



Global Environment Facility

GEF/GEF.22/Inf.17

November 5, 2003

GEF Council
November 19-21, 2003

GEF SMALL GRANTS PROGRAMME (SGP)

PROGRESS DURING 2002-2003 AND PROPOSED STRATEGIC DECISIONS

Table of Contents

Note from the GEF Secretariat	i
I. Summary.....	2
II. Progress During 2002-2003.....	2
III. SGP's Strategic Direction: 2004 – 2007	5
IV. Resource requirements	7
Annex 1. Highlights from GEF SGP Activities from 1992 to mid-October 2003.	9

Annex 2. Report of the Third Independent Evaluation of the GEF Small Grants Programme
1999-2002

NOTE FROM THE GEF SECRETARIAT

1. The GEF Small Grants Programme (SGP), implemented by UNDP on behalf of the GEF family, completed its tenth year of successful operation in 2002, and now covers 64 countries with over 4,000 community-based projects funded. Since 1999, the GEF Small Grants Programme (SGP) has been operating under a programmatic approach which consists of yearly work plans with specific benchmarks and annual “rolling” replenishments of funds.
2. The Beijing Declaration of the Second GEF Assembly instructed the GEF “...to seek to expand the GEF Small Grants Programme to more countries, in particular to the Least Developed Countries and Small Island Developing States”, and the Council at its meeting in October 2002 requested the GEF Secretariat to work with UNDP and the Small Grants Program to prepare for Council review a strategy to expand the program to more countries. The Third Independent Evaluation of the SGP, completed in April 2003, also noted that the program had demonstrated how to effectively address sustainable use and livelihood needs at the local level while protecting the global environment.
3. In the GEF Business Plan FY04-06, approved by the Council at its meeting in May 2003, it is proposed that the SGP accelerate its expansion to new countries, with a target of establishing 10 new country programs each year. This proposal, coupled with the recommendations of the Third Independent Evaluation of the SCP, has provided a basis for the SGP to review its strategic directions with a view to expanding its coverage to meet a significantly increased demand for its services.
4. This information paper seeks to inform Council of the progress made in the SGP during 2002-2003 and to provide highlights of some of the strategic directions under consideration. These strategic directions will be further developed through a transparent and consultative process with all partners (countries, GEF Secretariat, Implementing Agencies, and NGOs). In May 2004, a proposal will be presented to the Council outlining the proposed new strategic directions for the program and seeking approval for a 3 year rolling plan (2004-2007) as well as a proposed envelope of resources that would be required to implement the plan.
5. Pending approval of the new strategic directions and 3 year plan, the Council will be requested to replenish the funds for the program’s operations from February 2004 to February 2005 at its current level of operations as part of the intersessional work program to be presented to the Council in January 2004. This request to Council will also include a report on the program’s achievements during 2002-2003 as measured against the specific objectives and benchmarks earlier agreed for the program.

GEF SMALL GRANTS PROGRAMME (SGP)
PROGRESS DURING 2002-2003 AND PROPOSED
STRATEGIC DIRECTIONS

(Prepared by UNDP)

I. SUMMARY

1. The GEF Small Grants Programme (SGP), implemented by UNDP on behalf of the GEF family, completed its tenth year of successful operation in 2002, and now covers 64 countries with over 4,000 community-based projects funded (See Annex 1). The SGP Third Independent Evaluation, completed in April 2003, noted that SGP had demonstrated how to effectively address sustainable use and livelihood needs at the local level while protecting the global environment. At the SGP Global Workshop in May 2003 in Nairobi, the following strategic directions were agreed upon: (a) expansion to 10 new countries per year (with priority for SIDS and LDCs) as well inclusion of the new focal areas of land degradation and POPs¹; (b) enhanced management and operational structure including staffing, support and national staff incentives, as well as a greater role for National Steering Committees so as to enhance SGP's impact on governance and policy; (c) operations consultations with IAs on knowledge sharing, SGP mainstreaming, replication and upscaling; (d) enhancing the database to assess long-term impacts, and distilling lessons learned into a strengthened communication and outreach program; and (e) maximize SGP's impact through "strategic projects" having national strategies focus on programmatic approaches, and facilitating enhanced country and stakeholder access to SGP.

