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**GEF RESOURCE ALLOCATION FRAMEWORK:
MID-TERM REALLOCATION OF GEF-4 RESOURCES: A
TECHNICAL NOTE**

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BACKGROUND

1. The GEF Resource Allocation Framework (RAF) is a system to allocate resources to countries based on global environmental priorities and country-level performance. The GEF Council agreed at a special meeting convened on August 31 - September 1, 2005, to implement the RAF in the biodiversity and climate change focal areas for the GEF-4 replenishment period. Document GEF/C.27/Inf.8/Rev.1, *The GEF Resource Allocation Framework*, describes the GEF RAF as agreed to by Council.
2. The initial biodiversity and climate change indicative allocations for the entire GEF-4 replenishment period were determined for all eligible countries and publicly disclosed to the Council, recipient countries, GEF Agencies, and the public in September 2006.¹ Countries with individual allocations could utilize up to 50% of these initial indicative allocations during the first half of GEF-4 and can carry over to the second half of GEF-4 an amount equal to 50% of the initial indicative allocations, less whatever has been utilized in the first half.²
3. The GEF-4 initial indicative allocations were due to be revised based on a mid-term reallocation using the RAF model with updated indicators for the GEF Benefits Index (GBI) and the GEF Performance Index (GPI) at the midpoint of GEF-4. The mid-term allocations have therefore been disclosed to the Council, to recipient countries, GEF agencies and the public in accordance with the agreed Council decision on disclosure through *GEF-4 Indicative Resource Allocations for the Biodiversity and Climate Change Focal Areas Based on the Midterm Reallocation*.
4. This document has been prepared to provide details on how the reallocation has been completed and is available at http://thegef.org/interior_right.aspx?id=82&menu_id=120 on the GEF website.³

PROVISIONS FOR THE MID-TERM REALLOCATION

5. Paragraphs 20 and 21 of GEF/C.27/Inf.8/Rev.1, *The GEF Resource Allocation Framework* contains the following provisions for the mid-term review of country and group allocations.
 - (a) Commitments made to a country if it receives individual allocations during the first half of a replenishment period (typically two years) will not exceed 50

¹ Country and group indicative allocations are not entitlements. Such allocations are an indication of the envelope of resources that is available to each country to finance projects that meet GEF's strategic objectives and technical criteria, and approved in accordance with GEF procedures. These allocations may be requested by a country to finance single country or multi-country projects or components of projects in the focal area. Countries with individual allocation may also request utilize their allocations to fund the small grants program. The actual amount available during the GEF-4 period may be higher or lower than these indicative amounts and depends on many factors, including the actual receipt and value of donor payments to the GEF Trust Fund, changes in investment income and exchange rates.

² Paragraphs 20 and 21 of GEF/C.27/Inf.8/Rev.1, *The GEF Resource Allocation Framework*.

³ All RAF-related documents, including this one, are available on web pages that are especially dedicated to the RAF on the GEF website as at: http://thegef.org/interior_right.aspx?id=82&menu_id=120

percent of the *indicative allocations* of the country for the entire replenishment period. If a country belongs to the group, the commitments during the first half of the replenishment period will not exceed 50 percent of the *upper limit*, referred to in paragraph 15. At the mid-point of a replenishment period, the *indicative allocations* for an individual country and the group will be adjusted for the remainder of the replenishment period by applying the RAF model to 50 percent of the resources available for each focal area in the replenishment period using updated GBI and GPI data. This amount plus the carryover (uncommitted resources) from the first half of the replenishment period becomes the *revised indicative allocation* for each country and the group for the remainder of the replenishment period.

- (b) In addition, a country that receives an individual allocation in the first half of the replenishment period will continue to receive an individual allocation in the second half of the replenishment period, whatever are the results from the reallocation exercise. All countries that receive an individual allocation in the first half of the replenishment period will continue to be eligible for an individual allocation equal to their adjusted allocation that results from the re-assessment plus any carryover from the first half of the replenishment period. (See paragraph 2.)

METHOD USED TO REALLOCATE RESOURCES AT MIDPOINT OF GEF-4

6. In accordance with the above provisions, the resources expected to be available for biodiversity and climate change during the second half of GEF-4 (excluding the amount that will be carried over) would be reallocated to all eligible countries at the midpoint of GEF-4 (June 30, 2008). These have been completed through the following ten sequential actions as described, in detail, in this Technical Note.

- (a) Revised the total amount of resources expected to be available in GEF-4 for biodiversity and climate change based on inputs from the Trustee,
- (b) Reconfirmed the eligibility of all countries for access to funding for biodiversity and climate change under the RAF,
- (c) Ascertained the allocations that have been utilized by countries and the group in the first half, and the carryover of allocations to the second half of GEF-4 for eligible countries.
- (d) Determined the resources that are available for reallocation to countries and the group in the second half of GEF-4.
- (e) Updated GEF Benefits Index (GBI) and its underlying indicators for all eligible countries,
- (f) Updated GEF Performance Index (GPI) and its underlying indicators for all eligible countries,

- (g) Determined the updated country scores and resulting preliminary country allocations for all eligible countries based on the updated GBI and GPI indicators.
- (h) Re-established the list of countries that receive individual allocations, the list of countries in the group, and the upper limits that are applicable to countries in the group.
- (i) Determined the revised GEF-4 indicative allocations consisting of the amounts utilized during the first half, the carryover amount and the revised second half allocations for the biodiversity and climate change focal areas.
- (j) Determined the total indicative allocations remaining that can be used to fund projects during the second half of GEF-4.

