

MID-TERM REVIEW OF THE GEF RESOURCE ALLOCATION FRAMEWORK

RAF Allocations and Utilization

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Contents

Overview of RAF Allocation and Utilization	3
1 Country Allocations.....	3
1.1 Distribution of allocations by region and constituency	3
1.2 Distribution by RAF allocation category	5
1.3 Allocations for special categories of countries	7
1.4 Historic use of GEF resources	8
1.5 Reallocation	11
2 Portfolio Overview	12
2.1 Resource utilization.....	12
2.2 Agency distribution.....	14
2.3 Project modalities.....	16

See also other Technical Papers:

#1. Methodology and Context

#2. Design of the RAF

#4. Implementation of the RAF

#5. Delphi Study of the GEF's Resource Allocation Framework Benefits and Indices

The RAF allocates funds to individual countries and to a group of countries. This paper presents an overview of RAF allocations, and analyzes to whom funds were allocated and reallocated at midpoint, and how these allocations compare to historical GEF support.

The first section responds to key questions on design and implementation, in particular key question 7 on the observable changes in GEF programming from GEF-3 to GEF-4, and how current allocations compare with historical commitments during previous replenishment periods. Section 2 discusses how the allocations are being used, in terms of approved portfolio of projects and pipeline of proposals.

1. Country Allocations

In **biodiversity**, the initial allocation provided 57 countries in the biodiversity focal area with individual allocations. These 57 countries received 75.3% of the total focal area funds (a total of M\$753.2)¹. This was part of the negotiation of the RAF; the highest-ranked countries whose cumulative allocations equal 75 percent of the focal area resources receive country specific *indicative allocations*. The country with the highest ranking and allocation is Brazil with M\$63.2, while Afghanistan is the one with the lowest individual allocation, with M\$ 3.5. Of the 150 eligible countries, the 93 without indicative allocations receive a *group allocation* of M\$146.8.

In **climate change**, 115 countries (of 161 eligible countries), share the M\$148.6 in the group allocation. Of the 46 indicative countries (namely those receiving individual allocations), China is the top allocated country at the ceiling of 15% of climate change resources, with M\$150, and the last is Uganda with 3.09M US\$. **Table 1** shows the number of countries and allocations, without global and regional resources, as well as past resource utilization for the two categories (individual and group allocation).

Table 1: Allocation comparison*	BD RAF adj alloc		BD pilot-GEF 3		CC RAF adj alloc		CC pilot-GEF 3	
	#	M\$	#	M\$	#	M\$	#	M\$
Ind	57	753 (84%)	57	1347 (74%)	46	751(83%)	45	1557 (82%)
Grp	93	147 (16%)	90	481 (26%)	115	149 (17%)	98	331 (18%)
Total	150	900	147	1828	161	900	143	1888

* ind=individual allocation,, grp= group all, assuming adjusted allocation.

1.1 Distribution of allocations by region and constituency

As a *mathematical* model, the RAF formula reflects some degree of consistency with GEF historical resource allocations, with most consistency for biodiversity individual allocation countries. As can be seen in the **Figure 1** scattergram, plotting individual country allocations in a logarithm yields close to parallel trendlines² between RAF, GEF-3 and historical allocations.

The resources allocated to the group countries under the RAF have been designed differently to the indicative countries. The group allocation to a country is not proportional to the country score, so that trend patterns cannot be analyzed in the same way. The uncertainty of what countries may access under the group allocation makes it difficult to compare with the

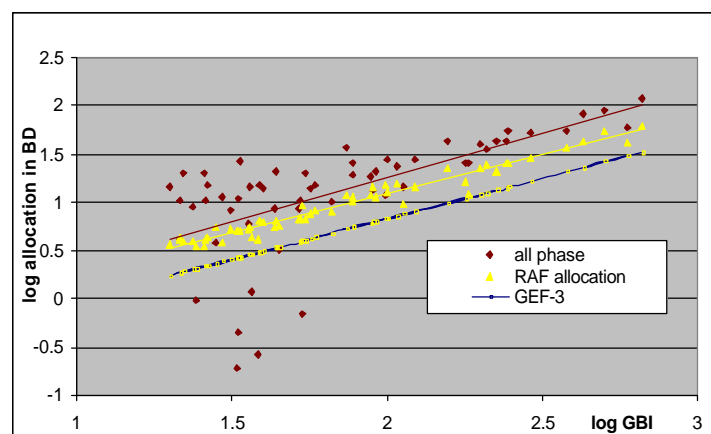
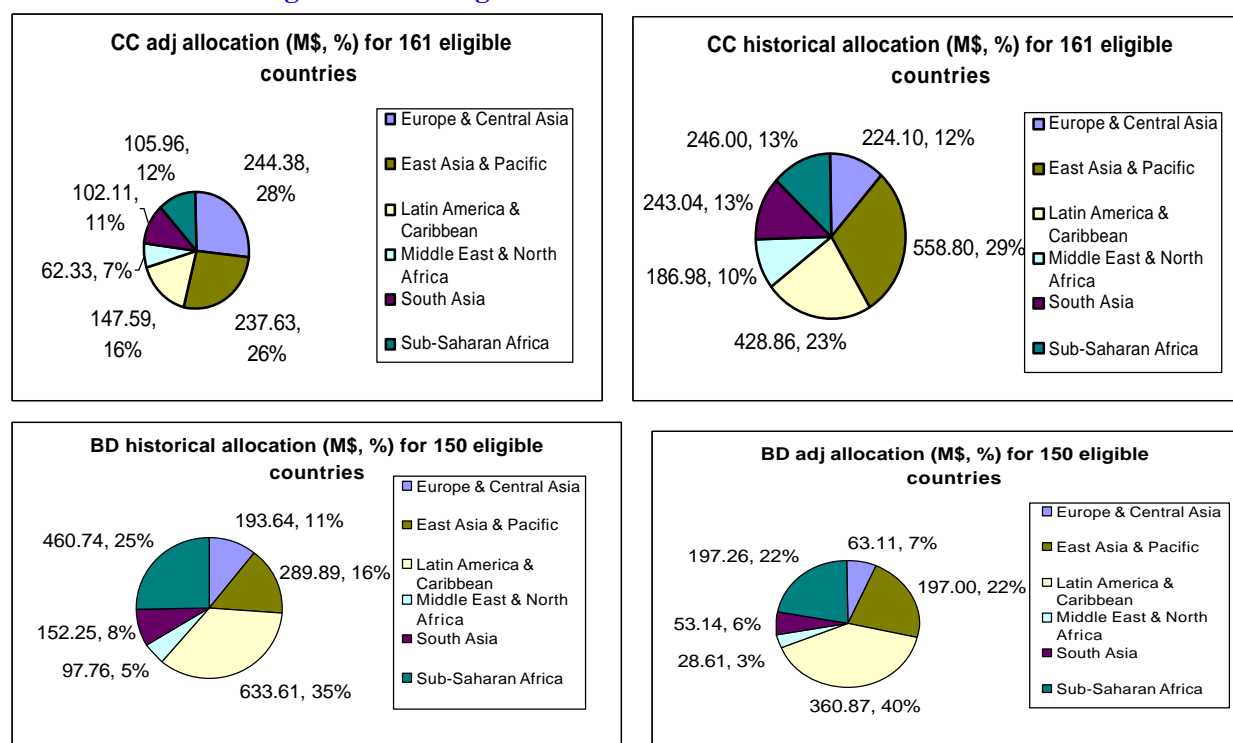


Figure 1: Logarithm match with past allocation

past. Although all the group countries are put together in one pool, they all had a score and an allocation which reflect their potential environmental benefits and performance. The analysis in this paper uses this *preliminary allocation* (before the calculation of which countries get 75% of the resources, and which do not and receive group allocation). This does not mean, of course, that the countries will receive that exact amount. In other cases, the review makes an estimate of 1 million US\$ for each group country.

