

**Report of**  
**The Third Independent Evaluation of the**  
**Global Environment Facility Small Grants Programme**

**1999-2002**

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## ACRONYMS

BPR	Biennial Programme Review
CBO	Community-based Organization
CCF	Country Cooperation Framework
CI	Conservation International
CO	Country Office
COMPACT	Community Management of Protected Areas Conservation
CPMT	Central Programme Management Team
CPS	Country Programme Strategy
FSPs	Full-sized Projects
GEF	Global Environment Facility
GEFSEC	GEF Secretariat
ITDG	Intermediate Technology Development Group
JPOs	Junior Programme Officers
LIFE	Local Initiatives for the Environment
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MSPs	Medium-Sized Projects
NC	National Coordinator
NGO	Non-governmental Organization
NSC	National Steering or Selection Committee
NYCU	New York Coordination Unit
OP	Operational Phase
PIR	Project Implementation Review
ProDoc	Project Document
PTF	Promotion of Tropical Forests Programme
SGP	Small Grants Programme
UNCDF	United Nations Capital Development Fund
UNEP	United Nations Environment Programme
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
UNV	United Nations Volunteers
WB	World Bank
WSSD	World Summit on Sustainable Development

## SUMMARY

### INTRODUCTION

#### Background

The Small Grants Program (SGP) of the Global Environment Facility (GEF) was launched in 1992 to provide support for community-level initiatives that contribute to conserving global biodiversity, mitigating global climate change and protecting international waters. Building on its initial mandate to support local activities by NGOs and communities that address global environmental problems, the program has also emphasized participation and democracy, synergy through partnerships, gender and indigenous peoples, geographical distribution, replicability and sustainability. SGP has also sought to have an impact on national environmental policies and donor agendas by increasing public awareness of global environmental issues and communicating lessons learned, including best practices from its community-based experiences.

UNDP provides overall management of the SGP, while project execution is carried out by the UN Office for Project Services (UNOPS). Supervision and technical support are provided by a Central Programme Management Team (CPMT), part of the GEF Unit at UNDP New York. In each participating country a National Coordinator (NC) and a National Steering or Selection Committee (NSC) are responsible for the program, with support from the UNDP Country Office. Grants of up to US\$50,000 are awarded by the NSC to community groups and NGOs. Within the context of its support to globally beneficial environmental activities, the SGP's policy is to prioritize projects that: (a) provide for community participation in their design, implementation and evaluation; (b) are led by and develop the capacity of local organizations; (c) pay attention to the needs of women and indigenous peoples and practices; (d) draw on local scientific and technical resources, and (e) include provision for capacity development.

The SGP was allocated \$18 million by GEF for its Pilot Phase (1992-96) and \$24 million for its two year First Operational Phase (OP1: 1996-1998). The SGP's Second Operational Phase (OP2) began in early 1999.

#### Second Operational Phase

Planning for OP2 drew on the experience of the SGP's first five years and the results of an independent evaluation conducted in 1998. While the 1998 evaluation results had been positive, several areas were identified where the program needed to be strengthened. UNDP's plans for OP2 were defined in an initial Project Document for the first two years. Subsequent annual work plans with specific benchmarks have each reported the previous year's performance. These documents have all been approved by the GEF Council.

The SGP funding arrangements were modified at the beginning of OP2 with the introduction of a *programmatic approach*, making each annual disbursement dependent on performance against agreed benchmarks and deliverables. The GEF Council approved the initial OP2 Project Document in October 1998, granting a replenishment of \$31.6 million for years one and two (1999

and 2000). Subsequent replenishments approved by the GEF Council for years three (2001) and four (2002) were \$22.8 million and \$20.7 million. UNDP reduced the amount requested for year four by about \$2 million in recognition of GEF's funding limitation in 2001. SGP committed to matching GEF's funding with 100% additional cofinancing throughout OP2, half in cash and half in kind.

After deducting non-grant expenditures, i.e., management and administration costs, the GEF financing available for small grants was \$22.3 million for OP2 years 1 and 2, and \$16.0 million for year 3, totaling \$38.3 million by early 2002. Of this amount, \$37.5 million (98%) had been allocated to country programs and \$35.4 million (92%) committed to 1714 projects by the country programs by June 2002.

SGP has a total of 51 national and two regional programs (53 in total), covering a total of 63 countries. During the first three years of OP2 the SGP expanded from 43 to 53 programs with the addition of El Salvador, Honduras, Iran, Kyrgyzstan, Lebanon, Lithuania, Mongolia, Namibia, Mauritania and South Africa.

### **SGP Portfolio Overview**

The SGP was operating in 63 countries by mid 2002, with grants totaling \$56 million having been made to more than 3,000 projects over the decade since the SGP was launched in 1992. During the first three years of OP2 alone, i.e., since 1999, the SGP has set up seven new country programs and disbursed about \$35 million to more than 1,700 projects.

GEF made \$38 million available to SGP for grants during the first three years of OP2, over 92% of which had been used by May 2002. A further \$16 million was made available for non-grant expenditures, making a total GEF investment of \$54 million. SGP had committed to exactly match this amount by mobilizing additional resources of \$54 million for the same period, half in cash and half in kind. Actual fundraising by SGP exceeded these cofinancing targets by \$6 million. The \$60 million raised by June 2002 was made up of \$44 million in cash – i.e., \$17 million over the target – plus \$16 million in kind (an amount almost certainly significantly understated as a result of underreporting by country programs).

The average grant size of \$20,700 for the 2<sup>nd</sup> Operational Phase has so far been 27% higher than the \$16,300 from the 1<sup>st</sup> Operational Phase, which in turn was 9% higher than the \$14,900 average from the Pilot Phase. There were considerable variations in average grant size between the countries.

The geographic balance of SGP projects has remained fairly stable, with the most notable long-term trends being a reduction in the relative share of the Arab States and an increase in the relative share of Europe and Central Asia. Compared to GEF full-sized Projects (FSPs), the SGP has relatively higher levels of activity concentrated in Latin America, Africa and the Arab States, lower levels of activity in Europe and Central Asia, and about the same in Asia.

The GEF focal area concentration of the SGP has also remained remarkably stable, with just a slight reduction in the previously heavy concentration on biodiversity projects (Table 1.3). Compared to GEF FSPs, the SGP has considerably more activity in biodiversity, far less in climate change and in international waters and about the same in multiple focal areas. The split of SGP

activity between focal areas corresponds fairly closely with that of the GEF's Medium-Sized projects (MSPs).

### **This Evaluation**

The purpose of this evaluation was to review the performance of the SGP, especially during the first three years of OP2 until February 2002. According to the Terms of Reference (Annex 2), the evaluation was to examine “progress and results in program implementation, measured against the specific objectives set forth in the Project Document and the benchmarks established by the GEF Council in 1998. The evaluation will also assess the extent to which the recommendations of the Second Independent Evaluation carried out in 1998 were addressed and whether as a consequence project performance and results were strengthened. Lessons learnt and best practices will be identified, and recommendations will be offered to enhance SGP's performance and impact.”

The evaluation was based on interviews with a variety of key stakeholders, reviews of important documents and access to the SGP's database, all at a program-wide global level. These steps were supplemented by visits to 12 countries during June-August 2002. The results of the two previous evaluations of the SGP, in 1995 and in 1998, were taken into account.

The evaluation team consisted of four international consultants supported by local consultants in each of the countries visited. An additional international consultant carried out the visit to India. The countries visited were Cote d'Ivoire, Guatemala, India, Lithuania, Peru, Tanzania, Thailand, Trinidad and Tobago with Suriname (a two-country program), Tunisia, Turkey and Vietnam. The selection of countries was based on multiple criteria, including geographic representation and diversity of program experiences. The country visits by individual members of the evaluation team followed detailed guidelines that had been prepared by the team in advance.

Consistent results were generated from the completed interviews, document reviews and country visits, thereby satisfying the evaluation team that the choice of countries for intensive study had been broadly representative. The evaluation team prepared detailed analyses of the findings of the country visits. These studies document much of the information on which the evaluation is based, and have been shared with UNDP. This report analyzes and draws from this body of information but does not attempt to summarize it.

### **OVERALL FINDINGS**

The overall impression of the evaluation team is that SGP has built on its strengths during OP2 while effectively addressing most of the weaknesses identified by the 1998 evaluation. 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 that are consistent with the GEF's Operational Programs. One of the most striking findings of the evaluation is the high degree of fit between the services and benefits provided by the SGP and the current priorities and needs in an extraordinary variety of country contexts in which the program operates.