RESOURCES EXPECTED TO BE AVAILABLE IN GEF-4

7. The total resources available for allocating to countries and to the group for biodiversity and climate change depend on the expected overall resource envelope for the whole of GEF-4 and the agreed targeted distribution across the focal areas. As described in the initial public disclosure document, the initial allocations were based on an overall resource envelope of \$3.13 billion, as agreed under the GEF-4 replenishment. With the provision of \$120 million for the expected corporate budget, the total programmable resources initially available were \$3,010 million, of which \$1,000 million was targeted for biodiversity and \$1,000 million for climate change.⁴

8. The GEF Trustee has provided updated projections of the resources that are expected to be available in GEF-4 of \$3,309 million, based on the actual realized amounts through April 30, 2008, of \$1,841.1 million and an expected further amount of \$1,468 million during the remainder of GEF-4, as shown in Table 1. This reflects updated donor commitments, donor payments on these commitments, changes in investment income, and changes in exchange rates. The appreciation of foreign currencies with respect to the US dollar accounts for a significant portion of the projected increase in resources.

9. Three adjustments totaling \$209 million have been made to the updated expectations of GEF-4 resources of \$3,309 million which result in a level of expected GEF-4 programmable resources of \$3,100 million. First, the provision for the corporate budget has been reduced to \$93 million based on the November 2006 Council decision that eliminated the corporate budget of Implementing Agencies, effective July 1, 2007. Second, the Trustee has recommended creating a provision of \$60 million over the course of remainder of GEF-4 to minimize exchange rate risk that could reduce some of the anticipated gains in the overall resource envelope. Finally, \$56 million has been used to fund the Earth Fund (formerly Private Public Partnership) and has been deducted from the total resources to determine the level of GEF-4 programmable resources.

⁴ The actual amount available for programming and targeted allocations during the GEF-4 period may be higher or lower than the agreed replenishment level and is dependent on many factors, including donors formalizing their pledges to the GEF-4, the actual receipt and value of donor payments to the GEF Trust Fund, the actual investment income earned during the GEF-4 period and changes in the exchange rate.

10. The share of GEF-4 resources targeted for each focal area was agreed to as part of the GEF-4 replenishment. The updated expectations of GEF-4 programmable resources of \$3,100 million have been distributed across focal areas in proportion accordingly, as shown in Table 2. The targeted distribution for both biodiversity and climate change has increased from the initial target of \$1,000 million to \$1,030 million.

**Table 1: Resources Expected to be Available in GEF-4
As agreed in GEF-4 Replenishment and
Revised based on Trustee Estimates of April 30, 2008**

(Expressed in USD)

	as of July 1, 2006	as of April 30, 2008	Change	Breakdown between actual realized resources as of April 30, 2008 and expected from May 2008 to June 2010	
	GEF4	GEF4	GEF4	July 1 2006 to April 30, 2008	May 2008 to June 2010
	As agreed in GEF 4 Replenishment	Includes actual realized resources as of April 30, 2008 plus expected May 2008 to June 2010		Actual Amonts Realized from July 1 2006 to April 30, 2008	Expected Amonts to be Realized from May 1, 2008 to June 30, 2010
New donor contributions	2289.49	2689.60	400.11	1380.72	1308.88 a/
Investment Income	368.08	461.68	93.60	310.40	151.28 b/
Carryover	477.73	96.19	-381.54	87.99	8.20
Contribution Arrears	193.53	24.80	-168.73	16.60	0.00 c/
Deferred Contributions	214.20	1.39	-212.81	1.39	0.00 d/
Other carryover	70.00	70.00	0.00	70.00	0.00
Returned resources from cancelled projects		61.64	61.64	61.64	e/
Total	3135.30	3309.10	173.80	1840.75	1468.36
Provisions	120.00	152.97	32.97	84.63	68.34
Corporate Budget (GEFSEC, EO, STAP, Trustee)	93.50	92.97	-0.53	44.63	48.34 f/
Corporate Budget (IA FY08-10)	26.50	0.00	-26.50	0.00	0.00 g/
Reserve for Foreign Exchange risk		60.00	60.00	40.00	20.00 h/
Programmable resources	3015.30	3156.13	140.83	1796.12	1420.01
Earth Fund (PPP)		56.00	56.00	56.00	0.00
GEF4 Programmable resources	3015.30	3100.13	84.83	1740.12	1420.01 i/

Notes:

- a/ Total installment receivables of GEF04 valued at spot rates as of April 30, 2008.
- b/ Expected investment income @ 2.5% per annum
- c/ Arrears that are not expected to be received during GEF 4 replenishment period.
- d/ Deferred contributions are not expected to be released during the remaining GEF 4 replenishment period
- e/ Resources returned from cancelled projects and data reconciliation
- f/ Actual expenditures for FY08, Approved budget FY09, Expected proposals (FY10-FY11)
- g/ In November 2006, Council eliminated the corporate budget of the Implementing Agencies
- h/ Provision for Foreign exchange risk has been increased to \$60 million
- i/ \$1306.70 million has been approved for projects since the effective start date of GEF-4 up until April 30, 2008