While the *overall* trend pattern matches the historical utilizations, it conceals differences for specific countries and regions, as it would be impossible for a formula to yield a perfect match. The largest allocations, by RAF type and region, have been assigned to individual climate change allocations in Europe and Asia, and individual biodiversity allocations in Latin America, as illustrated in **Figures 2 a-d**. In climate change, Eastern Europe and the CIS have gained in relative share of climate change funds (from 12% to 28%), while Latin America and the Caribbean (LAC) region has decreased its share in climate change (from 23% to 16%) but gained in biodiversity.

Figures 2 a-d: Regional shares of resources: Historic and RAF



Individual allocation countries. There is some match between the share of resources historically and the RAF regionally and per constituency. For more accuracy, the shares for the indicative allocation countries in different constituencies are relatively similar to the past, and more comparable, as the RAF allocation is fixed per country. As seen in **table 2**, among the countries with individual allocations, the increase in climate change Europe countries is offset by decrease in shares for LAC, Asia and North Africa and the Middle East (MENA) region. In biodiversity, the percentage changes are smaller for the individual countries, and most receive exactly or approximately the same shares of resources as in the past.

Table 2: RAF individual adjusted allocation and share by constituency	Allocation (M\$; %) for 46 indicative climate change countries				Allocation (M\$; %) for 57 indicative biodiversity countries			
	Past CC		RAF CC		Past BD		RAF BD	
	M\$	%	M\$	%	M\$	%	M\$	%
Latin America	354	23%	111	15%	539	40%	303	40%
Asia	761	49%	328	44%	352	26%	202	27%
Europe and CIS	176	11%	225	30%	85	6%	37	5%
East & South Africa	88	6%	46	6%	222	16%	117	16%
West & Central Africa	26	2%	9	1%	65	5%	35	5%
North Africa/Middle East	132	8%	28	4%	40	3%	12	2%
Caribbean	19	1%	4	1%	17	1%	30	4%
Pacific SIDS	0	0%	0	0%	26	2%	18	2%
Total	1,557	100%	751	100%	1,347	100%	753	100%

Group allocation countries. Within the group allocation it is less certain what a country can access. **Table 3** shows past utilization (in million US\$) for climate change and biodiversity for group countries. Under the RAF, it shows two scenarios, the first (column 1) is the adjusted allocation (what these countries accumulate before they are placed in the group); and the second (column 2) is that they get exactly one million US\$ each, a lower total amount. For example, if ten Asian group countries receive 1MUS\$ each in climate change, that would correspond to one percent of focal area resources. The *likely* utilization will of course differ from these scenarios; the actual utilization in terms of approvals until GEF-4 midpoint (last two columns) is currently too low for a useful estimate.

Table 3: Group adjusted allocation by constituency in M US\$	Allocation (M\$) for 115 group CC countries			Allocation (M\$) for 93 group BD countries			GEF-4 utilization	
	past	(1) RAF(adj)	(2) 1M\$	past	(1) RAF(adj)	(2) 1M\$	115 CC	93 BD
Latin America	43.58	14.83	9	38.27	6.52	3	1.84	2.41
Asia	43.98	12.94	10	65.75	16.83	8	0.00	2.04
Europe and CIS	48.06	21.61	15	108.51	26.21	23	0.99	14.20
East & South Africa	55.52	20.42	15	41.80	11.32	8	1.01	1.54
Caribbean	12.56	17.31	15	38.89	21.30	12	0.10	5.47
West & Central Africa	76.25	31.48	25	132.73	35.27	21	0.00	4.60
North Africa/Middle East	44.92	16.02	12	48.89	8.71	6	1.10	2.71
Pacific SIDS	6.12	14.00	14	6.26	20.63	12	1.08	6.26
Total	331.00	148.62	115	481.10	146.80	93	6.11	39.21

1.2 Distribution by RAF allocation category

The type of RAF allocation, namely the distinction between individual or group allocation, is now more important than the traditional regional distribution in shaping the resource pattern of GEF resources. New country “groups” are emerging with the introduction of the RAF; and the emerging picture is a composite quilt, with a diverse mix of country categories. This mix influences regional cooperation and means that regions require diversified support. The world map of allocations (below) which illustrates the composite nature of the allocations; with, for example, Paraguay and Uruguay in the group allocation surrounded by large individual allocation countries in both focal areas; and the mixed picture in Africa and in Southeast Asia.



The different RAF allocation types are:

- a. Countries with **individual allocation in both focal areas** are “the big recipients” (31 countries, 19% of 161). This is the most diverse group regionally. These countries are found in Africa (22% of 31), Latin America and the Caribbean (29%); Asia (26%); and 26% in MENA and Europe together. However, the level of resources varies considerably, from 14 to 16 countries with allocations between 3-10 million US\$, and five countries with more than 50 M US\$. See **table 4** on allocation bands for details. These countries accumulate 549.7 M in biodiversity (61% of 900M allocated to countries) and 608.9 M US\$ (68% of 900M US\$) in climate change. Their historical shares are 54% of biodiversity and 73% of climate change resources.
- b. The **biodiversity countries** have individual allocations in biodiversity and group allocation in climate change (26 countries, 16% of 161). They are evenly distributed between Africa (11) and Latin America (10). This category of countries also has the proportionately highest representation of SIDS (7 of 26). These countries accumulate 195.6 MUS\$ (22% of 900M US\$ allocated to countries) of GEF-4 biodiversity country funds, compared to 20% of biodiversity (and 6% of climate change) historical resources.
- c. The **climate change countries** with individual allocations in climate change and group allocation in biodiversity (15 countries, 9%). This group is dominated by countries in the Europe and CIS region (10). These countries accumulate 142.5 M US\$ (16% of 900M US\$) in climate change, compared to 9% over past replenishment phases.
- d. The **group allocation countries** in both focal areas are the largest category by far (78, 48% of all eligible countries). Of these, 30 (39%) are from Sub-Saharan Africa, and 30 countries (with four overlapping Africa) are SIDS. Another 12 are from Eastern Europe. Three countries in Latin America (Paraguay, El Salvador, and Uruguay); four countries in Asia and five countries in the MENA region are

part of the group allocation³. Historically, they accessed 326.2M US\$ in climate change (share of 17%), and 485.9 M US\$ (share of 27%) in biodiversity.

e. Countries with **only climate change group allocation**, and no biodiversity allocation (11 countries, mainly new to the GEF, mainly in the Arab States (7)⁴).