2. GEF/SGP is holding consultations with its country partners, the GEF Secretariat and IAs to finalize the programme's strategic directions. The mandated doubling of country coverage from 5 to 10 new countries per year has required SGP to plan for the much higher level of operations and consequent staffing needs. The SGP proposal for year 6 (Feb 2004-Feb 2005) will be submitted to the GEF Council for approval as part of its May 2004 Work Program.

II. PROGRESS DURING 2002-2003

3. **SGP Third Independent Evaluation** The objectives of the Third Independent Evaluation were to examine progress and results during the second operational phase (1998-2002), measured against specific objectives in the Project Document and benchmarks established by the GEF Council in 1998 (Annex 2). The Evaluation reviewed documentation and the SGP database and interviewed various stakeholders at global and national levels. It involved four international consultants supported by local consultants in each of the 12 countries visited². Initiated in May 2002 and completed in April 2003, the Evaluation identified strengths and best practices and highlighted opportunities to improve SGP's effectiveness and impact.

4. The Evaluation stated that "*SGP has built on its strengths during the second operational phase while effectively addressing most of the weaknesses identified by the 1998 evaluation*". It concluded that "*.....although there are still areas where improvements are needed, the generally high quality of SGP's portfolio includes an impressive range of innovative and effective projects*

¹ The expansion was called for the Second Assembly of the GEF (see paragraph 16).

² Cote d'Ivoire, Guatemala, India, Lithuania, Peru, Tanzania, Thailand, Trinidad and Tobago with Suriname (a two country programme), Tunisia, Turkey and Vietnam.

that are consistent with the GEF's Operational Programs". It noted that SGP has emphasized participation and democracy, synergy through partnerships, gender and indigenous peoples, geographical distribution, and replication and sustainability. It also noted that SGP has had an impact on national policies and donor agendas by increasing awareness of global environmental issues and communicating lessons learnt, including best practices from community-based experiences. The Evaluation also observed that *".....in many countries, SGP has become the permanent face or even de facto ambassador of the GEF"*.

5. **GEF/SGP at WSSD and the Second GEF Assembly** GEF/SGP was very visible during the WSSD regional and global Prepcoms and at WSSD itself through its linkages with "friends of SGP". SGP organized side events such as panels and exhibits at the global prepcoms, some jointly with other UNDP programmes, to highlight the importance of local and community action for protection of the global environment. At WSSD, SGP co-sponsored - with other NGOs - the "Community Kraal" where panels and workshops showcasing successful community initiatives were presented and discussed during the Summit. At the Second GEF Assembly in Beijing, SGP set up an exhibit which was featured in the local news and organized several discussion panels to share exemplary community projects supported by the GEF.

6. **Expansion to new countries** In 2002, appraisal missions were sent to Fiji, Jamaica, Mozambique, Nicaragua, Niger, Samoa, Vanuatu, and Yemen. Missions to Rwanda, Rumania and Cambodia have been organized and will take place before end-2003 to meet the target of ten new countries by end year 5 (Feb. 2004). In addition, the Nile Basin Initiative – a GEF project jointly implemented by the World Bank and UNDP – includes a micro-grants component which will be administered by SGP country programmes in Egypt, Kenya, Uganda and Tanzania respectively; SGP will also help establish the micro-grant components in both Ethiopia and Sudan under this project.

7. **Grant-making** As of March 2003, SGP's project portfolio comprised of 3,720 projects, of which 2,353 were approved during the Second Operational Phase. This represents an increase of 600 projects since the last reporting period (May 2002). The total financial resources made available by GEF for grants in the first 4 years of the second operational phase were \$52.3 million, of which 94% were utilized as of March 2003. As of mid-Oct. 2003, a total of 4,276 projects have been funded by SGP amounting to \$78 million. The composition of the portfolio has remained quite stable in terms of distribution among GEF focal areas, i.e. roughly 65% for biodiversity, 20% for climate change, 6% for international waters and 9% covering multiple focal areas. The Third Independent Evaluation found that *"....the high quality and variety of SGP climate change projects are one of the highlights of the second operational phase, with the better projects building policy development considerations into their initial design stage"*.

8. **Fit with GEF Strategy and Operational Programs** The SGP Strategic Framework was revised to incorporate new GEF Operational Programmes 11, 12 and 13³ in grant-making

³ Operational Program 11: Promoting Environmentally Sustainable Transport, Operational Program 12: Integrated Ecosystem Management, and Operational Program: 13 Conservation and Sustainable Use of Biological Diversity Important to Agriculture.

activities to facilitate the revision of Country Programme Strategies. Guidance on potential SGP intervention on POPS has been prepared to add more to the tiny POPs share of the SGP portfolio.