**Table 2:
GEF-4 Targeted Allocation to Focal Areas, Corporate Programs, and Corporate Budget**

GEF Focal Areas and Corporate Program	Initial GEF-4 Allocations		Revised GEF-4 Allocations	
	Targeted Allocations (millions of USD)	Share of Resources to be Programmed	Targeted Allocations (millions of USD)	Share of Resources to be Programmed
Biological diversity	1000	33.2%	1030	33.2%
Climate change	1000	33.2%	1030	33.2%
International waters	355	11.8%	366	11.8%
Land degradation	300	10.0%	309	10.0%
Ozone layer depletion	40	1.3%	41	1.3%
Persistent organic pollutants	300	10.0%	309	10.0%
Corporate Programs	15	0.5%	15	0.5%
<i>Sub-total: GEF-4 Programmable Resources</i>	<i>3010</i>	<i>100.0%</i>	<i>3100</i>	<i>100.0%</i>
<i>Earth Fund (PPP)</i>	-		56	
Programmable resources	3010		3156	
Corporate budget	120		93	
Reserve for Exchange Rate Risk	-		60	
TOTAL	3130		3309	

ELIGIBILITY OF COUNTRIES FOR RAF ALLOCATIONS

11. Since the initial public disclosure of the initial indicative allocations of GEF-4 in September 2006, the eligibility of a number of countries for the climate change and biodiversity focal areas has changed.

12. Countries that become newly eligible for financing under the RAF in any focal area are immediately part of the corresponding focal area group and can collectively access the resources available to countries in that group. Since the initial public disclosure of initial allocations, two countries (Timor Leste and Montenegro) became eligible for GEF financing for both the biodiversity and climate change focal areas under the RAF. Accordingly, both countries were immediately part of the group in both focal areas and were able to access the resources available to countries in the group. Revised GEF-4 allocations have been determined for both of these countries, based on the GEF Benefits Index and GEF Performance Index as part of the mid-term reallocation.

13. Countries that become ineligible for RAF allocations during the first half of GEF-4 could not utilize their allocations from the date they become ineligible. Five countries (Estonia, Hungary, Latvia, Lithuania, and Poland) became ineligible for GEF funding under the RAF for both biodiversity and climate change during the first half of GEF-4.⁵ None of these countries had utilized any of the allocations available to them during the first half of GEF-4. The initial allocations of countries that become ineligible can be reallocated to other eligible countries as part of the mid-term reallocation.

⁵ Estonia, Hungary, Latvia and Lithuania have graduated from both the World Bank and UNDP technical assistance and hence are no longer eligible for GEF funding in biodiversity and climate change, effective September 17, 2006 for Estonia, April 13, 2007 for Hungary, and from April 2007 for Latvia and Lithuania, respectively. Poland informed the GEF Secretariat that it would like to voluntarily withdraw from being a recipient of GEF grants in a letter dated January 4th 2007.

ALLOCATIONS UTILIZED IN THE FIRST HALF AND THE CARRYOVER TO THE SECOND HALF OF GEF-4

14. As described in the initial public disclosure document, the initial targeted allocation of \$1,000 million for biodiversity was distributed as follows: \$753.2 million to 57 countries with individual allocation, \$146.8 million collectively for access by 93 countries in the group, and 5% of the targeted focal area allocation (\$50 million) for the global and regional exclusion and 5% of the targeted focal area allocation (\$50 million) as a contribution in support of the Small Grants Program, the cross-cutting capacity building program and the LDC/SIDs program.⁶

15. Similarly, as described in the initial public disclosure document, the initial targeted allocation of \$1,000 million for climate change was distributed as follows: \$751.4 million to 46 countries with individual allocation, \$148.6 million collectively for access by 115 countries in the group, and 5% of the targeted focal area allocation (\$50 million) for the global and regional exclusion and 5% of the targeted focal area allocation (\$50 million) as a contribution in support of the Small Grants Program, the capacity building program and the LDC/SIDs program.

16. Countries with individual allocation and the group could utilize up to 50 percent of the initial indicative allocations during the first half of GEF-4 and are allowed to carryover to the second half of GEF-4 50% of the initial indicative allocations, less whatever has been not been utilized in the first half. Annex 1 for biodiversity and Annex 2 for climate change show how the carryover amounts have been determined for each country and the group as follows:

- (a) Column 2 shows the total GEF-4 initial indicative allocations for individual allocation countries and the countries in the group.
- (b) Column 3 shows the allocations available to countries and the group during the first half of GEF-4, equal to 50% of the initial GEF-4 allocation.
- (c) Column 4 shows the allocations that have been actually utilized during the first half of GEF-4.
- (d) The difference between Column 3 and Column 4 is the amount that is carried over to the second half of GEF-4 and is shown in Column 5.

17. For biodiversity, the 57 countries with individual allocation utilized \$247.5 million out of \$377.2 million that was available to them during the first half of GEF-4. \$129.6 million were carried over for use by those countries that are still eligible during the second half of GEF-4.

18. In addition, one country (Suriname) that was initially in the group has an individual allocation for the remainder of GEF-4 in accordance with the RAF provision that at least 75% of

⁶ A reanalysis of the initial GEF-4 allocations conducted by the GEF Secretariat showed that a technical error in the computation of the performance index for 5 countries had resulted in a decrease of the initial biodiversity allocation of Congo by \$0.8 million and the biodiversity group by \$0.1million. The initial allocation of Congo and the group have been adjusted upward and the carryover amounts have been correspondingly increased to correct for this technical error as part of the mid-term reallocation.

the available resources be allocated to individual countries. Accordingly, Suriname is listed under individual allocation countries for the second half of GEF-4. Suriname had not utilized any of the group resources during the first half of GEF-4. A carryover amount of \$1.65 million (which is equal to 50% of the initial upper limit for countries in the group) has been added for Suriname out of the carryover amount for the group.

