on the RAF and some preliminary information about the expected allocation range under a variety of scenarios, the existing pipeline of projects in January 2006. Each GEF focal point will be asked to convene a meeting of stakeholders in-country to plan out a country strategy.

What can the allocated resources be used for?

The allocated resources can only be used to pay for the incremental costs incurred by countries in generating global environmental benefits, as all GEF resources are mandated to be used.

Are these resources entitlements?

Resources that are not used are not entitlements, but revert back to the GEF trust fund at the end of each replenishment period.

Does the RAF change the GEF project cycle?

The RAF does not change the GEF project cycle. Each country still needs to work with a GEF Implementing/Executing agency to develop and prepare concepts for review, pipeline entry and work program inclusion. Knowing country allocations, however, enables each country to prioritize across projects. In addition, the RAF should allow each country to better integrate GEF projects into their normal development operational cycle on the basis of the expected GEF resources.

How does the RAF fit into each country's development operational cycles?

Each country can better integrate GEF projects into their normal development operational cycle on the basis of the expected GEF resources.

How does the RAF affect a country's ability to meet global environmental convention targets?

Each country can choose how its allocations are spent to meet the various country level targets of the environmental conventions. The RAF does not stipulate how a country will spend its allocations in a focal area as long as the supported project provides global environmental benefits.