Table 4: Allocation bands per type of RAF allocation for individual allocation countries

Allocation in M US\$	Biodiversity	Climate change
Individual allocation in both focal areas: 31 countries		
above 50M	Mexico, Brazil (2 countries)	China, Russia, India (3)
20-50 M	Philippines, South Africa, Peru, Russia, India, Colombia, Indonesia, China (8)	Brazil, Mexico, South Africa (3)
10-20 M	Argentina, Chile, Cuba, Bolivia, Malaysia, Tanzania, Venezuela, Vietnam (8)	Egypt, Pakistan, Kazakhstan, Turkey, Iran, Thailand, Argentina, Malaysia, Indonesia (9)
6-10 M	Ethiopia, Iran, Kenya, Thailand, Turkey (5)	Algeria, Chile, Colombia, Nigeria, Philippines, Vietnam, Venezuela (7)
3-6 M	Algeria, Egypt, Kazakhstan, Nigeria, Morocco, Pakistan, Sudan, Uganda (8)	Bolivia, Cuba, Ethiopia, Kenya, Morocco, Peru, Sudan, Tanzania, Uganda (9)
Mixed allocation	Individual allocation in biodiversity: 26 countries	Individual allocation in climate change: 15 countries
10-30 M	Cameroon, Costa Rica, Ecuador, Madagascar, Papua New Guinea, Panama (6)	Poland, Romania, Ukraine (3)
6-10 M	Congo, Dem. Rep. (Zaire), Guatemala, Honduras, Namibia, Mozambique, Sri Lanka (6)	Bangladesh, Bulgaria, Belarus, Hungary, North Korea, Uzbekistan (6)
3-6 M	Cape Verde Dominican Republic, Mauritius, Zambia, Laos, Fiji, Jamaica, Afghanistan, Côte d'Ivoire, Haiti, Malawi, Mongolia, Nicaragua, Seychelles (14)	Azerbaijan, Cambodia, Lithuania, Latvia, Slovak Republic, Syria (6)

1.3 Allocations for special categories of countries

The regional distribution conceals specific needs and country circumstances. **The majority of countries in special circumstances - least developed, crisis, small states – for part of the group allocation⁵.** Based on **table 5** below, in climate change, 97% of the 35 Small Island Developing States (SIDS) receive group allocations; and 88% of 48 least developed countries (LDCs) are group allocation countries. The other country categories, 87% of fragile states; 88% of Heavily Indebted Poor Countries (HIPC); and 75% of landlocked countries, fall into the group allocation category in both focal areas.

Table 5: All countries: Country classification*

Table 5: RAF adjusted allocation and country count by classification	161 CC countries						150 BD countries					
	count			allocation M\$			count			allocation M\$		
	all	ind	grp	all	ind	grp	all	ind	grp	all	ind	grp
Fragile	30	4	26	56.35	27.64	28.707	30	8	22	86.21	48.33	37.87
HIPC	40	5	35	67.90	21.55	46.353	40	16	24	164.69	124.08	40.61
SIDS	35	1	34	40.56	4.25	36.311	35	9	26	110.05	62.29	47.76
LDC	48	6	42	80.36	28.44	51.919	48	13	35	154.84	95.63	59.2
LandLocked	36	9	27	98.63	59.86	38.763	35	9	26	87.64	50.48	37.16

* Assumes adjusted allocations for group allocation countries.

In biodiversity, more countries in special circumstances receive individual allocations, but the majority is still part of the group allocation (74% of SIDS; 60% of LDCs, HIPC and of landlocked countries; 73% of fragile states). Supporting data and definitions are available in the statistical annex.

The majority of RAF funding goes to countries with lower middle income low income per capita annually⁶. Of 161 countries, 33% (53) are lower middle income, and 32% (51) are low income, assuming that the 75 group allocation countries (of 107) in these two categories obtain 1 million US\$ (See **table 6**). High income countries have a GNI per capita of \$11,456 or more, with Singapore at the top among GEF eligible countries with 29,320 US\$ (2006). However, all of the 16 high-income⁷ countries receive group allocations only. The relatively largest share of funds goes to upper middle income countries (in biodiversity 38% of funds to upper-middle income which is 23% of all countries, and in climate change 34% of funds to 25% of countries). Low income countries receive 23% of biodiversity funds and 25% of climate change funds to countries (and LDCs 17% and 9%), *assuming* they access the equivalent to their adjusted allocation.

Table 6: Allocations for income categories of countries

Table 6*	161 countries in CC				150 countries in BD			
Income group	count	ind	grp	allocation M\$	count	ind	grp	allocation M\$
Upper middle income	37	17	20	339.24	36	14	22	304.78
Lower middle income	53	16	37	335.91	53	23	30	359.85
Low income	51	13	38	203.77	51	20	31	221.65
High income: OECD	1	0	1	1.00	1	0	1	2.89
High income: non-OECD	15	0	15	16.07	5	0	5	6.82
Not available	4	0	4	4.00	4	0	4	4.00
Total	161	46	115	900.00	150	57	93	900.0

* Assumes adjusted allocations for group countries.

1.4 Historic use of GEF resources

There are three ways of comparing historical with current allocations; (a) with relative *ranking* – whether the order is the same of what countries get, compared to others; (b) with *shares* of total allocations per country; and (c) actual *amounts* - whether the amount of funds that countries get is similar⁸.

On *average*, as a *category*, individual allocation countries have seen an increase of potential funding under RAF, while group allocation countries would receive on average a bit less (assuming they receive 1 million US\$ each). There are, however, considerable variations. A detailed table with aggregate historical allocations and RAF allocations per country is featured in the statistical annex, summarized in **table 7**.

Table 7. Summary of average historical utilization by country in GEF-3

Focal area	Country type	Median (US\$M)	Average Mean (US\$M)	Standard deviation (US\$M) ⁹	Number of countries ¹⁰	GEF-4 Average Mean (US\$M)
Biodiversity	all	0.7	3.8	6.5	166	6.0
	individual	4.8	7.6	9.2	57	13.2
	group	0.3	2.1	3.3	93	1.6
Climate change	all	0.2	4.0	10.4	166	5.6
	individual	3.8	10.7	17.4	46	16.3
	group	0.2	1.5	3.0	115	1.3

Comparative ranking

The RAF approximates the relative ranking of countries with the ranking of GEF historical allocations; more so for biodiversity than for climate change; and more so for the top ranked and the lower ranked countries. When comparing historical utilization to current RAF allocations, several patterns emerge.

First, there is a relatively good match in ranking between in RAF allocation and the historical utilization per country. The top four recipients of biodiversity RAF allocations are the same as for historical allocations (Brazil, Mexico, China, and Indonesia) and the top two for climate change are the same. For all past phases, all but three of the top twenty in RAF biodiversity allocation ranking were also in the top twenty historically, and twelve of twenty countries in climate change are the same. See **table 8** below.