19. Similarly, out of the \$73.6 million that was available to the group during the first half of GEF-4, 42 countries in the group have utilized \$39.2 million while the remaining 53 countries did not utilize any of the group allocation. Therefore, \$34.4 million can be carried over for use by eligible countries in the group during the second half of GEF-4. Of this, \$1.7 million is transferred for Suriname which moves from the group to individual allocation based on the mid term reallocation, resulting in a group carryover of \$32.7 million.

20. Finally, \$7.9 million was utilized out of the \$25.0 million available under the global and regional exclusion and the remaining \$17.1 million has been carried over to the second half of GEF-4.

21. For climate change, the initial allocation for the 46 countries with individual allocation was \$751.4 million, of which \$375.7 million was available during the first half. 42 of these countries remain eligible for funding during the second half while 4 countries are no longer eligible.

22. The 42 countries that remain eligible had utilized \$245.5 million out of \$349.3 million that was available to them during the first half of GEF-4 and can carryover the unutilized amount of \$103.8 million to the second half of GEF-4.

23. The 4 countries that are no longer eligible (Hungary, Latvia, Lithuania, and Poland) had not utilized any of the \$26.4 million available during the first half of GEF-4. The full unutilized amount has been released for reallocation to the other eligible countries.

24. Four countries (Croatia, Serbia, Tunisia, and Turkmenistan) that were initially in the group have an individual allocation for the remainder of GEF-4 in accordance with the RAF provision that at least 75% of the available resources be allocated to individual countries. These countries are listed under individual allocation countries for the second half of GEF-4. None of the three countries had utilized any of the group resources during the first half of GEF-4. Each of these countries will have a carryover amount of \$1.55 million (which is equal to 50% of the initial upper limit for countries in the group) for a total of \$6.2 million.

25. Similarly, out of the \$74.3 million that was available to the group during the first half of GEF-4, only 9 countries in the group utilized \$7.2 million while the remaining 108 countries did not utilize any of the group allocation. After deducting the carryover amount of the 4 countries that have moved from the group to individual allocation of \$6.2 million during the second half of

GEF-4, \$60.9 million has been carried over to the second half of GEF-4 for access by the 112 remaining countries in the group.⁷

26. Finally, \$27.2 million was utilized for global and regional projects (mostly for the Special Program for Adaptation) compared to the target amount of \$25.0 million.⁸

RESOURCES AVAILABLE FOR REALLOCATION IN THE SECOND HALF OF GEF-4

27. The resources available for reallocation during the mid-term reallocation consists of the revised targeted allocations less the amounts that have been utilized (\$294.6 million biodiversity and \$279.9 million climate change) and the amounts carried over to the second half of GEF-4 (\$181.1 million biodiversity and \$168.6 million climate change).⁹ The total resources available for reallocation after these deductions are \$529.3 million for biodiversity and \$556.2 million for climate change.¹⁰

28. The available amounts have been reallocated to all eligible countries as of the beginning of the second half of GEF-4 based on updated GEF Benefits Index (GBI) and GEF Performance Index (GPI) indicators for all eligible countries after setting aside:

- (a) five percent to support the Small Grants, Cross-cutting Capacity Building, and the LDC/SIDS programs (\$26.5 million from biodiversity and \$27.8 million from climate change); and
- (b) five percent to support regional and global projects in the focal area (\$26.5 million for biodiversity and \$27.8 million for climate change).

29. As a result, the resources available for reallocation to countries and the group are \$476.3 million for biodiversity and \$500.6 million for climate change. The *Method for Determining Allocations* specified in GEF/C.27/Inf.8/Rev.1, *The GEF Resource Allocation Framework*, has been used to reallocate these resources to all eligible countries as described in the next few sections.

⁷ A reanalysis of the initial GEF-4 allocations conducted by the GEF Secretariat showed that a technical error in the computation of the performance index for 5 countries had resulted in a decrease of the initial climate change allocation of the group by \$0.1million. The initial allocation of the group has been adjusted upward and the carryover amount has been correspondingly increased to correct for this technical error as part of the mid-term reallocation.

⁸ Unlike individual and group allocations, the allocations available for utilization from the Global Regional Exclusion during the first half of GEF-4 is not limited to 50% of the initial GRE exclusion amount. The allocations available for approval during the second half are, however, adjusted by the \$2.2 million.

⁹ Individual allocation countries can carry over 50% of the initial allocation less the amounts utilized during the first half. The group can carryover 50% of the group allocation less the amount utilized by countries in the group. Four countries with individual allocations for climate change (Hungary, Latvia, Lithuania, and Poland) of \$52.9 million are no longer eligible. The associated carryover amount of \$26.4 million has been released for reallocation to other eligible countries. Ineligibility of countries in the group does not reduce carryover amounts since they do not have an allocation, just access to the group allocation. The carryover amounts for Congo Democratic Republic has been increased by \$0.4 million to adjust for a technical error in the computation of the initial allocations.

¹⁰ These amounts are considered to be the revised 50 % of the resources available for each focal area.

UPDATES TO GEF BENEFITS INDEX (GBI) AND UNDERLYING INDICATORS

30. Annexes 3 and 4 show the revised GBI for biodiversity and climate change for all eligible countries. The revised GBI was determined with the same set of indicators and weights as used in determining the initial GBI. All of the underlying indicators were reviewed for updated data. For ease of comparison, the Annex also shows the initial GBI for each country as well as the each country's share of total GBI for eligible countries.