9. **Mobilization of non-GEF resources for “baseline” activities** As of March 2003, the co-financing leveraged by SGP was \$48 million in cash and \$22 million in kind as against targets of \$38 million in cash and \$38 million for in-kind contributions. SGP has exceeded its cash cofinancing target but is below its in-kind target. The Third Independent Evaluation identified the cause of the shortfall in in-kind cofinancing as underreporting of such contributions. As of mid-Oct. 2003, SGP had reached a figure of \$50.2 million of cash cofinancing, and so SGP is well on target to meet the resources mobilization benchmark for year 5.

10. **Functional links with GEF wide initiatives and other environment and development programmes** The number of GEF National Focal Points participating in SGP National Steering Committees continues to increase. SGP semi-annual report formats include a section to describe linkages between SGP interventions and full and medium-sized GEF projects as well as upscaling of successful SGP projects into MSPs. Upscaling of SGP interventions is also happening with non-GEF national or international resources. SGP’s participation in the Nile Basin Initiative is a linkage example. Global partnerships exist with other programmes including UNDP’s Community Water Initiative (with SIDA support), the COMPACT project (with UNF and UNESCO), and the SGP Promotion of Tropical Forests (with EU support).

11. **Implementation of SGP monitoring and evaluation strategy** The SGP database was utilized for a climate change portfolio review which helped identify case studies highlighting innovative technology and financial mechanisms and a report is being prepared for UNFCCC COP9 in Milan in Dec. 2003. The biodiversity portfolio review is under preparation and will encompass policy, regulatory and economic measures tested by SGP community projects. An offline system for those with difficulties in internet connectivity is being developed. Data on project outputs and results will be added to the database so that impacts can be assessed.

12. **Programme sustainability and further decentralization of responsibilities** One key benchmark concerning programme sustainability was the review of SGP’s experience with its 9 host NGO arrangements. The review concluded that each NGO arrangement needs to be worked out on a case-by-case basis. The Third Independent Evaluation – which included 3 countries with host NGO arrangements – concluded that UNDP country offices would continue to be the best structure to host the programme for the foreseeable future. Many NGOs still need capacity building particularly in financial management before they could host the programme.

13. **Capacity building at country and community levels** At least two stakeholder workshops were held in each participating country during the reporting period. Partnerships were established with effective NGOs, environmental funds and research institutions to support capacity building for grantees. An ongoing electronic chat room on capacity building was initiated. The SGP exchange facilitates the identification of best practices and helps SGP think

through effective ways of focusing capacity building activities being approved by National Steering Committees.

14. **Communications and outreach** In 2002 there were over 600 media releases on GEF/SGP in newspapers, radio, television and other media, and 2003 should surpass this mark. Aside from those conducted at the WSSD and Beijing GEF Assembly in 2002, major communications and outreach activities were conducted at the World Parks Congress in 2003. SGP also continues to provide inputs to GEF publications. A journalist covered SGP projects in Belize, Bolivia, Brazil, Guatemala, Mexico and Malaysia, and stories have been featured in a variety of magazines. The BBC recently featured Ugandan SGP projects as part of a report on the relevance of the UN in the Iraq reconstruction period. SGP has initiated preparations for active participation in communication events for UNFCCC COP 9 in Milan in Dec. 2003 and at CBD COP 7 in Kuala Lumpur in February 2004.

III. SGP'S STRATEGIC DIRECTION: 2004 – 2007

15. Developing country demand for participation in SGP is increasing and the Beijing Declaration of the Second GEF Assembly instructed the GEF “...to seek to expand the GEF Small Grants Programme to more countries, in particular to the Least Developed Countries and Small Island Developing States”, and the Council at its meeting in October 2002 requested the GEF Secretariat to work with UNDP and the Small Grants Program to prepare for Council review a strategy to expand the program to more countries. The Third Independent Evaluation of the SGP, completed in April 2003, also noted that the program had demonstrated how to effectively address sustainable use and livelihood needs at the local level while protecting the global environment.