Table 8. Top ten recipients of GEF assistance under RAF and Historically (Pilot to GEF-3)

	Top 10 RAF CC allocation	Total Amount M US\$	Top 10 CC historical allocation	Total Amount M US\$	Top 10 RAF BD allocation	Total Amount M US\$	Top 10 BD historical allocation	Total Amount M US\$
1.	China	150.0	China	336.58	Brazil	63.2	Brazil	121.69
2.	India	74.9	India	185.52	Mexico	54.6	Mexico	91.68
3.	Russia	72.5	Brazil	134.38	China	44.3	China	83.22
4.	Brazil	38.1	Mexico	132.22	Indonesia	41.4	Indonesia	59.12
5.	Poland	38.1	Egypt	69.08	Colombia	36.6	Russia	56.51
6.	Mexico	28.3	Philippines	68.28	India	29.6	Colombia	54.75
7.	South Africa	23.9	Morocco	57.53	Russia	25.3	India	52.96
8.	Ukraine	18.9	Poland	54.39	Peru	25.3	Philippines	43.66
9.	Turkey	17.5	Indonesia	48.91	Madagascar	24.2	South Africa	43.20
10.	Iran	16.5	Vietnam	35.39	Ecuador	23.2	Peru	42.76

In climate change, five of the top ten recipients are new (and five have dropped further down in rank of size of allocation, but all receive individual allocations). In biodiversity, only two of the top ten countries are new. There is also a general match between the group allocation countries and countries with historical *low* allocations. For the countries in between, with a medium-level individual allocation, there is general correspondence in relative ranking, but also movement up or down for several countries. It would be virtually impossible, statistically, to fully match past ranking. As the group allocation countries all receive in principle the same amount under RAF, no comparative ranking can be derived.

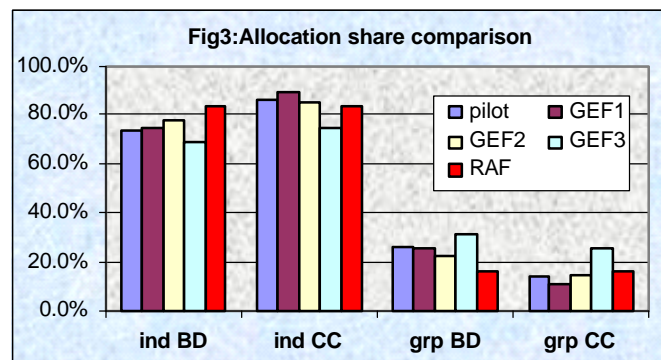
Comparative shares

Because the value of nominal US dollars amounts has decreased over time, comparison by share of resources in a period is a more accurate measure. The top three countries of 150 biodiversity countries account for almost 16% of the total past allocation (they now account for 18% of 900M US\$ in biodiversity). The top 17% of countries (i.e. the 25 countries with largest past biodiversity allocations) account for 54% of the total resources used over 1991-2006.

In biodiversity, the shares per country reflect past shares of focal area utilization relatively well. Brazil with 7.0% of RAF biodiversity funds had 6.8% in the past, Mexico with 6.0% had 5.1%, and Indonesia with 4.6% had 3.3%, and so on. It is difficult to discern a pattern of decrease or increase in share, and differences are in small percentage increments. No country is close to the ceiling of 10% of focal area funds.

In climate change, some individual differences to past share are greater than for biodiversity, but overall shares are also similar and without a clear pattern. China now accounts for 16.7% of the adjusted allocation compared to 17.9% in the past; and India with 8.3% had 9.9%. The Russian Federation has increased from 1% to 8.1% under RAF, while Mexico has decreased from 7.0% to 3.1%.

Figure 3 shows the share of resource use for individual and group allocation countries per replenishment period. The overall pattern is relatively consistent in share, ranging between 70-85% for the individual allocation countries. In GEF-3, more countries accessed resources than in the past, so that the difference seems more marked when compared to GEF-4.



Comparative amounts

Third, in terms of *actual* allocation compared to past amounts, there is an uneven mix of increase and decrease in country allocations in both focal areas. For stakeholders, the perception of actual amounts seems more important than ranking. The majority of countries have gained somewhat in resources, compared to average resource utilization over past replenishment periods, and more accurate from GEF-3. In biodiversity, 34 indicative countries increased their allocations from GEF-3, and ten decreased. In climate change, 22 indicative countries increased their allocations from GEF-3, and 14 decreased. In addition, 51 countries among the 161 eligible in climate change did not access funds during GEF-3. The adjusted allocation for group allocation countries represents a relative gain compared to GEF-3 for 25 countries in biodiversity and 49 in climate change, and a relative reduction for 29 and 25 countries, respectively. The match between the historical experience with GEF programming and the RAF allocations influences how the countries have been able to address the transition to RAF. Key trends in both climate change and biodiversity are:

- **Most countries have gained in resources** available under RAF, especially in climate change, compared to their historical average 4-year replenishment allocation. In biodiversity, 39% of countries have seen some gain, and in climate change 81%, including countries with no historical allocation. A few countries have greatly gained, doubled their past allocation or increased more than 1000%, including around 36 climate change recipients and around 25 countries in biodiversity. Only one country seems to receive a similar amount as per historical replenishment period in biodiversity, and 9 (of 161) in climate change.
- **The main large recipients historically continue to benefit from high RAF individual allocations.** Among the countries with gain compared to their past allocations are also some of the largest recipients under RAF. In climate change, the 150 MUS\$ amount for China for four years is larger than its 21M US\$ annual average historical allocation. In biodiversity, Brazil's average yearly allocation is 15.8M US\$ under RAF compared to 7.6 M US\$ annually over 16 years. Several countries have gained comparatively in both focal areas; such as Venezuela, Malaysia, Thailand and Russia.
- **Countries that received little in the past may gain under RAF, even if they now only receive group allocations.** The bottom 25% of countries in biodiversity used an average of \$0.98 million over 16 years. In GEF-3, 30% of the 166 countries (51) did not access any GEF-3 resources for country projects in either focal area¹¹. Some countries may now benefit from group allocation while they never accessed any GEF resources over 16 years (three countries in biodiversity and 19 in climate change).

- **Some countries, of mid-rank, however, have seen a *drop* in RAF resources in the focal area compared to historical support.** This concerns around 30 countries in climate change and 32 countries in biodiversity. Most are countries that have become group allocation countries. Among individual allocation countries, three in biodiversity and nine in climate change have seen a relative reduction in support. For example, Egypt had on average 17M US\$ per replenishment period, and now has 11.5 M US\$ in climate change for GEF-4. Among group countries, the difference is more notable. Ghana has gone from more than 6M US\$ per replenishment period in biodiversity and 4M US\$ in climate change to group allocation in each focal area. While group allocation countries in principle can access 3.1 to 3.5 M US\$, the assumption of 1M US\$ is more realistic. Other examples are Tunisia, in both focal areas, Philippines in climate change individual allocation; Morocco, Burkina Faso, and Uganda.
- **Some countries have experienced a *switch* in resource availability between the two focal areas.** Cambodia, for example, with average 1.7M US\$ per past replenishment period, gained an individual allocation of 3.3 MUS\$ in climate change, whereas it dropped from 2.7 MUS\$ average to group allocation in biodiversity. Such changes obviously affect the existing pipeline and its development. Other such cases are (a) gain in climate change, less in biodiversity - Ukraine, the Slovak Republic, Pakistan, Bangladesh; and (b) the other way around with more funds in biodiversity and less in climate change - Morocco, South Africa, Kenya, Mexico, Peru, Cuba, and the Philippines.