In many countries SGP has become the permanent public face or even *de facto* ambassador of the GEF, being known to and highly regarded by government agencies, other donors and,

increasingly, the general public. The national programs feature regularly in a variety of news media promoting links between local community actions and global environmental issues while highlighting convincing projects drawn from their own portfolios. This clearly builds awareness of and interest in the global environmental agenda among a wide range of key stakeholders who would not otherwise be exposed to GEF activities.

The GEF appears to be getting very good value for its investments in SGP. The evaluation team concurs with the observations in the recent GEF Overall Performance Review, that (a) many SGP projects appear to deliver more favorable cost-benefit ratios than larger projects, and (b) the SGP's importance to developing countries derives from "the way in which it links, global, national and local-level issues through a transparent, strongly participatory and country-driven approach to project planning, design and implementation".

The Overall Performance Review team concluded that "it will be important to allocate increased resources" to SGP. The present evaluation team agrees, and considers this to be the most important adjustment needed for the next phase of SGP operations. While additional and badly-needed resources were made available at the CPMT level during OP2, the evaluation team considers that priority should now be given to significantly increasing the resources available at a national level for program management. SGP operates very differently from other grant-making institutions that simply screen proposals and write checks. The program provides a range of comprehensive services at national levels to grantees, other key stakeholders and the GEF. The NCs are central to this process, deserve much of the credit for SGP's successes and have been extraordinarily successful in mobilizing and energizing inputs from a wide range of talented and experienced individuals now working towards GEF goals *on a voluntary basis*. Not only are the NCs being asked to do too much with too little resources, they could achieve much more with greater support, to the benefit of both SGP and GEF. Programme Assistants and other committed local SGP staff also deserve credit for their contribution to the success of the program.

## **PROGRESS TOWARDS SECOND OPERATIONAL PHASE OBJECTIVES**

The SGP began OP2 with ambitious goals, most of which reflected the recommendations made by the previous evaluation in 1998: (a) a substantial refocusing of the overall program, with much clearer definition of objectives, strategies and procedures; (b) ambitious cofinancing targets; (c) a stronger and more coherent monitoring and evaluation program; (d) further integration with larger GEF interventions; and (e) development and initial implementation of an outreach, awareness and communications strategy.

These goals have been achieved successfully. As an important first step, several key policy documents were completed early in OP2 and then implemented. These included the first SGP Strategic Framework, a Resources Mobilization Strategy, a Global Communications Strategy, a Monitoring and Evaluation Framework, and updated Operational Guidelines (prepared with UNOPS). The Strategic Framework is an impressive document and provides a coherent sense of direction to the program. It effectively addresses some of the key issues raised by the 1998 evaluation by (a) providing technical guidance on the eligibility of projects under each of the GEF Operational Programs, and (b) discussing how national programs and their grantees can reconcile the immediate and urgent livelihood priorities of poor, rural communities with the global environmental problems targeted by GEF.

The key messages in the Strategic Framework were communicated to the country programs in a variety of ways, helping clarify the program's objectives and ensuring a more rigorous application of the GEF Operational Strategy and Operational Programs. The evaluation team observed a reasonably solid appreciation of GEF eligibility criteria among most of the country programs visited, which appeared to be reflected in better design of the more recent projects. This suggests that the Strategic Framework is starting to be applied successfully, thereby strengthening the overall SGP.

## **PROGRAM IMPACTS**

SGP's contribution to technical and organizational capacity building as well as awareness raising among grantee NGOs and CBOs is impressive. In many countries SGP has now reached out to and influenced a whole generation of national environmental NGOs and emerging CBOs. These nationally-based organizations are starting to constitute a significant network committed to local actions linked to the GEF global environmental agenda. Many of SGP's NGO and CBO grantees have not only increased their credibility within their own communities but also developed more constructive links with their governments, parts of which have in some cases begun to see NGOs and CBOs as potential partners rather than simply critics and adversaries. Awareness raising among poorer communities continues to be more challenging than among other grantees.

Many SGP projects have leveraged their impact through scaling up, replication and influencing government policies related to global environmental issues. Most replication and scaling-up of promising projects can be attributed to the credibility and creativity of well-connected NCs and NSC members, the partners they have brought into projects, word of mouth at NGO and community levels, and the effective communication strategies of many country programs. The establishment of strong relations with government, high credibility among NGOs and strong interest from other donors have helped position many of the national SGPs to sustain a progressively stronger role in environmental policymaking. A significant number of SGP projects have been or expect to be scaled up or replicated by medium or full-sized GEF projects during OP2, although such opportunities could be explored more proactively in several countries. SGP also appears to be establishing a reputation and a niche within the GEF family for implementing community-level components of larger projects in an efficient and cost-effective manner. Other GEF Implementing Agencies should be encouraged to look more systematically to SGP as a resource for this kind of activity as well as a source of experience on which to build potential larger scale projects

The SGP's participatory approach to project planning and implementation is strongly conducive to project sustainability. Sustaining the benefits from small projects with a life span of 1-2 years is a challenging undertaking, however, and expectations concerning the sustainability of individual SGP projects should not be set too high. Capacity building, leverage and awareness raising are all potentially sustainable in terms of their impacts on local and global environmental issues, even though most need to be reinforced by other complementary efforts.

Partnerships developed by SGP have been a key element in bringing wider financial and knowledge resources to bear on program activities and in the process, building capacity of

grantees. The extent of outreach and collaboration is considered to be one of the unique strengths of the program.

Although considerable progress has been made in developing and disseminating communications materials for non-technical and non-specialist audiences, more attention still needs to be given to the systematic analysis and documentation of SGP results and experiences. The leveraging of SGP's investments and experiences could probably be enhanced if examples of lessons learned, innovations and other SGP project successes were collected and disseminated more systematically, both nationally and globally, with a view to increasing the influence on mainstream programs. While formal project documentation is adequate, post-project analyses of lessons learned could be documented and disseminated more effectively.

The financial sustainability of projects has been addressed either by including new income-generating opportunities and micro-enterprises in projects or by selecting grantees who are expected eventually to be able to raise their own funding support to sustain SGP project activities. Generating commercially-viable livelihood opportunities through projects has continued to be challenging during OP2, although several projects have adopted promising approaches that should be further analyzed as potential best practices. Revolving loan funds have been used successfully in a number of cases. Some projects promoting new technologies have enhanced their prospects for sustainability by helping local people acquire relevant construction, installation, maintenance and repair skills.

## **MAJOR PROGRAMMING ISSUES**

### **Generating Global Benefits**

GEF financing is provided on the basis that the SGP can generate global environmental benefits. In practice, the most significant global benefits from SGP seem unlikely to come from the *direct* environmental impacts of 3,000 relatively small and local project activities, even if these could be measured by appropriate and cost-effective indicators. It is the *indirect* impacts of SGP activities that seem much more likely to contribute to and sustain global benefits.

The most important types of indirect impacts from SGP activities noted during the evaluation country visits include (a) projects that result in or support policy changes by governments or new approaches by donors, (b) CBO or NGO grantees going on to more influential activities as a result of capacity building and experience gained during an SGP project, (c) local communities initiating new environmental-friendly activities or obtaining services or action from government as a result of increased self-reliance and organizational skills attributable to participation in an SGP project, (d) diverse stakeholders taking action as a result of broader awareness of global environmental issues resulting from SGP activities, (e) NSC members, often influential figures and decision makers, becoming active lobbyists and ambassadors for global environmental issues, and (f) institutional project partners such as research institutions, local governments and national environmental funds adopting SGP approaches and introducing them to broader communities.

Some of these benefits may not become evident until several years after the SGP activity that stimulated them. Longer-term results and impacts catalyzed by earlier grants have not been systematically tracked, however, making long-term impacts and sustainability difficult to assess.

## **Poverty, Livelihoods and the GEF Focal Areas**

The 1998 SGP evaluation reported that many country programs were struggling to reconcile grantee livelihood concerns with GEF's global environmental priorities. Partly as a result, the portfolio at that time contained a significant number of projects with only tenuous links to GEF priorities. This issue was addressed directly and effectively during OP2 through (a) the preparation and dissemination of the SGP Strategic Framework – which explains project eligibility for GEF financing in some detail, and (b) cofinancing to cover the aggregate program-level costs of baseline activities linked to, if not explicitly in, GEF focal areas. This evaluation's country visits found an improvement in the situation reported four years ago, with generally more convincing links between most of the SGP portfolios and the GEF focal areas, helped by cofinancing for activities that are not eligible for GEF funding; however, this area still requires continuing emphasis at a program level and priority attention in a few countries.

