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*Re* Framework for a Performance Based Allocation.  
*Cc* Council Members

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Dear Len,

I enjoyed very much the past Council Meeting and the vivid exchange with colleagues on various agenda items. I promised you a further explanation of our ideas on the performance based allocation framework and the way we think that this framework could be operational within the GEF-instrument.

At the third replenishment the Council requested the GEF-secretariat "to work with the Council on a system for allocating scarce GEF resources within and among focal areas with a view towards maximising the impact of these resources on global environmental improvements and promoting sound environmental policies and practices world-wide." I still support this request. It is important to know how and where we can best realise our objectives. Where do we need to strengthen existing processes? Where can we be sure of results? The PBAF can be a management tool for the GEF in implementing and supporting the objectives and guidance of the three Rio-conventions.

We respect the work of the secretariat as formulated in the document, but I must say we have great difficulties with attaching absolute decisive power to the system presented. Our strong reluctance is due to the technicalities of the present proposal, especially since the framework is dominated by *ex-ante* assessment of individual countries' performance. Like I already mentioned at the Council Meeting, we question the suitability and transparency of the performance indicators proposed, where they should bear significance for results in a particular context, and we think that it would mean an enormous additional workload for the GEF secretariat to develop a Country Environment Policy and Institutional Assessment (CEPIA).



Regarding the indicators for GEB, especially biodiversity and climate change, we share the doubts of the UNFCCC and UNCBD-secretariats about the practicability. An example: how to measure a local and regional threat? At what point in time do we put the baseline to consider an original habitat area to be lost? 100 years ago? 10 years ago?

No matter which indicators we are using, uncertainties will be significant. We fear endless discussions within the Council, and among individual recipient countries about the results of performance indicators.

What especially worries me here, is that the element of *ex-ante* allocation based on country performance, would stimulate inter-country competition on the country-performance level, in stead of cooperation on the program or project level. As stated in paragraph 84 of the proposal by the secretariat (GEF/C.23/7) using the PBAF in combination with the *ex ante* allocation means that countries will receive their indicated allocations as long as they meet the minimum technical project criteria. They have no incentive to maximise project performance. Not denying the value of performance based allocation as such, this would be a counterproductive side-effect of the proposed methodology, and it is not consistent with the goal to serve global environmental benefits and the principle to provide an equal opportunity for all recipient countries to have access to GEF resources.

To my opinion, poor country performance should not become an absolute barrier to GEF funding. The GEF, based on its mandate, should be primarily focused on global environmental priorities, rather than country performance for its resource allocation. The common ground here is that money should not be wasted and that it is transparently used for the goals defined. That means that the model should give the GEB a more significant weight. The PBAF can be seen as a tool to evaluate GEB measured against performance and to assess the best possibilities to achieve them. Allocation however, should be based on project proposals and on proven willingness by responsible partners to execute these projects in a transparent manner. In conclusion, I think that the so called 'third option', that will be discussed during the seminar in September should deal with the following questions:

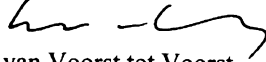
1. How can we assess in which countries (or ecological areas) in the world GEB are best achieved to get an overview where our best chances are?
2. How can we reward 'good' individual proposals to stimulate competition for quality among activities?

3. How can we combine the two and realise a tool for the GEF allocations that creates a solid basis for trust regarding performance, acknowledges the system of selecting good project proposals and stimulates the willingness to cooperate on Global Environmental Benefits?

I hope my comments may prove useful in creating a workable PBAF in cooperation with all colleagues from the Council.

I would appreciate if the secretariat forwards this letter to all Council Members,

Sincerely,



Sweder van Voorst tot Voorst,  
Council Member for the Netherlands