16. In the GEF Business Plan FY04-06, approved by the Council at its meeting in May 2003, it is proposed that the SGP accelerate its expansion to new countries, with a target of establishing 10 new country programs each year. This proposal, coupled with the recommendations of the Third Independent Evaluation of the SCP, has provided a basis for the SGP to review its strategic directions with a view to expanding its coverage to meet a significantly increased demand for its services. These strategic directions will be further developed through a transparent and consultative process with all partners (countries, GEF Secretariat, Implementing Agencies, and NGOs). The strategic directions will take into account the results of the Third Independent Evaluation and views of the SGP National Coordinators expressed during the SGP Global Workshop in Nairobi, Kenya during 26-30 May 2003 and lessons learnt in the last decade of implementation.

17. In May 2004, a proposal will be presented to the Council outlining the proposed new strategic directions for the program and seeking approval for a 3 year rolling plan (2004-2007) as well as a proposed envelope of resources that would be required to implement the plan. Some highlights of the strategic directions under development are presented here⁴. The major activities needed to effectively increase SGP's capacity to meet increased demands and its overall impact

⁴ A meeting between UNDP and the GEF Secretariat on 31 July 2003 provided key inputs.

can be classified under five **strategic deliverables**: (i) programmatic expansion in existing countries and geographic expansion to cover 10 new countries per year in 2004, 2005 and 2006; (ii) enhanced management and operational structure at the global and national levels to cope with the expanded country coverage, support the needs of SIDS and LDCs, and maintain programme excellence; (iii) strengthened linkages with GEF IAs and other partners; (iv) enhanced monitoring and evaluation framework facilitating more effective knowledge management at the local, national and global level; and (v) strategies and approaches maximizing SGP's programmatic impact.

18. **Programmatic and geographic expansion** SGP has to enhance impact through increased implementation capacity in the current 64 countries while simultaneously expanding to 10 new countries per year, reaching 104 countries by FY06. In response to the requests by the GEF Assembly, at least 5 countries from the SIDS/LDC grouping will be inducted into SGP each year. This would require providing assistance in a proactive manner to ensure that the basic conditions are in place for successful implementation. In addition to geographical expansion, thematic expansion should also take place to address the new focal areas of land degradation and POPs in SGP grants and capacity building activities.

19. **Enhanced management and operational structure** There is urgent need to complete the required staffing of SGP's Central Programme Management Team as soon as possible. Without this, the expansion to an additional 30 countries in 3 years cannot be met. The SGP Evaluation also found it critical to enhance country teams and provide incentives to both SGP country staff and National Steering Committees. If the National Steering Committees are to continue providing high quality voluntary services to an expanded SGP, it will be necessary to review their composition (e.g. expertise in new focal areas, increased participation of the scientific and private sector) and identify methods and incentives to facilitate their work and expand their impact on country, region, and global environmental governance. Career development incentives for national coordinators and their programme assistants will allow outstanding staff to provide mentoring to new countries' staff and advice to more junior colleagues around the world, supporting dissemination and application of lessons learned and enhancing programme cost-effectiveness.

20. **Enhanced opportunities for linkages** SGP's ten years of project and programme experience has to more effectively contribute to GEF's lessons learned and knowledge management objectives. To do this, SGP has to expand its linkages with GEF IAs and EA as, as well as donor agencies and the private sector. While an excellent example is the Nile Basin Initiative where community components managed by SGP contribute to the larger project, the full potential of cooperation between SGP and the IAs has not been realized. To do so, SGP could start by having strategy meetings with the GEF Secretariat and "Operations Consultations" with the IAs on knowledge sharing, upstream dialogue on mainstreaming SGP in full and medium sized projects, replication and upscaling. Given the emphasis on knowledge management, SGP would also invite strategic inputs and support from agencies and institutions including STAP. Outside the GEF family, SGP would strengthen linkages with the private sector as a cofinancing source and an implementation partner.

21. **Effective knowledge management** The M&E framework of SGP is the cornerstone of SGP accountability. However, the SGP portfolio has grown dramatically over the last three years and it is expected to reach about 12,000 projects by end-2006. Given such a significant investment on community-based initiatives over the past 10 years, lessons learned must be adequately documented and disseminated across projects, countries and globally. Building on its current M&E framework, SGP would design systems and processes to better capture the lessons geographically and thematically and to facilitate their sharing, exchange and application throughout its country programmes and by others. Effective and meaningful indicators to capture key impacts as recommended by the Evaluation would be developed. SGP would undertake ex-post project follow-up for 4 projects per country, perhaps every two years, to identify the longer term impact of SGP interventions (3 years after completion of the projects), including issues such as sustainability, indirect impacts, replication and upscaling. As recommended by the Evaluation, a system by which SGP country teams can keep in touch with former grantees as a means to identify follow-up actions and impacts of projects more systematically would be organized. The Evaluation also recommended an increase the resources available to country teams for both M&E activities and for communications and resource mobilization. SGP will facilitate the wider dissemination of its portfolio reviews and ex-post project follow-ups using electronic media. A video/photo bank will also be established to enhance popular communication of SGP innovations and success stories. Effective ways of working with STAP will also be explored.