Coordinating GEF's global environmental goals with the mitigation of poverty among local communities is one of the most critical set of issues confronting the international development community. Reaching agreement on how best to move towards the Millennium Development Goals (MDGs) while protecting the global environment will not be easy, as illustrated recently by the Johannesburg Summit process. Reconciling environmental goals with poverty reduction is clearly a priority for almost all countries, even though the links between environmental programs and poverty programs is tenuous at both local and national levels. This is an area where SGP is already demonstrating what is possible. SGP is clearly operating at the cutting edge of international efforts exploring the synergies – and sometimes the incompatibilities – between environmental conservation and poverty alleviation at local levels. It is important not to lose sight of the powerful argument that establishing environmentally sustainable livelihood opportunities at local levels may be a *precondition* for generating long-term global environmental benefits, as well as one of the most important ways of generating these benefits. While GEF resources are not explicitly being used to pursue the MDGs, the SGP does offer a potentially very important bridge towards sustainable development at local levels with linkages to larger scale environmental processes.

## **Portfolio Composition**

The average SGP grant during OP2 was about \$20,000, compared to \$16,400 during OP1 and \$14,900 during the GEF's Pilot Phase, still considerably below the SGP maximum of \$50,000. Some countries have deliberately made relatively large numbers of smaller grants, thereby establishing portfolios requiring very intensive management. In some cases this was clearly justified by the national context, in others less so.

The national SGP project portfolios reflect strategic choices in grant making, some of which have been explicitly recognized in individual Country Programme Strategies and some not. The choice of which types of grantee to support has important implications for project performance and impact. Grants to well-established and capable NGOs usually perform better, yield quicker results and progress more quickly than grants to grassroots groups lacking previous experience with outside funding. On the other hand, grants to smaller, emerging community-level organizations, that require more intensive management and are often slower to generate positive results, may ultimately contribute as much, if not more, to achieving sustainable development.

The location of projects, the characteristics of the selected grantees and the size of the grants all have important implications for the overall performance and effectiveness of national SGP portfolios. Hands-on management and grantee supervision is one of SGP's clear strengths. In a few countries, however, the geographic scope appears so broad that the national effort has become fragmented and the projects appear isolated. This can impose significant costs in terms of project supervision and monitoring. While the SGP Monitoring and Evaluation Framework introduced during OP2 provides excellent guidance, the portfolios in some countries are at or beyond the NCs' capacity to monitor adequately, even with support from NSC members. Allocating some project funds to finance monitoring by sub-contracted research organizations has worked well in the few cases where this has been attempted, but more resources are clearly needed for project monitoring.

### **Biodiversity, Climate Change And International Waters Projects**

Notable progress during OP2 is evident in the two main GEF focal areas addressed by SGP projects, biodiversity and – especially – climate change. There are still relatively few international waters projects. Biodiversity projects in the countries visited seem to have been more carefully targeted, to employ sounder and more replicable methodologies and – critically – are more often based on convincing, broad-based partnership arrangements than was noted during the 1998 evaluation. As a result, the potential for tangible impacts and sustainable benefits appears to have improved significantly.

The high quality and variety of SGP climate change projects are one of the highlights of OP2, with the better projects building ambitious and effective policy development considerations into their initial design stage. Most of the country programs have now moved beyond the OP1 preference for subsidizing expensive and non-replicable technologies towards a more pragmatic set of activities with clearly-understood policy implications and scaling-up possibilities. Many energy conservation and renewable energy projects now feature a solid integration between new technologies and income generation, often being implemented by skillfully assembled partnerships and with results effectively disseminated using a variety of communications tools.

The evaluation team was asked whether the success and effectiveness of many national programs have led to the possibility of some countries taking over their national SGPs, and thereby graduating from and exiting the SGP. However, it seems clear that the focus of the national SGPs on the GEF focal areas will only continue as long as GEF remains the major funding source. The considerable success of the SGP in raising cofinancing is very largely based on the availability of matching GEF funds. While a few countries may be able to graduate or exit from SGP and continue with some form of small grants program based on alternative funding, this would almost certainly result in the focus on GEF focal areas being reduced or even lost as the replacement donors' priorities take precedence. The relative success of the national SGPs should not be equated with an increased national desire to take over and fully fund the programs. On the contrary, the successes of the program in many countries have not only demonstrated that SGP is among the GEF's most cost-effective operations, but have created new, larger-scale investment opportunities for GEF and other donors through pilot initiatives and policy reforms. In practice, the overwhelming majority of country programs have little prospect of achieving financial independence under existing donor and government spending priorities, and it is not at all clear that such independence would be desirable.

## COFINANCING

Cofinancing has allowed SGP to increase the number, size and impacts of its projects while continuing to pursue GEF objectives. It has also allowed SGP projects to procure goods and services that are ineligible for GEF funding, often for income-generating or other livelihood project components that help build community acceptance and ownership of SGP projects. The GEF Council's decision to set SGP's resource mobilization targets at country and global program levels – and not at project levels – has considerably facilitated the achievement of SGP's prime objective, generating global environmental benefits while working at the local community level.

The cash cofinancing mobilized for OP2 years 1-3 of \$43 million consisted of \$19 million raised at the headquarters or CPMT level and \$24 million at the national program level. The major elements of the headquarters level cofinancing were (a) the 4-country, \$15 million Promotion of Tropical Forests Programme (PTF) to promote sustainable forest management by local stakeholders, funded by the European Union, and (b) the \$3 million Community Management of Protected Areas Conservation Program (COMPACT) focusing on community activities at six World Natural Heritage Sites, funded by the UN Foundation. The PTF has only recently begun while COMPACT is becoming recognized as a powerful state-of-the-art model for site-based conservation. The \$24 million cash cofinancing raised at the country program and project level is spread unevenly, with some national programs proving more successful than others. Eight country programs raised more than \$1 million in cash. In addition, three UNDP Country Offices successfully negotiated with their host governments to allocate about \$2 million to their respective national SGPs.

Cash plus in kind resources from national sources – i.e., grantees, communities, national NGOs, national and local governments – contributed almost 70% of cofinancing at the country program level. This appears to confirm that national sources are indeed meeting the overall cost of baseline/development activities while international sources are meeting the incremental costs of generating global environmental benefits. These data also confirm the very high degree of national ownership of the SGP that was evident from the evaluation country visits. The lack of a standard approach to valuing inputs in kind appears to have resulted in significant underreporting of this form of resource mobilization. While SGP's extraordinary ability to mobilize capable, enthusiastic, high-quality, technically-qualified people on a voluntary basis is one of its unique strengths, relatively little of this seems to be measured at present.

Cash cofinancing provides important opportunities for expanding and reinforcing SGP's mission. All of the cofinancing arrangements reviewed by the evaluation team have contributed to the GEF mission and there is no sign that the core SGP goals or unique approach are being compromised or diluted. But it is clear that there are often substantial management and administrative costs involved in both attracting and managing cofinancing. Some of SGP's cofinancing arrangements have considerably increased the burden on NCs, and made extensive demands on the voluntary NSC members. Multicountry cofinancing has also required extensive time from the CPMT and UNOPS. Since SGP management resources are extremely limited at both global and national levels, it would be important not to set future cofinancing goals so high that these divert attention from other key program priorities.

## **INSTITUTIONAL AND MANAGEMENT ISSUES**

### **National Institutional And Management Arrangements**

Strong decentralized institutional and management arrangements at the national level continue to be the key to the SGP's success. To have established and maintained the program in a way that gives capable NCs such a high degree of autonomy is a major achievement of both UNDP and SGP. The roles of and relationships between the NCs, the NSCs and the UNDP Country Offices are all vital components. Although these arrangements are mainly working well, the evaluation's findings are that some adjustments should be made in these national institutional roles and relationships during the next phase of SGP operations, both to correct some problems and to take advantage of some opportunities.

The program would benefit from a review of the "one size fits all" staffing pattern whereby the budget for each country provides for one NC and one Programme/Administrative assistant regardless of the size of the country, the program, or the management challenges involved. While a critical minimum should certainly be maintained in all participating countries, it seems logical that there should be some variance in adapting staffing arrangements to particular national program needs.

### **National Coordinators**

The NCs continue to be the single most important element of the SGP. Generally very dedicated and highly effective, these key individuals continue to perform impressively in a variety of different program management areas that have continued to expand over time: identifying grantees and projects; coaching grantees; monitoring projects; developing national program strategies; regular performance reporting to the CPMT; putting together innovative partnerships; supporting the NSC; translating GEF funding criteria into local contexts; mobilizing voluntary inputs and additional financial resources; building constituencies among policy makers; influencing other donor programs; implementing wide-ranging communications strategies, and so on. The enormous pressure on SGP to minimize budgets for non-grant expenditures means that most of the NCs are trying to do too much with too little resources, generally working with just a single program assistant. There is a compelling need to invest more in the NCs. Not only are the demands being placed on them close to unreasonable, but there are real opportunities to make these people more efficient and help them achieve even more. Providing more non-grant resources to support the SGP's NCs is the single highest priority to emerge from this evaluation.