Country allocations are countered by that fact that all countries receive less resources from global and regional GEF funding. Some countries have in the past depended more on regional (and to some extent, global) resources than on country-specific projects. The above trends underestimate the RAF changes in such countries, especially for those now in group allocation and with high past regional and global participation. See more in the technical paper #4 on implementation.

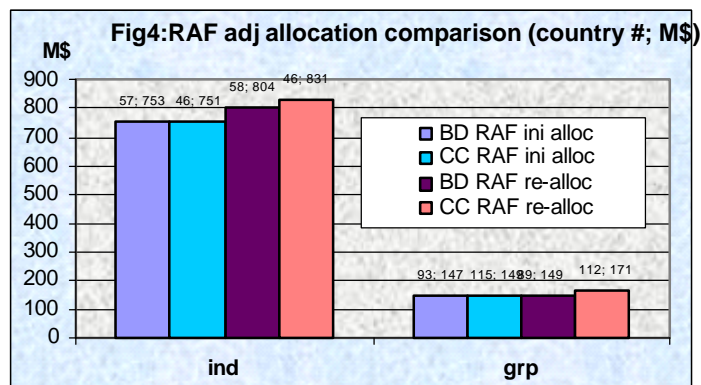
1.5 Reallocation

As agreed when the RAF was approved, a recalculation of indices was undertaken at mid-point of GEF-4, and a reallocation of funds was published in August 2008¹². **Table 9** illustrates the relative percentage change and countries from the initial RAF allocation in 2006, and the reallocation at midpoint.

Table 9: Relative % change and count	RAF in BD: initial to mid term reallocation		RAF in CC: initial to mid term reallocation	
	All	Ind	All	Ind
max increase	44%	38%	182%	89%
max decrease	-20%	-20%	-34%	-34%
increase	84	45	84	40
decrease	28	12	5	2
no change	32	0	66	0
new countries	3	1	3	4
No longer eligible	6	0	6	4
Total in initial RAF	150	57	161	46
Total in MTR RAF	147	58	158	46

There were changes in **eligibility**. There are three new countries in both focal areas: Timor Leste, Serbia, and Montenegro. One country in biodiversity was lifted to indicative allocations from the group allocation (Suriname). Four countries in climate change were lifted to indicative allocations from the group: Serbia, Tunisia, Croatia, and Turkmenistan. Six countries became ineligible in climate change and biodiversity: Poland, Hungary, Lithuania, Latvia, Slovenia, and Estonia; they were

group countries except Poland, Hungary, Lithuania, and Latvia were among the indicative countries in climate change. The overall increase in programmable resources also led to an increase in amounts for both individual and group allocation countries (see figure 4).



2 Portfolio Overview

This section addresses how the resources allocated have been used so far, with patterns of changes in GEF programming for portfolio and pipeline under GEF-4 (Key Question 7).

2.1 Resource utilization

The RAF has caused substantial changes in implementation. As seen in the above section, RAF allocations may not be significantly different overall, but in implementation changes are obvious at several levels: (a) delivery, or resource utilization; (b) Agency composition and involvement; and (c) change in project modalities and in the nature of projects.

By midpoint in the GEF-4 replenishment period, the GEF has allocated a total of \$1.3 billion¹³, of which \$295 million has gone to biodiversity and \$280 million to climate change. This corresponds to an overall rate for resource utilization of 31% at midpoint. For non-RAF focal areas the resource utilization is considerably higher; international waters (59%), land degradation (81%), and POPs (48%), totaling \$172 million for multi-focal projects and \$562 million in non-RAF focal areas¹⁴. At mid-point in GEF-3, 42% of all resources had been committed for projects, compared to RAF overall resource utilization rate of 23% in biodiversity and 21% in climate change. This conceals considerable differences among countries.

Few projects have started. Under the new project cycle, *utilization* as described above is defined by the GEF Secretariat as PIF approvals (previously concepts in the pipeline); the project document has not yet been endorsed. Using the more conservative definition of project approval, delivery represents 14% of all utilized country allocations and 6% of total GEF-4 country RAF funding. This corresponds to fifteen fullsize projects in climate change and biodiversity that have been endorsed by the CEO (103.2 million US\$)¹⁵, which means that they would start implementation on average within four months, as well as fifty MSPs approved by the CEO (43.9 million US\$), a total of 147.1 MUS\$. PIFs for another 74 fullsize projects have been approved; many in the April 2008 work program. Supposing a 22-month project cycle these would be expected for endorsement in February 2010, four months before the end of GEF-4.

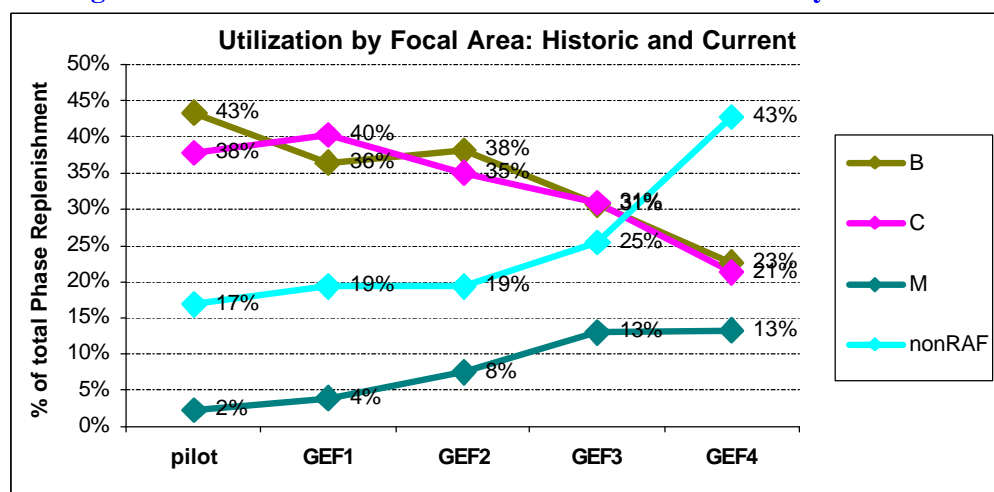
The resource use is uneven. Most affected are climate change group allocation countries, which have only utilized 5% of their allocation, as well as the biodiversity group allocation with 18%. On average, the individual allocation countries fare better; in climate change the resource use is at 33%, while countries with individual biodiversity allocations have succeeded in utilized 34% of their full initial allocation. At mid-term, the biodiversity individual-allocation countries have utilized an average of US\$ 4.25 million, ranging from zero utilization (seven countries) to \$28 million. The current utilization by a country is correlated with its past utilization (more so for biodiversity), but only for countries with individual allocations.

Allocation of GEF resources under RAF has become relatively more dispersed and consequently, less equal, as measured by the Gini Coefficient¹⁶ (see statistical annex). For both focal areas, the utilization at midpoint is more unequal than both the historical allocation and the RAF allocation, meaning that the difference in who succeeds in accessing resources has increased. Utilization to midpoint of biodiversity resources, indicates that the spread, or “concentration of resources” has increased the Gini Coefficient of inequality to 0.60 (from 0.48) for individual allocation countries. Utilization of climate change resources to midpoint indicates that the spread, or “inequality of resources”, has increased to 0.76 (1 being “perfectly unequal”) for individual countries. To put this in perspective, this makes the RAF, via its utilization at midpoint, more unequal than any country on the planet.