31. The GBI for biodiversity was updated using updated values for all of the underlying indicators when available. The initial data for indicators were used when no updated data were available. The Represented Species Indicator was updated based on new range maps and taxonomic changes for amphibians and birds available from IUCN, CI and Birdlife International, and updated data on fish occurrences available from Fishbase.¹¹ There were no changes to the mammals, reptiles and plant data.¹² The Threatened Species Indicator was updated using the 2008 red list data available from IUCN for amphibians, birds, and mammals in conjunction with their range maps. There were no updates available for the Represented Ecoregion and Threatened Ecoregion indicators. The marine biodiversity score has been updated based on updated data on fish occurrences available from Fishbase.

32. For climate change, the baseline year for GHG emissions remains at the year 2000 to avoid perverse incentives that would result from using the current level emissions in accordance with Annex 2, paragraph 6 of the *Resource Allocation Framework*, Document GEF/C.27/Inf.8/REV.1.

33. The "carbon intensity adjustment factor" has been updated using emissions data from WRI and GDP data from the World Bank for the most recent 10 years (2004 relative to 1994) to provide continued incentives to improve emissions efficiency to countries.¹³

¹¹ Amphibian and mammal data provided by IUCN - International Union for Conservation of Nature, and available at www.iucnredlist.org. Fish data from Froese, R. and D. Pauly. Editors. 2008. FishBase. World Wide Web electronic publication. www.fishbase.org, version (06/2008). Birds data provided by Birdlife International and to be made available at : www.birdlife.org

¹² A major reassessment of mammals, which is currently underway, will only be available in the fall of 2008.

¹³ The initial allocations were determined based on a comparison of the 2002 and 1992. CO2 emissions are available annually. Non-CO2 emissions were only available for the years 1990, 1995 and 2000. The 1990 Non-CO2 emissions were used as an estimate of the 1992 and 1994 non-CO2 emissions in computing the carbon intensity for those years. Similarly, the 2000 Non-CO2 emissions were used as an estimate of the 2002 and 2004 non-CO2 emissions in computing the carbon intensity for those years.

UPDATES TO GEF PERFORMANCE INDEX (GPI) AND UNDERLYING INDICATORS

34. The GEF Performance Index (GPI) was updated using updated values for the four underlying indicators based on the 2007 IDA Resource Allocation Index from the World Bank,¹⁴ the Implementation Completion Reports (ICR) Ratings for World Bank Environment related projects and the GEF Project Implementation Report Ratings for GEF projects under implementation.

35. The link to the 2007 IDA Resource Allocation Index that is used in determining two of the four components of the GPI (the county environmental policy and institutions assessment component and the broad framework indicator component) is available at the following World Bank webpage <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:21359477~menuPK:2626968~pagePK:51236175~piPK:437394~theSitePK:73154.00.html>, in accordance with the public disclosure policy agreed by Council.

36. The World Bank OED Implementation Completion Reports (ICR) ratings used to determine the WBOED-ICR indicator have been updated based on environment-related projects during the past 10 years (1998-2008).

37. The 'GEF Portfolio Performance' Indicator was constructed from the 'Development Objective (DO)' and 'Implementation Progress (IP)' ratings for all GEF projects, submitted by GEF agencies between 2005 and 2007 for the annual monitoring review (AMR) of projects under implementation. This indicator is more robust compared to the indicator used to determine the initial allocations using the ratings for the years 1999 through 2004 on account of the significant increase in the number of active GEF projects that is rated annually. Beginning in 2005, the GEF started to use a 6 point rating scale instead of the 4 point rating scale used through 2004. As a result, the GEF project portfolio indicator is constructed by converting the ratings to a 6 point numerical scale and normalizing them to be consistent with the other indicators of the GPI.

REVISED INDICATIVE ALLOCATIONS FOR THE SECOND HALF WITH REALLOCATION

38. Country scores computed using the RAF formula with updated GEF Benefits Index (GBI) and GEF Performance Index (GPI) values of each country determine (a) the revised allocations available to each country, (b) whether a country receives an individual allocation or has collective access to the group allocation, and (c) the upper limit applicable to the countries in the group.¹⁵

39. The revised indicative allocations for the second half of GEF-4 are shown in column 6 of Annex 1 and 2 for all eligible countries with individual allocations in the biodiversity and the

¹⁴ IDA Resource Allocation Index indicators were not available for 5 countries (Antigua and Barbuda, Cuba, DPR Korea, Syria and Suriname). The latest available Rural Sector Performance Indicator from IFAD was used as a substitute for the Broad Framework indicator and the CEPIA indicators in accordance with Annex 3 paragraph 4(b) of GEF/C.27/Inf.8/Rev.1, *The GEF Resource Allocation Framework*

¹⁵ At least 75% of the expected focal area resources have to be allocated to individual allocation countries.

climate change focal areas respectively.¹⁶ These were determined by a reapplication of the RAF model using updated indicators for GBI and GPI to the resources expected to be available during the second half for reallocation as described in *Method for Determining Allocations* specified in GEF/C.27/Inf.8/Rev.1, *The GEF Resource Allocation Framework*. The Annexes also show the respective allocations for the countries in the group.

40. The revised indicative allocations of most countries in both focal areas have increased due to the increase in expected resources available to each focal area. However, the allocations of countries which have improved scores for performance (GPI) and/or benefits (GBI) have increased proportionately more than for other countries without improved scores in these indicators. The total allocations of the group remain about the same but there are fewer countries in the group, so the average per country has increased.

41. All countries with individual allocations continue to receive individual allocations in accordance with paragraph 21 of the Resource Allocation Framework.¹⁷ A number of countries in the group will have an individual allocation during the second half of GEF-4. They are Suriname for biodiversity and Croatia, Serbia, Tunisia and Turkmenistan for climate change. As a result of these changes, in the biodiversity focal area, 58 countries have an individual allocation and 89 countries are in the group. Similarly, in the climate change focal area, 46 countries have an individual allocation and 112 countries are in the group.