### **National Steering/Selection Committees**

The NSC members are another key component of the SGP national management structure. The NSC has proved itself over a decade to be an effective permanent mechanism for project selection, policy guidance and program promotion, while making considerable demands on the committee members. The technical capacity of most NSCs has broadened and deepened impressively over time as the SGP has matured and GEF Operational Programs have expanded. NSC members are making an extraordinary contribution that has no equivalent in the GEF family. However, some NSC members' commitment and effectiveness could be enhanced, and in some cases needs to be enhanced. Each NSC operates in relative isolation from global SGP activities or

those in other countries and has little direct access to issues of concern to the GEF that are outside their own personal fields of interest. While the evaluation team does not support changing the *voluntary* nature of NSC activities, there appear to be good opportunities to invest more in professional development activities for NSC members in ways that would benefit both them, the SGP and the GEF. Investing more attention and resources in the NSCs is another high priority to emerge from this evaluation.

### **UNDP Country Offices**

The UNDP Country Offices generally enjoy a mutually beneficial relationship with SGP and it is inconceivable to the evaluation team that there is any realistic alternative to UNDP for SGP country management. Some UNDP Country Offices have been very supportive to the SGP and have been successful in developing clear synergies with other national UNDP activities. However, the relationships between an increasing number of the Country Offices and the NCs have become, to say the least, strained during OP2 and now appear to require attention from senior UNDP and/or GEFSEC management. The main issues arise from Country Offices' lack of understanding and appreciation of (a) SGP's very specific goals and funding criteria derived from the GEF Operational Programs, and (b) the reporting relationships between the NCs and the Resident Representative and other national staff. These issues have been compounded by UNDP's steadily declining budgets for country operations, sometimes leading Country Offices to perceive SGP as a potential source of funds and/or as a competitor for bilateral cofinancing.

### **Host NGOs**

While SGP can be commended in seeking further opportunities to use national host NGOs wherever feasible, it is clear that these arrangements have required considerable CPMT and UNOPS management time to establish, they are not easy to supervise and monitor, and they can be difficult to correct if personality or other conflicts arise.

The evaluation found that arrangements with the host NGO in Suriname – an SGP sub-program managed by UNDP in Trinidad and Tobago – reflect a conflict of interest and have been operated in contravention of several key SGP principles. This situation appeared to have been inadequately supervised by UNDP, and a full assessment of the situation has now been planned. The evaluation team was satisfied that this appeared to represent a somewhat unusual, one-off situation.

### **Central Program Management Team**

The CPMT in New York has been very productive during OP2, even though the unit was not fully staffed until mid 2002. Major policy documents were prepared early in OP2 and then implemented. Notable progress has been made towards setting up comprehensive management reporting systems to provide the key indicators needed to guide the program as well as generating much of the information needed to report to the GEF Council. Substantial multi-country cofinancing has also been raised and negotiated directly by the CPMT. It is clear that the CPMT's guidance and support have contributed significantly to SGP's overall performance improvement during OP2.

As OP2 began, SGP management faced the task of responding to an external evaluation that – while generally very favorable towards the core SGP business of community-level grant making for global environmental issues – had pointed out some deficiencies and pressing needs at the CPMT level. These issues had to be addressed by an almost totally new management team and it was therefore natural to insist on very detailed and regular performance reporting. Furthermore, under the programmatic approach, each annual GEF disbursement to SGP since 1999 has depended on performance against agreed benchmarks and deliverables. As a result, the CPMT has invested considerable energy during OP2 in gathering data on a variety of indicators to report to GEFSEC and the GEF Council, with the result that SGP must now be one of the most heavily monitored activities in the GEF portfolio.

After more than three years of OP2, it is now clear that virtually all of the key OP2 objectives have been met, that the key concerns raised by the 1998 evaluation have essentially been addressed, and that satisfactory management systems are now in an advanced stage of introduction and use. The evaluation results suggest that the progress made by SGP during OP2 has been so positive that serious consideration should be given to reducing reporting requirements to a relatively few, meaningful and cost-effective indicators. These indicators should be selected and reported in ways that facilitate the continuing assessment of individual country program performance, overall and by GEF focal area.

The CPMT have prioritized their time well and been very productive. A rationalization of the SGP's reporting burden combined with the support of the new CPMT staff should now provide a much-needed opportunity for the CPMT and UNOPS to increase the number of country visits. Some NCs require direct support in (a) adopting and implementing the major SGP policy documents introduced during OP2, and (b) improving national institutional arrangements and/or strengthening project selection, portfolio management, cofinancing and communications.

Although the CPMT staffing has increased during OP2, the evaluation team still considers it to be understaffed by at least two positions. The current level of four to five professional staff do not seem adequate on a long-term basis to manage a program with an annual budget of more than \$30 million active in over 60 countries with an unusually demanding external reporting burden, especially a program that is expanding as rapidly as SGP.

## **UNOPS**

The 1998 SGP evaluation had reported several instances during OP1 of delays, including difficulties in approving budgets and transferring funds, as well as lengthy and cumbersome recruitment procedures for consultants. This picture was transformed during OP2. All feedback on UNOPS from the national SGPs was extremely positive. The responsiveness, flexibility and technical knowledge of UNOPS staff were all strongly emphasized by the NCs, particularly in cases where SGP was being established in new countries. UNOPS should therefore receive credit as a key contributor to SGP's improved performance during OP2.

## **THE SGP'S ROLE WITHIN THE GEF**

The SGP continues to occupy a unique and valuable niche not only within the GEF but within all international environment and development efforts. As noted by the 1998 evaluation, “there is no comparable mechanism for raising environmental awareness and building capacity across such a broad spectrum of constituencies within the recipient countries. National ownership of the SGP and commitment to its participatory principles is clearly demonstrated by the talented and experienced people attracted to become NSC members, as well as the enormous voluntary inputs elicited by the programs from all levels of society”. This is equally true today. The results of this evaluation strongly suggest that SGP continues to have a vital role to play as the GEF begins implementation of its 2002 replenishment. The SGP can only reach its full potential, however, if adequate resources are made available for both national and global program management.

## **RECOMMENDATIONS**

### **Institutional Arrangements**

#### **National Coordinators and other Staff**

Significantly more resources should be made available for country-level program management, to support the NCs and to implement the recommendations made here. This is the most pressing finding of the evaluation. The amount and type of additional resources that are needed varies by country and should be elaborated by the CPMT in consultation with the NCs, NSCs and UNOPS. In some countries resources should be provided for an additional technical staff position. Communications, cofinancing, project scaling up, project monitoring and evaluation, and the documentation of lessons learned are among the highest priority areas where many NCs are overly constrained by resource limitations. The NCs themselves should be given more professional development opportunities, including regional-level training and exchange visits with other country programs. It would also be useful to explore modalities to enable professional growth of Programme Assistants in order to encourage delegation of some of the NC tasks to motivated and active Assistants.

Some of the less experienced NCs would benefit from more direct support from the CPMT and UNOPS through periodic field visits, to help them address a variety of issues including relationships with the UNDP Country Offices, encouraging NSCs to be more active, sharpening the Country Programme Strategies, communications and approaches to donors for cofinancing.

#### **National Steering/Selection Committees**

While most NSCs are working well and making extremely valuable voluntary contributions of their time and expertise, some are less active and effective than they could be. Investing more attention and resources in the NSCs is another high priority. The NSC members’ commitment and effectiveness could be enhanced by more active participation in activities that would benefit the individuals concerned, enhancing their own capacities, as well as the SGP and GEF. Such activities could include regional exchange visits, structured interactions with global experts, higher profile roles in national UNDP activities, and so on.

Efforts should be made to bring more expertise from the private sector into the NSCs, particularly people with microenterprise experience to assist with feasibility studies and help assess and develop the commercial potential of certain projects.

In a few countries the NSC membership should be strengthened. While this is primarily the responsibility of the NC and the UNDP Resident Representative, NSC membership also requires CPMT approval.

#### Relationships with UNDP Country Offices

Improving the quality of the SGP's relationships with the UNDP Country Offices is another high priority. In some cases remedial action is needed. In other cases there are opportunities for more positive synergies in terms of influencing government policies and raising cofinancing. The CPMT should coordinate with senior UNDP and GEF management to develop a program to address this issue. The initial emphasis should be on clarifying the Country Offices' understanding and appreciation of SGP's specific goals and funding criteria as well as the reporting relationships between the NCs and the Resident Representative and other national UNDP staff.