A number of factors and GEF reforms also play a role in access to resources. However, the resource delivery in the two RAF focal areas is lagging, both compared to historical practice and to *other* focal areas under GEF-4, which have been subject to the same reforms.

At midpoint of GEF-4, there has been a significant increase in utilization in “non-RAF” focal areas (43% of mid-term GEF-4) relative to both biodiversity and climate change where the off-take is 21% of total resources. At midpoint of the RAF, the utilization of resources is not following the historic pattern of one-third resources each in biodiversity, climate change and other focal areas. Approvals in the first half of replenishments are generally slower than in the second half. For example, at GEF-3 mid-term, 37% of total biodiversity resources had been approved. Thus, biodiversity individual countries show a strong position, but this is not the case for climate change, even for individual countries (Vs. 44% for all countries in GEF-3). As shown in figure 5 below, countries and Agencies seem to have moved attention to the non-RAF areas.

Figure 5: Share of historic and GEF-4 resource utilization by focal area



The main problems in access to funds are found for sub-Saharan African countries. A total of 130 countries (of 161) have a group allocation of some kind. Some countries with mixed allocations (group/individual: 46) have been able to access individual allocation in one focal area, but not from their group allocation in the other focal area, such as Costa Rica, Cote d’Ivoire, Mongolia, Panama, and Ukraine in climate change. At midpoint, the average utilization across the biodiversity group allocation countries is \$317,000, with a minimum of zero utilization (56 countries) and maximum of \$2 million (Marshall Islands, Micronesia and Ukraine). The average climate change group allocation utilization is 62.000 US\$ per country. When taking into account *other factors concurrently*, it is confirmed that being assigned to the “group” category is associated with the largest difference in resource utilization. Controlling for all “contextual” factors, the following associations are noted in order of magnitude:

- Key drivers in resource utilization are the categories of (a) countries in Africa, and then those categorized as (b) IDA or IBRD countries, and (c) LDCs¹⁷. The utilization in biodiversity by IBRD countries (59) is 50% (as compared with 18% for non-IBRD countries). Similarly, IDA countries have utilized only 19% of their midpoint biodiversity allocation (compared with 43% by non-IDA countries). The utilization by least developed countries is just 8% as compared with non-LDC countries at 40%. By region, countries outside Africa (98) have on average utilized 39% of their biodiversity allocation as compared with 52 African countries that have on average utilized 14% (statistically significant at 1%). However, this is driven in part by the presence of LDCs; 30 LDCs (of 45) are in Africa.
- For climate change, assignment to the “group allocation” category makes the largest (negative, 24% less) difference to resource utilization. In matter of significance, when controlling for all factors: World Bank blend countries with access to both IBRD loans and IDA grants show a positive correlation with resource use (35% more access than non-blend countries), while IBRD countries show a positive effect (20% more than non-IBRD). Differences across regions are not significant.

To some extent this pattern matches the historic patterns of resource utilization, in that few countries have managed to access resources in all of the four phases so far from the pilot phase to GEF-3. Only 16% and 9% of the currently eligible countries in biodiversity and climate change, respectively, have accessed GEF funds since the Pilot phase until now. See **table 10**.

Table 10: Number of countries with resource utilization in GEF phases

Type of access	Biodiversity	Climate change
Access in one phase only	24 (16% of 150)	18 (11%)
Access in two phases	54 (36%)	68 (42%)
Access in three phases	44 (29%)	41 (46%)
Access in all four phases	24 (16% of 150)	14 (9% of 161)

The number of countries that did not access funds in GEF-3 is 61 biodiversity and 52 in climate change. These are not necessarily the *same* countries; only 21 did not

access GEF-3 funds in *either* focal area (of which seven are SIDS). There is thus some likelihood that certain countries concentrate on one of the two focal areas at a time during a replenishment phase. However, most countries would expect to access funds during a replenishment period. The number of countries engaged in GEF has grown over time; in GEF-3 more than a hundred countries received funds in each focal area. (See **table 11**).

Some stakeholders have indicated a perception that countries access would fluctuate in alternate replenishments, considering the GEF project cycle and the time to prepare and implement projects. In fact, only fourteen countries in climate change and fifteen in biodiversity exhibit this pattern of access in every *other* phase, of which most are group allocation countries. However, while many countries have accessed funds historically, the amounts have often been limited, whereby almost half of the countries would receive less than half a million US\$, equivalent to an enabling activity.

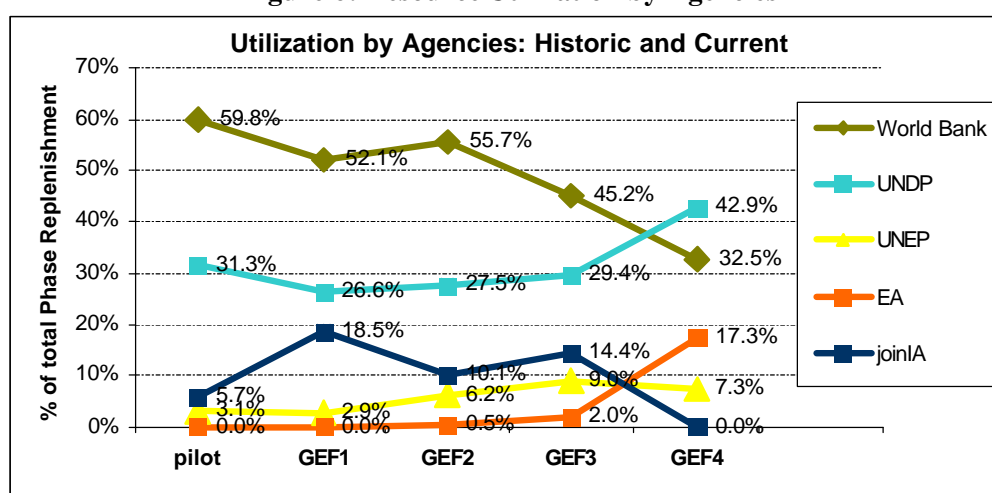
Table 11: Number of countries with resource utilization in each GEF phase

	Pilot phase	GEF-1	GEF-2	GEF-3	GEF-4 midpoint
Total number of countries with access					
Total biodiversity	49	114	103	101	51 individual
Total climate change	24	98	106	108	5 in group
Number of countries with access below 0.5 Million US\$ in a phase:					
Biodiversity	2	76	38	14	N/A
Climate change	1	69	56	43	N/A

