



Global Environment Facility

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December 15, 2006

Dear Focal Point:

I am pleased to announce, as promised at the recent GEF Council meeting, a new forward-looking approach to managing the GEF Small Grants Programme (SGP) that will be applied in GEF-4. Under this approach, the SGP will meet all pending requests from countries that want to join the program and will work towards enhancing its on-the-ground effectiveness while maintaining a country-based decision making process through the SGP National Steering Committees.

The first meeting of the GEF SGP Steering Committee, chaired by the GEF Secretariat and comprising representatives from the Implementing and Executing Agencies and the Coordinator of the GEF NGO network, was held on 11 December 2006. The Steering Committee agreed on procedures for allocating the resources available to the SGP, both through its GEF-4 core funding of US\$110 million and through resources from indicative country allocations under the RAF. Detailed guidelines explaining the procedures for countries to access financing from the SGP during GEF-4 were agreed upon by the GEF SGP Steering Committee. These guidelines, to be effective beginning in 2007, are attached to clarify any outstanding questions regarding the programming of resources through indicative country allocations for the SGP and the amounts available to countries from the core SGP funds.

The approach calls upon those countries that have developed significant capacity through the SGP to shift their source of funding from the program's core budget to their RAF indicative country allocations, thus freeing-up core funding from the SGP and providing resources for new countries that have been waiting for sometime to join the program.

I am delighted that the Steering Committee was able to agree on the inclusion of 21 countries that had applied to join the SGP, thus eliminating the waiting list. The following countries are now expected to join the SGP during GEF-4:

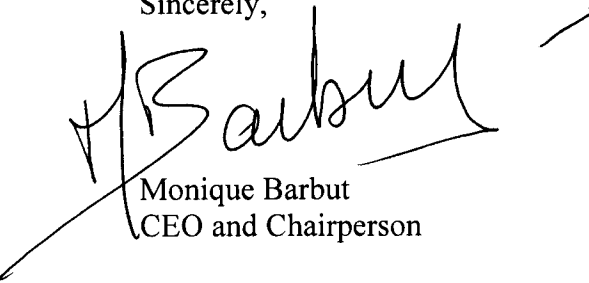
Algeria, Afghanistan, Armenia, Bangladesh, Burundi, Cape Verde, Central African Republic, Democratic Republic of Congo, Eritrea, Guinea Bissau, Laos, Liberia, Maldives, Nigeria, Paraguay, Seychelles, Tajikistan, Togo, Ukraine, Uzbekistan, Venezuela

With the inclusion of these countries, the SGP will be active in 122 countries.

The Steering Committee also agreed on a SGP graduation policy (see guidelines) as called for by the Council in November 2004.

Please contact us should you need further clarifications. I look forward to seeing the continued good work of an expanded SGP during GEF-4.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Barbut', with a long horizontal stroke extending to the right.

Monique Barbut
CEO and Chairperson

Attachment.

Guidelines for access to the GEF Small Grants Programme

Financial Allocations

1. Country participants in the Small Grants Programme will have access to the SGP within the GEF-4 cycle as follows:
 - a) The **maximum amount** of the GEF contribution to the SGP per country should be a cumulative total of \$2.4 million for GEF-4 at an average of \$600,000 per year – regardless of whether it comes as a RAF allocation or a core SGP grant allocation.
 - b) Countries which belong to the **group in the RAF** have preferential access to SGP core funding. The allocation cap [maximum limit] for LDC/SIDS is \$600,000 per year and for non-LDC/SIDS is \$400,000 per year;
 - c) Countries which have indicative RAF country allocations **up to \$15 million in either the climate change or biodiversity focal area** in GEF-4 can draw up to \$300,000 from SGP's core budget each year with a matching amount expected from their RAF allocations;
 - d) Countries which have indicative RAF country allocations of **more than \$15 million in either the climate change or biodiversity focal area** in GEF-4 will no longer be able to access SGP's core funding and will need to finance their small grants program from their RAF allocations in order to sustain SGP operations in their countries.
 - e) **A new country** entering the SGP will be entitled to \$150,000 in core SGP funds for its first year in the program as an exception to the above rules. In this first year a country with an indicative country allocation can program a matching amount for its small grants program. For the second year of its program and thereafter, a country will follow the standard guidelines listed above.

Country strategy

2. Any country planning to utilize its indicative country allocation under the RAF should present for CEO endorsement a SGP country strategy demonstrating how the program will relate to the GEF's overall strategies and providing a set of indicators to measure results.

Graduation policy

3. Beginning in 2007, any country which has benefited from the GEF SGP for more than 8 years will be required to present a plan to graduate from GEF funding (core and RAF resources) on completion of the GEF-4 cycle.