42. The total indicative allocations available to an individual allocation country during the second half of GEF-4 consisting of the reallocated amounts, plus any unused amounts that was carried over from the first half of GEF-4. Individual allocation countries can carry over to the second half of GEF-4 50% of the initial allocation less the amounts utilized during the first half.

43. The amount remaining for approval in second half of GEF-4 for each individual allocation country are shown in column 7 of Annex 1 for biodiversity and Annex 2 for climate change. For biodiversity, the 58 countries with individual allocation have \$535.2 million available for projects during the second half of GEF-4. Similarly, for climate change, the 46 countries with individual allocation have \$530.7 million available for projects during the second half of GEF-4.

44. Similarly, countries in the group could collectively utilize up to 50% of the initial allocation of the group during the first half of GEF-4 and can carry over to the second half of GEF-4 50% of the allocation of the group, less whatever has been utilized by the group countries in the first half.

¹⁶ The indicative allocations are not entitlements. Such allocations are an indication of the envelope of resources that are available to each country to finance projects (and associated project cycle management fees paid to Implementing and Executing Agencies) that meet GEF's strategic objectives and technical criteria, and approved in accordance with GEF procedures. The allocations for each focal area indicate the resources that may be requested by a country to finance single country or multi-country projects in the focal area. Countries with individual allocations may also utilize them to fund the small grants program or for cross-cutting capacity building projects.

¹⁷ This provision maintained the individual allocation status of Afghanistan, Cape Verde, Côte d'Ivoire and Uganda for biodiversity and Cambodia for climate change.

45. The amounts remaining for approval in the second half of GEF-4 for the group are also shown in column 7 of Annex 1 for biodiversity and Annex 2 for climate change. For biodiversity, there are 89 countries in the group with a revised allocation of \$144.3 million, resulting in an average allocation of \$1.62 million. Countries in the biodiversity group utilized \$39.2 million during the first half of GEF-4 and have \$105.1 million available for projects during the second half of GEF-4. Similarly, for climate change, there are 112 countries in the group with a revised allocation of \$148.0 million, resulting in an average allocation of \$1.32 million. Countries in the climate change group utilized \$7.2 million during the first half of GEF-4 and have \$140.8 million available for projects during the second half of GEF-4.

46. In addition, each country in the group can access resources up to the revised upper limit for countries during GEF-4. In accordance with paragraph 15 of the Resource Allocation Framework, the *upper limit* for any country in the group is set at the *adjusted allocation* of the highest-ranked country in the group. The mid-term reallocation has resulted in an increase in the upper limit for biodiversity from \$3.3 million to \$3.8 million. Similarly, the upper limit for climate change has been increased from \$3.1 million to \$3.3 million. A country in the group has available to it during the second half of GEF-4, no more than the revised upper limit less the amount that it has utilized during the first half of GEF-4. The availability of resources up to these limits also depends on the utilization of the group allocation by other countries in the group.

TOTAL INDICATIVE ALLOCATIONS AVAILABLE DURING SECOND HALF

47. The total indicative allocations available to countries and the group during the second half of GEF-4 (column 8) consists of the allocations carried over from the first half of GEF-4 (column 6) and the revised allocations for the second half of GEF-4 (column 7), as shown in Annex 1 for biodiversity and Annex 2 for climate change.

REVISED GEF-4 INDICATIVE ALLOCATIONS

48. The revised GEF-4 allocation of all eligible countries consist of 50% of the initial allocation (column 3)¹⁸ and the revised allocation for the second half of GEF-4 (column 6) are shown in Annex 1 for biodiversity and Annex 2 for climate change. The allocations that have been utilized during the first half and the indicative allocations remaining for utilization during the second half are shown in columns 3 and 7 of Annex 1 and 2 respectively.

PUBLIC DISCLOSURE OF ALLOCATIONS

49. The revised GEF-4 allocations based on the mid-term allocation have been disclosed to the Council, recipient countries, GEF agencies and the public in accordance with the agreed Council decision on disclosure through *GEF-4 Indicative Resource Allocations for the Biodiversity and Climate Change Focal Areas Based on the Midterm Reallocation* as follows:¹⁹

¹⁸ This is also shown in column 4 and 5 as the utilized and carryover amounts.

¹⁹ Annex I, Para 2c, Joint Summary of the Chairs, Special Meeting of the Council August 31-September 1, 2005.

- (a) The revised indicative allocations for the GEF-4 replenishment period for each country and the group, after the mid-term reallocation.
- (b) The revised GEF Benefits Index (GBI) for all countries and the percentage share of GBI accounted for by each country in the revised GBI.

The web link to the World Bank’s “IDA Resource Allocation Index”, which is used to determine two of the indicators in the GEF Performance Index (GPI) is

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,.contentMDK:21359477~menuPK:2626968~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>²⁰

²⁰ The formerly used Country Policy and Institutional Assessment (CPIA) has now been renamed “The IDA Resource Allocations Index” by the World Bank.