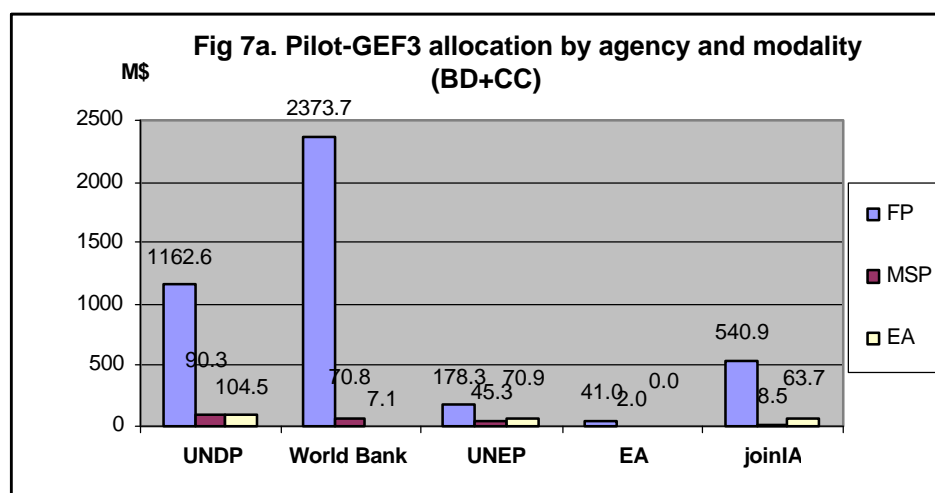
2.2 Agency distribution

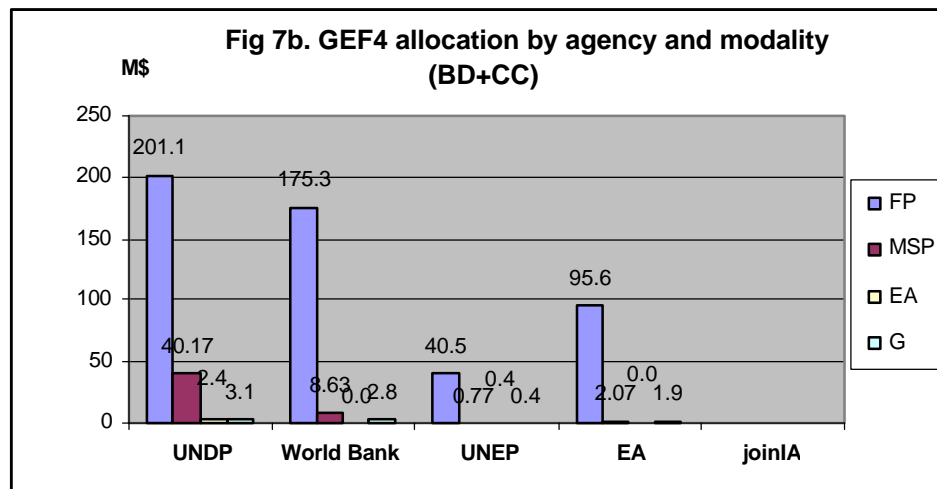
The portfolio distribution among GEF Agencies has significantly shifted under RAF. Historically the largest Agency in terms of GEF resources under implementation, the World Bank has dropped from more than half of GEF utilization in biodiversity and climate change in past periods to 32% of RAF resource utilization. As seen in the Figure 6, UNDP now accounts for 43% of the resource utilization, up from 32% in GEF-3. Further to the expanded opportunity initiative, the role of the seven “Executing Agencies” (ExA) has increased in GEF-4, with them currently accounting for 17% of the RAF utilization (compared to 7.9% in GEF-3 including indirect access, or 2% of all historical resources). In terms of resource utilization, UNEP’s share remains more or less the same (7%) for the RAF focal areas. Joint projects seem to have disappeared, but this is also in part due to the manner of recording resources under GEF-4, by which funds are split in the GEF database per Agency and RAF funding source.

Figure 6: Resource Utilization by Agencies

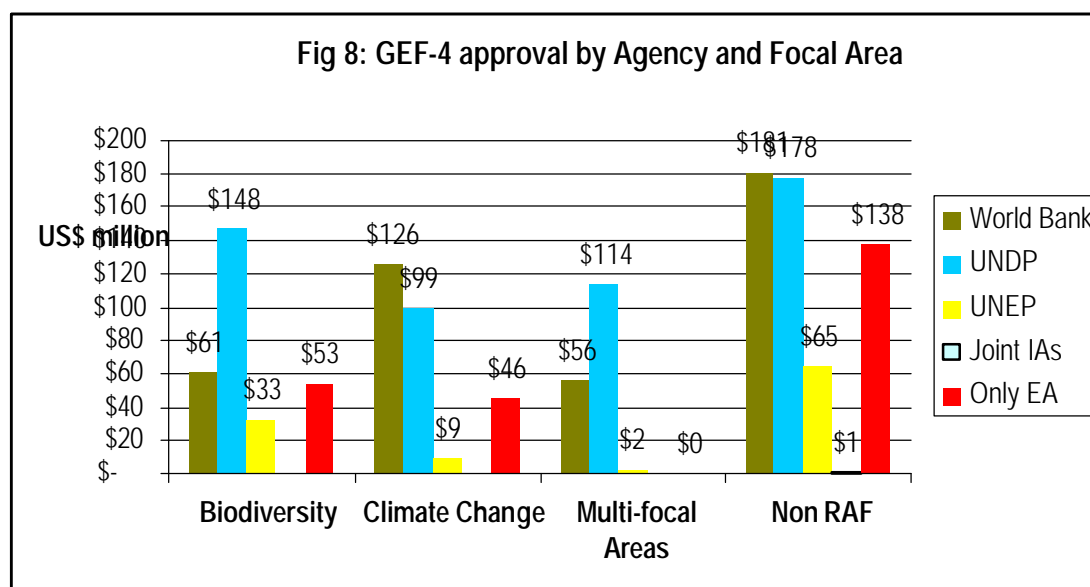


There are slight differences in modalities. Figures 7 (a) and (b) below indicate that UNDP accounts for \$201 million for 49 fullsize projects (average size 4 M US\$). UNDP also has the most MSPs (40), and implements eight of the ten enabling activities approved. The World Bank has 23 FSPs (\$175 million, average \$7.6 million each), mainly in climate change. With \$99 million in approvals, the erstwhile Executing Agencies have surpassed UNEP (42.1 million US\$).





Compared to the two RAF focal areas, the non-RAF focal areas have higher resource utilization. A comparison of Agency approvals across focal areas indicate that the World Bank leads in the non-RAF focal areas (\$181 million, closely followed by UNDP at \$178 million), and the Executing Agency share in the non-RAF focal area is very competitive. In particular, UNIDO is active in POPs (13 projects) and IFAD in land degradation (13 projects). In the multifocal areas, UNDP has accessed \$114 million, as compared to \$56 million by World Bank for the Earth Fund. See **figure 8** below.

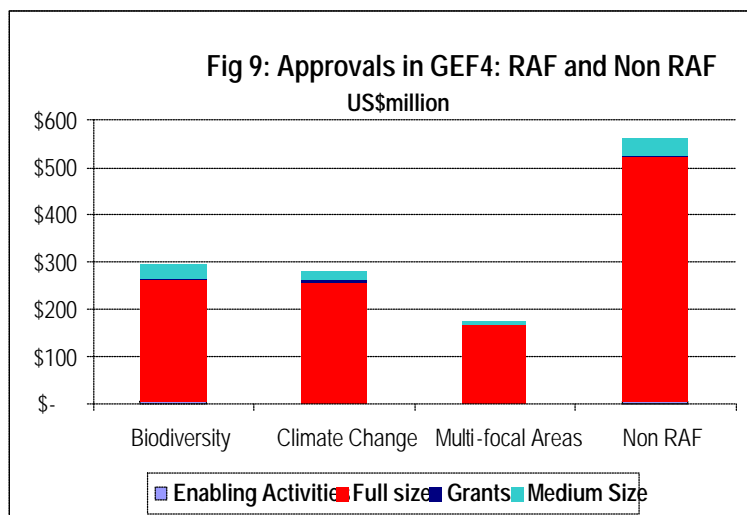


2.3 Project modalities

Three interlinked trends are notable in modalities, namely (a) changes in the mix of modalities; (b) a new type of projects - programmatic approaches and 'financial break-up' projects, with a growth in multifocal areas; and (c) changes in the average size of projects.