#### Central Programme Management Team

The CPMT has necessarily and effectively devoted most of its energies during OP2 to developing and launching the implementation of a sound policy framework and set of procedures for the SGP. During the next phase of operations these priorities should move more towards a significantly expanded number of country visits by senior CPMT and UNOPS staff for program supervision and support. While additional staff positions were created and filled during OP2, the workload is such that the CPMT core staff should be further increased by at least two full-time staff positions.

While it is important to continue respecting SGP's commitment to decentralized decision making, there is a need for the CPMT to work directly with selected individual country programs and NCs. In some cases the CPMT may become directly involved in major national cofinancing and project scaling up campaigns. The CPMT should also resolve the specific problems identified by the evaluation in Trinidad and Tobago (especially the Suriname sub-program) and in Thailand. The questions raised by the evaluation country visits regarding project selection in Thailand and in Tunisia should also be reviewed for possible action.

#### Budgetary Implications

Several of these recommendations and the planned expansion to new countries require additional budgetary resources in non-grant areas. These proposed budgetary increases for core staff and related functions are consistent with the evaluation team's view that insufficient financial resources are currently being made available by GEF to manage SGP on a long-term basis.

The SGP budget should be adjusted to make additional provision for what are currently labeled "non-grant costs". Alternatives to be explored in consultation with GEFSEC and UNDP could include: (a) adjusting the current standard grant-to-nongrant cost ratio, (b) changing the presentation of the SGP budget to avoid the current separation into "grant" and "non-grant", which gives a misleading impression that all non-grant costs are for administration while in fact many elements in the functions of the program management staff, particularly at country level,

consist of capacity-building and substantive/technical support), and (c) increasing overall GEF funding available to each country while also increasing the SGP individual grant ceiling, thus consolidating management tasks.

### **Expansion Into New Countries**

It is encouraging that so many new, additional countries have applied for or indicated a strong interest in establishing a national SGP. However, some caution needs to be exercised in further expansion. The introduction of new countries is a very management-intensive process and, as noted above, there is still a lack of resources for SGP management. Furthermore, the evaluation team considers it important that any new SGP operations be geographically focused within all but the smallest countries, to avoid the excessive dilution of grant impacts that has been experienced in a few cases. In consultation with GEFSEC, SGP should develop more detailed criteria for the admission of new countries based on key operational criteria. GEFSEC and SGP management should also develop a longer-term plan covering program expansion into new countries, which is lacking at present.

### **Tracking Global Benefits**

One way for SGP to track global environmental benefits more effectively is to track the longer-term outcomes of completed projects. Continued and more systematic networking with earlier grantees and project partners should reveal the extent to which previous SGP initiatives have catalyzed larger-scale changes than the relatively local direct impacts that many projects are inevitably limited to during their short duration. Such networking could take the form of surveys, newsletters, workshops, etc. These networks will also provide a powerful vehicle for communicating SGP ideas and project news to an influential audience that is expanding over time.

As systems are put in place to track global environmental benefits at the project level, consideration should be given to developing and applying cost-effective methodologies to track these benefits at a global, program-wide level. This is particularly important in the case of capacity development, perhaps the SGP's most significant global benefit.

### **Country Programme Strategies**

While many Country Programme Strategies are impressive documents, the quality does vary between countries. Some country programs still need help in articulating and documenting systematic analyses of existing country situations and environmental priorities, and then convincingly moving forward from these to the selected SGP strategy, both thematically and geographically. In these countries there is a need for more convincing analyses of (a) experiences and lessons to date, (b) the characteristics of the project portfolio, including grant size, location of projects, types of grantees and use of intermediaries, and (c) what approaches have worked, what have not and what seems most productive and manageable in future. This process should culminate in a clearly outlined action plan that is easy to monitor, perhaps in a log-frame with key indicators, responsibilities, time-frames and actions highlighted. Best practice examples are available from several countries.

### **Expanding the Small Grant Menu**

Consideration should be given to gradually expanding the options for small grants, for example through a carefully-monitored increase in the maximum project size from \$50,000 to \$150,000 in selected countries where there are strong and well-established SGPs, supportive NSCs and a demonstrably strong demand. Any expansion of project limits would need to be assessed in the context of national program management capacity. Grant funds are already spread fairly thinly, so any increase in SGP grant limits should be accompanied by an overall increase in SGP funding, otherwise the main effect would be to concentrate SGP activity into a smaller number of larger projects. Additional conditions could be applied at the program level for projects exceeding \$50,000, including commitments from the NSC to provide supervision and assist in cofinancing.

### **Monitoring and Evaluation**

Project monitoring and evaluation imposes a major burden on the NCs, although in some cases they are substantially helped by NSC members making project visits. Some country programs have subcontracted research institutions to carry out project monitoring, providing funding through budget line items for every project. Consideration should be given to expanding this approach following a review of experiences to date. Such monitoring and evaluation could also contribute important materials to country program communications strategies.

While the CPMT monitors the program at the national and global levels, supported by the SGP's increasingly sophisticated database and monitoring and evaluation framework, the documentation of these monitoring activities and the results could be further systematized.

### **Lessons Learned**

SGP could make fuller use of its wealth of experience and lessons learned. These should be more effectively documented and disseminated through publications, video and other media, both nationally and globally. Additional resources should be provided to country programs to study and document the emerging lessons in appropriate form for different audiences.

There should be more interactions and cross-learning between countries, particularly at regional levels where situations are more or less similar and common interests prevail. These interactions should involve both NCs and key NSC members. The positive impacts of such interactions should go beyond improvements in project selection and implementation, resulting in more effective policy advocacy at the regional and global levels as key SGP constituencies are networked across countries.

### **Information Management**

While good progress has been made in putting data bases and management systems in place, with significant improvements in the quality of reporting, the maintenance of these systems is still a cumbersome process which adds to work loads at all levels. The quality of information entered varies between country programs, leading to under reporting on some targets. With the foundation of a solid information management system in place, there is now a need to focus on specific measures that will ensure that the quality of the reporting system is further improved. Some countries have been remiss in the regularity and accuracy of their inputs. Incentives need to be

developed to ensure that the information in the data base is correct and current. NSCs should periodically receive and review a consolidated analysis from their country's database, both as a check for reasonableness and as a guide to decision-making and policy planning.

### **Tracking In Kind Contributions**

Standard methods need to be selected and applied for the identification and measurement of in kind contributions to projects and programs. Many important contributions to SGP are currently unrecognized and unrecorded. The programs in Costa Rica and the Dominican Republic have each developed and tested methodologies that should be reviewed for potential use on a program-wide basis.

## **1. INTRODUCTION**

### **BACKGROUND**

The Small Grants Program (SGP) of the Global Environment Facility (GEF) was launched in 1992 to provide support for community-level initiatives that contribute to conserving global biodiversity, mitigating global climate change and protecting international waters. Building on its initial mandate to support local activities by NGOs and communities that address global environmental problems, the program has also emphasized participation and democracy, synergy through partnerships, gender and indigenous peoples, geographical distribution, replicability and sustainability. SGP has also sought to have an impact on national environmental policies and donor agendas by increasing public awareness of global environmental issues and communicating lessons learned, including best practices from its community-based experiences.

UNDP provides overall management of the SGP, while project execution is carried out by the UN Office for Project Services (UNOPS). Supervision and technical support are provided by a Central Programme Management Team (CPMT), part of the GEF Unit at UNDP New York. In each participating country a National Coordinator (NC) and a National Steering or Selection Committee (NSC) are responsible for the program, with support from the UNDP Country Office. Grants of up to US\$50,000 are awarded by the NSC to community groups and NGOs. Within the context of its support to globally beneficial environmental activities, the SGP's policy is to prioritize projects that: (a) provide for community participation in their design, implementation and evaluation; (b) are led by and develop the capacity of local organizations; (c) pay attention to the needs of women and indigenous people and practices; (d) draw on local scientific and technical resources, and (e) include provision for capacity development.

The SGP was allocated \$18 million by GEF for its Pilot Phase (1992-96) and \$24 million for its two year First Operational Phase (OP1: 1996-1998). The SGP's Second Operational Phase (OP2) began in early 1999.