**ANNEX 1. GEF-4 INDICATIVE ALLOCATIONS FOR BIODIVERSITY: DETERMINATION OF
ALLOCATIONS AVAILABLE FOR PROGRAMMING DURING REMAINDER OF GEF-4**

In Million USD						
	GEF-4	1st half of GEF-4		2nd half of GEF-4		
	Initial Allocation	Allocations Available	Allocations Utilized	Carried over from 1st half	Revised 2nd half Allocation	Total Allocations Available 2nd half
Countries with Individual Allocation	754.3	377.2	247.488	131.310	403.9	535.160
Countries in the Group	147.1	73.6	39.204	32.696	72.4	105.096
Global Regional Exclusion	50.0	25.0	7.895	17.105	26.5	43.605
Total for Biodiversity *notes 4, 5 & 6	951.4	475.7	294.587	181.113	502.8	683.863
Individual Allocation Country						
Afghanistan	3.5	1.8		1.750	1.5	3.200
Algeria	3.7	1.9	0.224	1.626	2.1	3.726
Argentina	14.5	7.3	1.050	6.200	7.9	14.050
Bolivia	11.4	5.7	0.200	5.500	5.9	11.400
Brazil	63.2	31.6	27.876	3.724	35.0	38.724
Cameroon	11.9	6.0	2.790	3.160	5.3	8.410
Cape Verde	4.1	2.1		2.050	1.7	3.700
Chile	15.7	7.9	6.729	1.121	8.3	9.421
China	44.3	22.2	23.245	-1.095	25.2	24.105
Colombia	36.6	18.3	14.200	4.100	20.4	24.450
Congo DR	10.4	5.2		5.200	6.7	11.850
Costa Rica	12.0	6.0	5.812	0.188	5.9	6.088
Côte d'Ivoire	3.6	1.8	0.150	1.650	1.6	3.250
Cuba	14.7	7.4	6.482	0.868	7.7	8.568
Dominican republic	5.8	2.9	0.918	1.982	3.0	4.932
Ecuador	23.2	11.6	9.912	1.688	12.4	14.038
Egypt	4.3	2.2	0.100	2.050	2.2	4.200
Ethiopia	7.7	3.9	0.150	3.700	4.3	7.950
Fiji	5.1	2.6	0.100	2.450	2.3	4.750
Guatemala	8.2	4.1	4.501	-0.401	4.2	3.749
Haiti	4.1	2.1	0.250	1.800	2.2	4.000
Honduras	6.8	3.4	2.434	0.966	3.5	4.466
India	29.6	14.8	7.040	7.760	15.2	22.960
Indonesia	41.4	20.7	15.952	4.748	23.9	28.598
Iran	6.7	3.4	2.061	1.289	3.5	4.739
Jamaica	5.1	2.6	1.375	1.175	2.6	3.775
Kazakhstan	5.5	2.8	2.702	0.048	2.9	2.948
Kenya	7.9	4.0	2.364	1.586	4.4	5.986
Laos	5.2	2.6		2.600	2.8	5.350
Madagascar	24.2	12.1	0.700	11.400	12.8	24.200
Malawi	4.2	2.1	0.343	1.757	2.2	3.907
Malaysia	15.2	7.6	3.720	3.880	8.0	11.880
Mauritius	5.6	2.8	4.850	-2.050	2.6	0.500

Annex 1

Mexico	54.6	27.3	18.005	9.295	28.0	37.295
Mongolia	3.8	1.9	1.903	-0.003	2.3	2.247
Morocco	4.3	2.2	0.100	2.050	2.4	4.400
Mozambique	6.8	3.4	0.180	3.220	3.4	6.620
Namibia	6.5	3.3	0.390	2.860	3.3	6.110
Nicaragua	4.0	2.0	1.994	0.006	2.1	2.056
Nigeria	5.6	2.8		2.800	2.9	5.650
Pakistan	5.1	2.6	1.194	1.356	2.8	4.106
Panama	11.2	5.6	0.200	5.400	5.9	11.250
Papua New Guinea	12.5	6.3	3.995	2.255	7.1	9.305
Peru	25.3	12.7	11.473	1.177	13.1	14.277
Philippines	21.3	10.7	8.561	2.089	12.6	14.689
Russia	25.3	12.7	9.462	3.188	13.0	16.188
Seychelles	5.3	2.7	2.180	0.470	2.3	2.770
South Africa	22.5	11.3	10.570	0.680	11.2	11.830
Sri Lanka	6.4	3.2	0.960	2.240	4.0	6.240
Sudan	4.3	2.2		2.150	2.3	4.400
Suriname	was in group			1.650	2.0	3.600
Tanzania	12.8	6.4	4.265	2.135	6.9	8.985
Thailand	9.2	4.6	5.234	-0.634	5.1	4.466
Turkey	6.1	3.1	3.902	-0.852	3.5	2.648
Uganda	4.0	2.0	0.883	1.117	1.9	3.017
Venezuela	16.7	8.4	8.000	0.350	9.0	9.300
Vietnam	10.2	5.1	5.129	-0.029	5.8	5.771
Zambia	5.1	2.6	0.680	1.870	2.2	4.070
Total for individual allocation countries	754.3	377.2	247.488	131.310	403.9	535.160

Notes: 1. Countries in group only have collective access to group resources and are subject to the revised upper limit of \$3.8 million in GEF-4.

2. Suriname initially was in the group but has an individual allocation for the remainder of GEF-4. A carryover amount of \$1.65 million, equal to half of the initial upper limit for the group has been provided from the group carryover.

3. Afghanistan, Cape Verde, Côte d'Ivoire and Uganda would have been part of the group based on revised GBI and GPI scores but will continue to have an individual allocation since it had an individual allocation during the 1st half of GEF-4.

*4. The total amount allocated for biodiversity initially was \$1000 million, of which \$50 million was set aside for SGP and LDC/SIDs programs, leaving \$950 million available for allocation to individual countries, group countries and global and regional exclusion.