The main focus is on fullsize projects, with a decrease in enabling activities and project preparation grants. The relative number of MSPs is growing, but the evolution is uncertain. 91% of the total RAF resources have been allocated to fullsize projects, 7% to medium-size projects, 1% to preparation grants and 0.5% to enabling activities (shown in **Figure 9**). From the Joint Evaluation database, the percentage for FSPs in the past portfolio is the same, has increased a bit for MSPs (historically 3%), and decreased for enabling activities (historically 4%) and preparation grants (previously PDFs¹⁸). The PDFs were replaced by PPGs with the goal to limit preparation costs to a minimum. With assumed likelihood of 1M US\$ per country, MSPs are more likely for the group allocation countries. Given the low resource utilization for the group allocation, the number of likely MSPs may be underestimated.

Average size of FSPs. In GEF-4, the average size of fullsize projects has declined somewhat in GEF-4, from 7.7M US\$ over past replenishment periods to 5.3 M US\$. The average size of FSPs in biodiversity for individual countries has been \$8 million. In climate change, the average size of an FSP has been \$10 million for individual countries. Historically, the average fullsize project for group allocation countries has been \$4.5 million in biodiversity and \$3.7 million in climate change, which is lower than the maximum per country in the group allocation.



Average size of MSPs. Because MSPs have a standard cap of 1 M US\$, there is little difference in MSP size between group and individual countries and with the past¹⁹. There is a slight increase from 0.8M US\$ to 1 million US\$ on average. A contributing factor is the policy under RAF to finance Agency fees on *top* of one million US\$ for group countries, rather than *inclusive* of fees as for indicative RAF allocations.

Multifocal areas. Multi-focal projects (27) have historically averaged \$6 million. In GEF-4, a total of \$169 million (33%) of utilization by fullsize projects are for so-called projects with “financial break-up” project classification²⁰. These are projects defined by the Secretariat database with the same identification number, spread over numerous countries, agencies and/or focal areas. The trend of ‘breakup projects’ is related, in part, to the increase under RAF because of the need to make a viable project by combining resources from different sources or funding windows, in and out of RAF²¹.

The majority of such ‘break-up’ projects are individual country allocation contributions to the SGP in their country (53 and 8 projects, under “RAF allocations 1 and 2”, respectively). The next most numerous as of July 2008 is the *SFM Sustainable Forest Management in the Transboundary Gran Chaco American Ecosystem* (ID 2505: regional, multifocal, Argentina, Bolivia, Paraguay) with a total GEF grant of US\$ 7,363,636 divided in 10 ‘sub-projects’; and *Conservation & Management of Pollinators for Sustainable Agriculture through an Ecosystem Approach* (ID 2123), a global biodiversity project with Ghana, Kenya, South Africa, India, Nepal, Pakistan, Brazil.

¹ Equivalent to 83.69% out of \$M900, or excluding set-side.

² A scatter graph or scatter plot is a type of display using Cartesian coordinates to display values for two variables for a set of data. The data is displayed as a collection of points. A line of best fit (called ‘trendline’) can be drawn in order to study the correlation between the variables. The gradient changes slightly from $W_{GBI} = 0.80437$ to $W_{GBI} = 0.8438$.

³ Group allocation in both focal areas: Jordan, Libya, Lebanon, Tunisia, Yemen; and South Korea, Bhutan, Myanmar, Nepal.

⁴ Only climate change group allocation: Bahrain, Cyprus, Kuwait, Malta, Oman, Qatar, San Marino, Singapore, United Arab Emirates, Israel, and Saudi Arabia.

⁵ Small states include SIDS as well as other nations with small geographical size and population such as Bhutan, Djibouti, Equatorial Guinea, Gabon, Gambia, Swaziland.

⁶ Classified for all World Bank member economies, and all other economies with populations of more than 30,000, divided among income groups according to 2007 gross national income (GNI) per capita, calculated using the World Bank Atlas method. The groups are: low income, \$935 US\$/capita or less; lower middle income, \$936–3,705; upper middle income, \$3,706–11,455; and \$745 for LDCs. The one High income country: OECD is Republic of Korea. Information is not available for 4 Pacific states.

⁷ Bahamas, Bahrain, Barbados, Cyprus, Israel, Kuwait, Malta, Qatar, San Marino, Saudi Arabia, United Arab Emirates, Singapore, Slovenia, Trinidad and Tobago, Estonia, Antigua and Barbuda, South Korea.

⁸ Comparison of actual amounts is not exact as it must take account of varying replenishment size and duration, depreciation and inflation over time, and country resource use over different replenishment periods. The review has compiled the total amount provided per country since 1990 to 2006, 16 years, and divided this over four replenishment periods each of four years (as GEF-4). This addresses historical support consistently for all countries but may conceal uneven activity in each replenishment period for a given country. For comparing average amount per year, some amounts would be too small to make sense.

⁹ In probability and statistics, the standard deviation is a measure of the dispersion of a set of values. If all data values are equal, the standard deviation is zero.

¹⁰ For countries with no history of GEF utilization, a value of zero dollars was assumed for this analysis.

¹¹ The median GEF country utilized \$0.7 million over four years over single-country projects.

¹² Reallocation document, GEF Secretariat, August 2008.

¹³ All RAF GEF amounts include Agency fees; RAF data as of July 3, 2008

¹⁴ Land degradation, ozone, POPs and international waters.

¹⁵ SGP contributions counted as one project. Program documents under programmatic approaches not counted; individual PIFs approved with different IDs are counted.

¹⁶ Gini-coefficient of inequality: This is the most commonly used measure of inequality. The coefficient varies between 0, which reflects complete equality and 1, which indicates complete inequality (one country has all the income or consumption, all others have none).

¹⁷ Other variables such as geographical region, SIDS, landlocked countries are not statistically significantly different.

¹⁸ Numbers are not entirely comparable, since PDFs for approved past projects are included in full project budget. Past PDFs amount to 138M (from Joint evaluation) for 420 FSPs and 164 MSPs.

¹⁹ Average biodiversity MSP in the past: \$0.84 million by individual countries and \$0.78 million by group countries. Climate change: individual countries \$0.85 million ; group countries \$0.81million.

²⁰ GEF Secretariat database categorization of “Break-up” was used for this analysis.

²¹ This also means that comparative analysis is exceedingly difficult. Projects downloaded from PMIS no longer have a unique identifier as in the past, but many with the same number. Any of these project IDs may be *one* project (with different funding source, say from RAF and another focal area); one project with one funding source but different agencies; several projects under a programmatic approach, no real project at all (such as a country allocation contribution to the SGP), or a mix of the above. For meaningful analysis the review has had to identify and aggregate these into one project (where identifiable); the same must be done for utilization.