### **SECOND OPERATIONAL PHASE**

Planning for OP2 drew on the experience of the SGP's first five years and the results of an independent evaluation conducted in 1998. While the 1998 evaluation results had been positive, several areas were identified where the program needed to be strengthened. UNDP's plans for OP2 were defined in an initial Project Document for the first two years. Subsequent annual work plans with specific benchmarks have each reported the previous year's performance. These documents have all been approved by the GEF Council.

The SGP funding arrangements were modified at the beginning of OP2 with the introduction of a *programmatic approach*, making each annual disbursement dependent on performance against agreed benchmarks and deliverables. The GEF Council approved the initial OP2 Project Document in October 1998, granting a replenishment of \$31.6 million for years one and two (1999 and 2000<sup>1</sup>). Subsequent replenishments approved by the GEF Council for years three (2001) and

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<sup>1</sup> The SGP year for 1999 ends February 18, 2000 and for 2000 ends February 18, 2001, etc.

four (2002) were \$22.8 million and \$20.7 million, respectively (Table 1.1). UNDP reduced the amount requested for year four by about \$2 million in recognition of GEF's funding limitation in 2001. SGP committed to matching GEF's funding with 100% additional cofinancing throughout OP2, half in cash and half in kind.

After deducting non-grant expenditures, i.e., management and administration costs, the GEF financing available for small grants was \$22.3 million for OP2 years 1 and 2, and \$16.0 million for year 3, totaling \$38.3 million by early 2002 (Table 1.1). Of this amount, \$37.5 million (98%) had been allocated to country programs and \$35.4 million (92%) committed to 1714 projects by the country programs by June 2002.

SGP has a total of 51 national and two regional programs (53 in total), covering a total of 63 countries<sup>2</sup>. During the first three years of OP2 the SGP expanded from 43 to 53 programs with the addition of El Salvador, Honduras, Iran, Kyrgyzstan, Lebanon, Lithuania, Mongolia, Namibia, Mauritania and South Africa.

Table 1.1 Planned SGP Financing for 2<sup>nd</sup> Operational Phase (\$ millions)

	<b>Years 1+2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
Starts	Jan 1999	19.2.2001	19.2.2002	
Ends	18.2.2001	18.2.2002	18.2.2003	
GEF Financing	\$31.6	\$22.8	\$20.7	\$75.1
Planned co-financing in cash (a)	\$15.0	\$12.0	\$11.0	\$38.0
<b>Total Cash</b>	<b>\$46.6</b>	<b>\$34.8</b>	<b>\$31.7</b>	<b>\$113.1</b>
Planned co-financing in kind	\$15.0	\$12.0	\$11.0	\$38.0
<b>Total in cash and in kind</b>	<b>\$61.6</b>	<b>\$46.8</b>	<b>\$42.7</b>	<b>\$151.1</b>
GEF Financing	\$31.6	\$22.8	\$20.7	\$75.1
less: Non-grant expenditures (b)	\$9.3	\$6.8	\$6.7	\$22.8
GEF financing for small grants (c)	\$22.3	\$16.0	\$14.0	\$52.3
Non-grant expenditures ratio based on total cash (=b/[a+c])	24.9%	24.3%	26.8%	25.2%

### **SGP Portfolio Overview**

The average grant size of \$20,700 for the 2<sup>nd</sup> Operational Phase has so far been 27% higher than the \$16,300 from the 1<sup>st</sup> Operational Phase, which in turn was 9% higher than the \$14,900 average from the Pilot Phase. There were considerable variations in average grant size between the countries.

The geographic balance of SGP projects has remained fairly stable, with the most notable long-term trends being a reduction in the relative share of the Arab States and an increase in the

<sup>2</sup> The Eastern Caribbean program based in Barbados includes 10 countries and the two-country program based in Trinidad and Tobago includes Suriname.

relative share of Europe and Central Asia, (Table 1.2). Compared to GEF full-sized Projects (FSPs), the SGP has relatively higher levels of activity concentrated in Latin America, Africa and the Arab States, lower levels of activity in Europe and Central Asia, and about the same in Asia<sup>3</sup>.

Table 1.2 SGP Portfolio by Geographic Region

Geographic Region	Pilot Phase (4 yrs: 1992-96)			1 <sup>st</sup> Operational Phase (2 yrs: 1996-98)			2 <sup>nd</sup> Operational Phase (3 yrs: 1999-2002)		
	No.	\$ mil.	%	No.	\$ mil.	%	No.	\$ mil.	%
LAC	172	\$3.0	35%	283	\$4.7	32%	615	\$12.7	36%
Africa	107	\$2.2	26%	163	\$3.6	25%	354	\$8.6	24%
ECA	39	\$0.5	6%	77	\$1.2	8%	229	\$3.4	10%
Asia	213	\$1.6	19%	319	\$3.5	24%	407	\$7.5	21%
Arab States	46	\$1.3	15%	50	\$1.5	10%	109	\$3.2	9%
<b>Total</b>	<b>577</b>	<b>\$8.6</b>	<b>100%</b>	<b>892</b>	<b>\$14.5</b>	<b>100%</b>	<b>1714</b>	<b>\$35.4</b>	<b>100%</b>

The GEF focal area concentration of the SGP has also remained remarkably stable, with just a slight reduction in the previously heavy concentration on biodiversity projects (Table 1.3). Compared to GEF FSPs, the SGP has considerably more activity in biodiversity, far less in climate change and in international waters and about the same in multiple focal areas. The split of SGP activity between focal areas corresponds fairly closely with that of the GEF's Medium-Sized projects (MSPs)<sup>4</sup>.

Table 1.3 SGP Portfolio by GEF Focal Area

Focal Area	Pilot Phase (4 yrs: 1992-96)			1 <sup>st</sup> Operational Phase (2 yrs: 1996-98)			2 <sup>nd</sup> Operational Phase (3 yrs: 1999-2002)		
	No.	\$ mil.	%	No.	\$ mil.	%	No.	\$ mil.	%
Biodiversity	388	\$6.0	70%	601	\$10.1	70%	1133	\$24.2	68%
Climate Change	105	\$1.3	15%	156	\$2.7	19%	280	\$6.6	19%
Internl. Waters	29	\$0.5	6%	43	\$0.5	3%	105	\$1.6	5%
Multiple	55	\$0.8	9%	92	\$1.2	8%	196	\$3.0	8%
<b>Total</b>	<b>577</b>	<b>\$8.6</b>	<b>100%</b>	<b>892</b>	<b>\$14.5</b>	<b>100%</b>	<b>1714</b>	<b>\$35.4</b>	<b>100%</b>

## **THIS EVALUATION**

The purpose of this evaluation was to review the performance of the SGP, especially during the first three years of OP2 until February 2002. According to the Terms of Reference (Annex 2), the evaluation was to examine “progress and results in program implementation, measured against the specific objectives set forth in the Project Document and the benchmarks established by the GEF Council in 1998. The evaluation will also assess the extent to which the recommendations of

<sup>3</sup> See GEF Medium-Sized Projects Evaluation report (2002), Figure 1.6.

<sup>4</sup> Source: GEF Medium-Sized Projects Evaluation report (2002), Figure 1.4.

the Second Independent Evaluation carried out in 1998 were addressed and whether as a consequence project performance and results were strengthened. Lessons learnt and best practices will be identified, and recommendations will be offered to enhance SGP's performance and impact.”

The evaluation was based on interviews with a variety of key stakeholders, reviews of important documents and access to the SGP's database, all at a program-wide global level. These steps were supplemented by visits to 12 countries during June-August 2002. The results of the two previous evaluations of the SGP, in 1995 and in 1998, were taken into account. The evaluation methodology adopted was broadly similar to that followed in 1998. A questionnaire completed by the SGP National Coordinators in 1998 was not repeated in the current evaluation as most of the information requested had already been provided through documents and reports submitted by the countries to the CPMT.

The evaluation team consisted of four international consultants supported by local consultants in each of the countries visited. An additional international consultant carried out the visit to India. The countries visited were Cote d'Ivoire, Guatemala, India, Lithuania, Peru, Tanzania, Thailand, Trinidad and Tobago with Suriname (a two-country program), Tunisia, Turkey and Vietnam. The selection of countries was based on multiple criteria, including geographic representation and diversity of program experiences (see Annex 3). The country visits by individual members of the evaluation team followed detailed guidelines that had been prepared by the team in advance (see Annex 4).

The country visits averaged about one week each and were arranged at short notice. Several SGP grantees and projects were visited in each country, although the selection of sites often had to be based on logistical criteria given the short period of time available and the large distances often involved. The evaluation methodology therefore had some limitations, although these were not considered prejudicial to the overall findings.

