



# Global Environment Facility

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***Subject: Council Decision by Mail***

Dear Council Member,

In November 2008, Council reviewed document GEF/ME/C.34/2 *Mid-Term Review of the Resource Allocation Framework* and took note of document GEF/ME/C.34/3, *Management Response to the Mid-Term Review of the Resource Allocation Framework*. Council decided that reallocation of unused funds will be allowed in the last year of GEF-4 and that the last phase of GEF-4, including reallocation of funds, will be implemented with full public disclosure, transparency, participation and clear responsibilities.

The Council further requested the Secretariat to prepare a proposal with objective rules and a transparent and equitable procedure for the reallocation of unused funds, taking into account the comments of Council Members expressed during the meeting, for a decision by mail by March 2009.

At the time of the Council meeting in November 2008 we still believed the reallocation would be about distributing extra money. Now, unfortunately, the situation is different and we have to make cuts. Since the Council meeting in November, the global financial crisis and the ensuing drop in investment returns and fluctuations in currency exchange rates have significantly reduced the funds available for programming during the remaining part of GEF-4 have become uncertain.

The attached document entitled "*Reallocation of Remaining GEF-4 Resources*" submitted for Council's approval addresses not merely the reallocation of unused resources under the RAF, but more broadly, the challenge of managing a reduction of available GEF-4 resources in a way that respects previous Council decisions and commitments to the maximum extent possible.

The GEF Secretariat has applied a conservative estimate of the remaining available resources in GEF-4 as a basis for the allocation projections presented in the attached document. As we approach the end of GEF-4, the uncertainty on exchange rates and

investment returns will diminish and it is likely, indeed expected, that this will create room for additional programming. The GEF Secretariat will monitor the situation closely in consultation with the Trustee and will keep the Council updated.

In accordance with paragraphs 43 to 45 of the *Rules of Procedure for the GEF Council*, I hereby request the Council to approve the following decision by mail:

The Council, having reviewed by mail the document, *Reallocation of Remaining GEF-4 Resources*, agrees with the principles for allocating the remaining GEF-4 resources outlined in the paper. The Council mandates the Secretariat to implement the allocation of the remaining GEF-4 resources in accordance with these principles, and in collaboration with the Trustee, to undertake periodic reviews of the available resources and to adjust the allocations as needed.

Please be reminded that, in accordance with paragraph 45 of the *Rules of Procedure for the GEF Council*, for this decision to be approved, the Secretariat must receive affirmative replies from at least two-thirds of the Members and no objections by any member on or after April 24, 2009.

A handwritten signature in black ink, appearing to read 'Barbut', with a stylized flourish extending to the right.

Monique Barbut  
CEO and Chairperson  
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