*5. The difference of \$1.4 million between the expected \$950 million available and the actual initial allocation of \$951.4 million corrects errors in the initial allocations

*6. The corresponding amounts under revised allocations are \$1030 million, of which \$51.5 million was set aside for SGP and LDC/SIDs programs, leaving \$978.5 million available for allocation to individual countries, group countries and global and regional exclusion.

ANNEX 2. GEF-4 INDICATIVE ALLOCATIONS FOR CLIMATE CHANGE: DETERMINATION OF ALLOCATIONS AVAILABLE FOR PROGRAMMING DURING REMAINDER OF GEF-4

In Million USD						
	GEF-4	1st half of GEF-4		2nd half of GEF-4		
	Initial Allocation	Allocations Available	Allocations Utilized	Carried over from 1st half	Revised 2nd half Allocation	Total Allocations Available 2nd half
Countries with Individual Allocation	751.4	375.7	245.493	109.957	420.7	530.6570
Countries in the Group	148.6	74.3	7.187	60.913	79.9	140.8130
Global Regional Exclusion	50.0	25.0	27.249	-2.249	27.8	25.5510
Total for Climate Change (*4 & *5)	950.0	475.0	279.929	168.621	528.4	697.0210
Individual Allocation Country						
Algeria	7.6	3.8		3.800	5.5	9.250
Argentina	13.3	6.7	1.050	5.600	7.9	13.450
Azerbaijan	4.1	2.1		2.050	3.9	5.950
Bangladesh	6.7	3.4	1.091	2.259	4.0	6.259
Belarus	7.9	4.0	0.400	3.550	4.4	7.950
Bolivia	3.1	1.6	1.100	0.450	1.9	2.300
Brazil	38.1	19.1	15.039	4.011	22.4	26.361
Bulgaria	8.5	4.3	0.300	3.950	4.6	8.500
Cambodia	3.3	1.7	0.300	1.350	1.1	2.450
Chile	6.1	3.1	2.976	0.074	3.6	3.674
China	150.0	75.0	76.964	-1.964	79.5	77.536
Colombia	8.9	4.5	1.100	3.350	5.8	9.150
Croatia	was in group			1.550	1.7	3.250
Cuba	4.2	2.1	0.135	1.965	2.3	4.215
Egypt, Arab Rep.	11.5	5.8	0.200	5.550	6.1	11.600
Ethiopia	4.9	2.5	0.100	2.350	2.7	5.050
Hungary	8.2	4.1				
India	74.9	37.5	35.754	1.696	38.6	40.246
Indonesia	16.3	8.2	9.363	-1.213	10.2	8.987
Iran, Islamic Rep.	16.5	8.3	6.924	1.326	9.7	11.026
Kazakhstan	13.5	6.8	0.150	6.600	8.5	15.050
Kenya	3.4	1.7	0.130	1.570	2.3	3.870
Korea, Dem. Rep.	6.4	3.2		3.200	3.8	6.950
Latvia	3.2	1.6				
Lithuania	3.4	1.7				
Malaysia	11.3	5.7	5.783	-0.133	6.2	6.017
Mexico	28.3	14.2	12.640	1.510	17.5	18.960
Morocco	3.8	1.9	0.100	1.800	2.6	4.400
Nigeria	9.3	4.7		4.650	6.7	11.300
Pakistan	13.2	6.6	2.475	4.125	6.2	10.275
Peru	4.6	2.3		2.300	2.6	4.900

Philippines	6.6	3.3		3.300	4.7	8.000
Poland	38.1	19.1				
Romania	13.9	7.0	0.300	6.650	8.6	15.200
Russian Federation	72.5	36.3	32.366	3.884	50.9	54.734
Serbia	was in group			1.550	2.0	3.500
Slovak Republic	5.7	2.9	1.078	1.772	3.5	5.272
South Africa	23.9	12.0	12.007	-0.057	14.6	14.543
Sudan	5.7	2.9		2.850	3.6	6.400
Syrian Arab Republic	4.9	2.5	0.125	2.325	2.5	4.825
Tanzania	4.8	2.4		2.400	3.0	5.350
Thailand	14.7	7.4	4.632	2.718	9.0	11.718
Tunisia	was in group			1.550	2.0	3.500
Turkey	17.5	8.8	6.173	2.577	10.7	13.227
Turkmenistan	was in group			1.550	1.7	3.250
Uganda	3.1	1.6	0.300	1.250	1.7	2.900
Ukraine	18.9	9.5	9.429	0.021	14.5	14.521
Uzbekistan	9.3	4.7	3.740	0.910	6.2	7.110
Venezuela, RB	8.8	4.4	0.038	4.362	6.0	10.362
Vietnam	8.5	4.3	1.231	3.019	4.3	7.319

Note: 1. Countries in group only have collective access to group resources and are subject to the revised upper limit of \$3.3 million in GEF-4

2. Croatia, Serbia, Tunisia and Turkmenistan were initially in the group but have an individual allocation for the remainder of GEF-4. A carryover amount of \$1.55 million for each of the three countries, equal to half of the initial upper limit for the group has been included.

3. Cambodia and Uganda would have been part of the group based on revised GBI and GPI scores but will continue to have an individual allocation since they had an individual allocation during the 1st half of GEF-4

4. The total allocated for climate change initially was \$1000 million, of which \$50 million was set aside for SGP & LDC/SIDs programs, leaving \$950 million available for allocation to individual countries, group countries and global and regional exclusion.

5. The corresponding amounts under the revised allocation are \$1030 million, of which \$51.5 million was set aside for SGP and LDC/SIDs programs, leaving \$977 million available for allocation to individual & group countries and global and regional exclusion.