

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.¹ 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.² 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.

¹ 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.

² 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.³
- (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.⁴

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.

³ 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.

⁴ 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.