22. **Maximizing SGP's programmatic impact** Three years of implementation of the COMPACT program in six World Heritage Sites provided a unique opportunity for SGP to test a comprehensive landscape approach where interventions are made part of an integrated program that eventually brings environmental benefits beyond those generated by individual grants. The experience of COMPACT, combined with results of country programmes that have adopted a regional focus (Mexico, Brazil and Guatemala), will impact on preparation of new countries' Country Programme Strategies and the revision of existing strategies. The SGP Climate Change portfolio review has pointed out interesting examples and lessons related to addressing barriers (policy, financial, technical, cultural, etc.) to achieving global benefits in OP5 and OP6. The Biodiversity portfolio review currently ongoing is expected to show similar results in the biodiversity OPs. These recent experiences will be exploited to link SGP portfolio development to further support national, possibly regional (e.g. transboundary projects), environmental strategy and action plans, thus maximizing SGP programmatic impact in the next three years. In addition, after years of successful implementation, a significant number of SGP projects are ready for upscaling and strategic replication (i.e. to cover a landscape, corridor or transfrontier effort) at levels beyond \$50,000.

IV. RESOURCE REQUIREMENTS

23. The budget for years 2004-2007 will have to provide for the following requirements:

- (a) recurrent costs of maintaining deliverables of 2002/2003 which have become basic and routine to the programme;
- (b) expansion to 10 new countries and their operations, taking note that expansion to countries with a priority for LDCs and SIDS will require additional costs in terms of pre-feasibility missions, start up support, orientation and training, technical assistance, inter-country visits, and increased monitoring and evaluation;
- (c) support for new deliverables for year 2004 and their continuance during 2005-2006 that are vital to manage the expansion to 30 new countries in three years; and
- (d) increase in country grant allocations of existing SGP country programs to meet increasing demands, make full use of the improved absorptive capacity of the country programme and its partners, exploit opportunities for leveraging, and provide support to the new focal areas of land degradation and POPs.

ANNEX 1. HIGHLIGHTS FROM GEF SGP ACTIVITIES FROM 1992 TO MID-OCTOBER 2003.

REGION	No. of Projects Approved/ No. of NGO & CBO Participants	GEF Grants (US\$ millions)	Co-financing in-cash and in-kind* (US\$ millions)	
			Local	Global
AFRICA Botswana, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Mali, Mauritania, Mauritius, Namibia, Niger, Senegal, South Africa, Tanzania, Uganda, Zimbabwe	778	25.63	9.75	European Commission on: <i>Small Grants Programme for Operations to Promote Tropical Forests in South East Asia (PTF)</i> 15.00 United Nations Foundation on: COMPACT (Community Management of Protected Areas) 3.00 Danish Grant 1.00
ARAB STATES Egypt, Jordan, Lebanon, Morocco, Palestinian Authority, Tunisia	280	17.98	9.79	
ASIA & PACIFIC Bhutan, India, Indonesia, Iran, Fiji, Malaysia, Mongolia, Nepal, Pakistan, Papua New Guinea, Philippines, Sri Lanka, Thailand, Vietnam	1,178	30.29	8.50	
EUROPE & CIS Albania, Kazakhstan, Krygyzstan, Lithuania, Poland, Turkey	559	22.14	10.33	
LATIN AMERICA & CARIBBEAN Carribean Regional Programme (Barbados, British Virgin Islands, Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Christopher & Nevis, St Vincent, St. Lucia), Belize, Bolivia, Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru, Trinidad & Tobago, Suriname	1,482	48.47	24.70	
GLOBAL	4,276	144.51	63.07	19.00

* As of mid-October 2003, SGP has reached a figure of \$50.2 million of cash co-financing exceeding its cash co-financing target for Year 4.

**ANNEX 2. REPORT OF THE THIRD INDEPENDENT EVALUATION OF THE
GEF SMALL GRANTS PROGRAMME 1999-2002**