Consistent results were generated from the completed interviews, document reviews and country visits, thereby satisfying the evaluation team that the choice of countries for intensive study had been broadly representative. The evaluation team prepared detailed analyses of the findings of the country visits. These studies document much of the information on which the evaluation is based, and have been shared with UNDP. This report analyzes and draws from this body of information but does not attempt to summarize it.

The consulting team communicated with UNEP and World Bank staff during the planning and implementation of the evaluation and an earlier draft of this report was shared with these two agencies. The consulting team was also in contact with key staff of international conservation NGOs to elicit their views of the SGP at individual country as well as global levels (national NGOs were consulted during the country visits). The views expressed are all reflected in this report.

## **2: PROGRESS TOWARDS SECOND OPERATIONAL PHASE OBJECTIVES**

The initial OP2 Project Document provides a framework for SGP operations in accordance with the GEF mandate, including specific benchmarks for project achievements as well as program and financial reporting requirements. The Project Document defines seven outputs and supporting activities for the first two years of OP2. This chapter assesses the progress made towards these outputs and activities, and reviews the extent to which the recommendations of the 1998 evaluation were reflected in the Project Document. Key issues arising from this part of the evaluation are discussed in greater detail in the chapters that follow.

### **OUTPUT 1**

Strategic framework and operational guidelines at global and country levels are revised and implemented to ensure congruence with GEF Operational Strategy and Programs

#### **Planned Activities**

- 1.1 Finalize and edit Strategic Framework and Operational Guidelines
- 1.2 Revise Country Strategies according to Global Strategic Framework (including Operational Guidelines) incorporating a final section on how global benefits will be realized
- 1.3 Approve country strategies to ensure fit with GEF Strategy and Operational Programs
- 1.4 Apply strategies for project selection and implementation
- 1.5 Include new countries in accordance with established selection criteria
- 1.6 Assess strategy documents periodically and modify as needed

#### **Progress Made**

1.1 The Strategic Framework was prepared in March 1999 and later translated into French, Spanish and some local languages. The Framework provides guidance to the NCs and NSCs on (a) preparing or revising Country Programme Strategies, and (b) identifying projects that fit the GEF Operational Strategy and Programs. The Strategic Framework has significantly helped the Country Programs by clarifying the adaptation of global criteria to the local context. The Framework has been updated to reflect more recent GEF Operational Programs. The Operational Guidelines were prepared, translated and distributed in the first quarter of 2000. They contain basic information on the structure, implementation and administration of the program and have been valuable in defining procedures, roles and responsibilities for the key actors.

1.2 A 1999 global workshop for NCs presented a methodology for preparing or revising Country Programme Strategies based on the Strategic Framework, following which the NCs briefed their NSCs. By the end of 1999 a total of 40 Strategies, i.e., all but three, had been revised. In all cases, therefore, existing Strategies were revised before any new grant approvals were authorized, and new Strategies were prepared and approved for new countries before allocations were given to them. The CPMT is currently compiling information on global benefits for the next GEF Council progress report.

1.3 Country Programme Strategies are available on the SGP web site. The strategies reviewed during the evaluation appear thorough, although they vary in quality and some are descriptive rather than strategic. Review and approval by the CPMT has been timely and has pointed out inconsistencies with the GEF Operational Strategy and Programs. The evaluation team would have liked to have seen more credible diagnostic analyses of existing country situations and environmental priorities that were more convincingly linked to the selected SGP strategy, both thematically and geographically. This aspect of the Country Programme Strategies is weak in some countries.

1.4 The NSCs and NCs are responsible for ensuring that project selection conforms to the Country Programme Strategies. Considerable progress appears to have been made in this area during OP2 and many NCs and NSCs now have a sophisticated level of understanding of GEF objectives and funding eligibility criteria. Some countries still require further information and training for the GEF funding criteria to be adequately understood, as described in chapter 4.

1.5 Ten new countries have been included during the first three years of OP2 in accordance with established selection criteria. Many more countries have applied or indicated interest in joining SGP.

1.6 All Country Programme Strategies have either been prepared or revised since 1999. Some are being further revised now to incorporate the new GEF Operational Programs 11, 12 and 13. Biennial Programme Reviews (BPR) introduced as part of the Monitoring and Evaluation Framework as self assessments or participatory assessments have considerably helped the process of revising the Country Programme Strategies.

### **Overall Progress Towards Output 1**

The impressive progress towards Output 1 fills a major gap in the SGP, with the production of high quality policy documents providing an invaluable guiding frameworks for the national programs. Dissemination through global workshops and other means has contributed to a better and more uniform appreciation of GEF objectives and SGP procedures among the NCs. This has contributed to Country Programme Strategies becoming generally more focused and useful, helped by the useful innovation of Biennial Programme Reviews. The most recent round of Country Programme Strategies also reflects the benefit of detailed and timely feedback from the CPMT, particularly on GEF funding eligibility, although the links between the analyses of the country situations and the choice of strategy are not always clear. Although progress during OP2 has been considerable, continuing efforts are still needed in some countries to ensure that the GEF and SGP strategic priorities and objectives are reflected in the selection of projects, as discussed in chapters 4 and 6.

### **OUTPUT 2**

Community projects selected and implemented

### **Planned Activities**

- 2.1 Authorization of individual country administrative and grant budgets
- 2.2 Call for proposals that correspond to the new guidelines
- 2.3 Review concept papers in view of new guidelines
- 2.4 Guarantee technical guidance and assistance for proposal development in order to ensure 'fit' with country strategies
- 2.5 Assess project budget and seek co-financing if necessary
- 2.6 Select projects that best fit the selection criteria using the existing transparent selection procedure by NSCs
- 2.7 Support implementation of approved projects
- 2.8 Obtain final project narrative and financial reports
- 2.9 Support follow-up of projects as appropriate.

## **Progress**

2.1 About 92% of country grant allocations for OP2 years 1-3 had been committed to projects by June 2002. Non-grant, administrative expenditures averaged about 25%. The resources provided for national-level program management are considered inadequate by the evaluation team, as discussed in chapters 6 and 7.

2.2 New proposals were solicited based on revised guidelines in all countries. Country programs used a variety of means to solicit applications, including advertising in various media and workshops both in capital cities and rural areas. Some countries did not advertise due to concerns or previous experiences that they would be overwhelmed with large numbers of unsolicited proposals that would not fit SGP criteria.

2.3 Concept papers were reviewed on the basis of the new guidelines, especially during the latter part of OP2. The approaches to pre-selection screening of project concept papers varies by country, as described in chapter 6.

2.4 Extensive technical assistance provided by the NCs, NSC Members, partner institutions and consultants has helped many grantees with project design, a unique and highly-appreciated service that the SGP is becoming well known in many countries for providing. The innovation of planning grants up to \$2,000 to support proposal development by inexperienced groups needing technical assistance has been highly effective. Stakeholder workshops to train actual and potential grantees in proposal development and project management have been used to assist in proposal development in all countries. Very positive feedback on these activities was received during the evaluation.

2.5 Significant cofinancing has been mobilized for projects at a national level, although the amounts vary considerably by country, as described in chapter 5.

2.6 About 12% of concepts and proposals received are selected for grants, although the percentage varies widely by countries. Most NSCs appear to be operating in a transparent manner, as described in chapter 6.

2.7 Support for the implementation of projects is heavily dependent on the NC and assistance the NC is able to mobilize from the NSC in addition to technical assistance to the grantee that is built into the grant. The challenge of supporting implementation varies with the capacity of grantees as

well as the number and location of projects in the national portfolio, as discussed in chapter 5. The successful completion of 80% of all project work plans within their planned timeframe was an OP2 program indicator. Over 380 final evaluations of OP2 projects do suggest this was probably met even though the data does not allow detailed analysis. Overall support for implementation appears adequate in most countries and somewhat less so in a few. Improved monitoring and evaluation would require more resources to be allocated to country program management.

2.8 All final disbursements are contingent on the receipt of final project narratives and financial reports. The weak capacity of many grantees however, has resulted in delays in final disbursements in a few countries because of delayed final financial reports.

2.9 Completed projects have not all been followed up, generally due to logistical and budgetary constraints, and only a few countries maintain systematic contact with previous grantees. There is no indication that SGP lags behind other GEF or other donor programs in this respect, however. The CPMT has proposed carrying out four ex-post project evaluations per country in OP2 year 5.

### **Overall Progress towards Output 2**

The selection and implementation of community projects is *the* core activity of the SGP and most sections of this evaluation report address aspects of this task. SGP's project cycle and screening mechanisms are widely perceived as transparent and effective, and a number of co-financiers and donors have adopted the methodologies. Virtually all NSCs have done an exemplary job in rigorously screening proposals. Technical support to potential grantees has significantly improved grantee capacity and project design during OP2. The support of ongoing projects is adequate, although variable, and there is limited follow-up of completed projects. The Monitoring and Evaluation Framework introduced early in OP2 has been helpful, although implementation has not been complete due to resource constraints at the country level.

Overall performance in these areas appears to have been very good and in some cases outstanding, but with continuing room for improvement in a few program areas and in a few countries as described in chapters 4, 6 and 7. The overall quality of projects in the SGP portfolio appears to be improving, at least partly due to the OP2 Output 1 activities discussed above.

### **OUTPUT 3**

Functional links with full and medium size GEF projects, other UNDP programs, government agencies, and national environment funds established (mainstreaming)

### **Planned Activities**

- 3.1 Encourage senior management at the GEF Implementing Agencies to promote linkages across programs and projects in country.
- 3.2 Expand SGP participation in other institutions and programs in an advisory or operational capacity in order to promote community based approaches by national governments and other agencies.

3.3 Elaborate and disseminate lessons learned, including through case-studies of project and program experiences that demonstrate mainstreaming.

### **Progress**

3.1 A number of steps have been taken by CPMT to develop or strengthen SGP's links with other, larger GEF initiatives. Global environmental conventions and GEF Council meetings were used as opportunities to engage in dialogue with senior management at the GEF Implementing Agencies. For example, as a result of these interactions, the WB included SGP in its *'Guide to resources for NGOs and Other Organizations of Civil Society'*. However, it was recognized that these linkages needed to happen at the country level, therefore the CPMT strategy focused on using existing GEF and SGP fora and mechanisms to foster interactions with other GEF programmes and projects. In addition, the M&E reporting formats were modified to systematically track the extent and nature of these linkages.

The SGP participates in the country dialogue workshops of the GEF and a special module on SGP was designed for this purpose. NCs and UNDP CO offices were encouraged to invite the government-appointed GEF Operational or Political Focal Point to sit on the NSC in order to facilitate interactions between the SGP portfolio and planned or existing large GEF projects.

Specific links have been established with a number of large GEF projects, ranging from the exchange of experiences to SGP implementing community-based components of the larger project or demonstration subprojects. NC's had reported through the semi-annual reports direct operational links with over 50 large GEF projects by early 2002. Several of these links reviewed in the countries visited for the evaluation were cases where larger projects were scaling up approaches or methodologies that had been field tested on a smaller scale by an SGP grant, including Guatemala and Lithuania. Most of these links with larger GEF projects seem to have come about as a result of active networking by the NCs, reinforced by these individuals strong national reputations.

SGP's proven comparative advantage in implementing efficient and effective community-level initiatives has made the program an attractive choice to implement such components for larger GEF projects. For example, a forthcoming large GEF project, the World Bank and UNDP-supported Nile Basin Transboundary Environmental Action Project has an \$8 million Canadian-financed microgrant component that will be managed by SGP in four countries. The NCs in these countries may play a key role in helping set up new institutional arrangements for Nile Microgrants programs that are based on the SGP model in five additional countries where SGP is not currently active.

Links with UNDP tend to be much stronger than links with the other GEF implementing agencies. From the UNDP Country Offices, the staff member acting as GEF Focal Points often works closely with the SGP and represents UNDP on the NSC, while NCs often participate in UNDP country programming meetings. SGP's relationships with the UNDP Country Offices is discussed further in chapter 6.

GEF medium-sized projects (MSPs) have the potential to finance the scaling up of successful SGP projects. A variety of MSPs have resulted from or are clearly linked to earlier SGP projects in Brazil, Ecuador, Poland, Philippines and Uganda, with further SGP-linked MSPs under preparation in about 20 other countries. However, the 2002 MSP evaluation makes it clear that these projects require an enormous amount of effort and persistence by proponents and can take at least two and often four years to process. As a result, only the largest and most experienced grantees can seriously consider MSPs as a viable option. Opportunities to access MSPs have been further limited during the last 1-2 years by the GEF's funding limitations, causing the Implementing Agencies to favor larger GEF projects. According to GEFSEC, the recent GEF replenishment should remove this constraint.

3.2 It was very evident in all countries visited that the NCs, and to some extent the NSC members, have been active and effective in linking to and sharing experiences with key governmental and international agencies, including bilateral donors, at least some of which have learned to appreciate SGP's methodology, approach and results. In some cases the NCs' excellent networking skills have been supplemented by active support from the UNDP Resident Representative or national UNDP staff.

3.3 Relatively little published or multimedia information on SGP activities, impacts and lessons learnt from the field is available in a form likely to influence key donors and decision-makers.

### **Overall Progress Towards Output 3**

The participation of SGP in the CDW has been very useful in promoting linkages with other GEF programs and projects at the national level. The superior networking skills and efforts of the SGP NCs and NSCs have resulted in effective and productive links to and information exchanges with key institutional stakeholders. Links with larger GEF initiatives are expanding and SGP has emerged as an attractive option for implementing community-level components and activities for these larger projects. Progress on helping SGP grantees develop MSPs has been mixed and this is currently not seen as an attractive option, despite considerable efforts by the NCs. The documentation and dissemination of lessons learned is a program weakness that requires attention. Mainstreaming is difficult to achieve in the short term, although there are sufficient convincing examples to demonstrate SGP's potential in this area.

## **OUTPUT 4**

Sound program for capacity building of key stakeholders in place and operating

### **Planned Activities**

- 4.1 Prepare and disseminate improved stakeholder workshop materials that illustrate the revised global and country strategic frameworks and include simple examples of the incremental cost approach applied to on-going GEF/SGP projects.
- 4.2 Conduct periodic stakeholder workshops in each country for mutual learning.
- 4.3 Train NCs and NSC members in needed technical areas, resource mobilization, communications and outreach, and monitoring and evaluation.

- 4.4 Provide needed training at community-level for project implementation.
- 4.5 Tap local bodies of knowledge for designing projects and promoting the GEF/SGP approach.

### **Progress**

4.1 The Strategic Framework and the programmatic approach to the issue of incremental costs were prominent on the agendas of SGP's Global Workshops in 1999 and 2001. The NCs subsequently developed in-country materials to disseminate to stakeholders and use at national workshops.

4.2 Two or more stakeholder workshops have been held yearly in virtually every country during OP2, helping to develop grass-roots capacity. The workshops varied by country but generally trained grantees in proposal development and project management, raised awareness and understanding of global environmental issues, and exchanged implementation experiences. Some were supplemented by cross visits arranged between projects with common themes. Participants have consistently reported these workshops to be extremely useful, not least in catalyzing new partnerships and they have provided a good opportunity for networking that has led to tangible results in terms of new and innovative project concepts.

4.3 There have not been any formal training opportunities for NCs and NSCs due to operational budget limitations and the challenge of operating the program in the absence of the NC. However, the CPMT has creatively used various fora to build capacity for the NCs. In addition to the global workshops, four sub-regional workshops have been carried out, with two more planned. Some NCs have also represented SGP at international conferences, while others have visited neighboring SGPs, in some cases as mentors for new programs. Information is also exchanged among the NCs and between the NCs and the CPMT via the electronic sgp-xchange.

4.4 Community-level training or capacity building is built into the design of most SGP projects.

4.5 The use of local knowledge in project design and implementation is a basic feature of virtually all SGP projects. The conservation and recovery of indigenous knowledge in agriculture and medicine was particularly impressive in some countries.

### **Overall Progress towards Output 4**

Capacity building of local and national stakeholders is a clear SGP strength, as elaborated in chapter 3, although there is a need for improved analysis of capacity building needs and longer-term training to build genuine capacity at the grass-roots level. Training for NCs and NSC members has been carried out opportunistically. The NCs and especially the voluntary NSC members would both benefit from and be more effective as a result of more professional development opportunities in key skill areas, including emerging global environmental issues, as discussed in chapter 6. Consideration should be given to developing means of documenting capacity building at a program level.

<b><u>OUTPUT 5</u></b>
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### **Planned Activities**

- 5.1 Develop a communications and outreach strategy for SGP
- 5.2 Develop country guidelines to implement the communications and outreach strategy.
- 5.3 Ensure that all SGP NCs have web access
- 5.4 Disseminate case-studies, periodic reports and Monitoring and Evaluation reports
- 5.5 Share experiences through site visits, workshops, photo and video documentation and other means
- 5.6 Bring program and projects to attention of the media

### **Progress**

5.1 SGP's first Communications Strategy was distributed in January 2001 and has been implemented by the country program as well as the CPMT. It broadly identifies the messages, audiences, means and tools to communicate the unique features of the SGP. Considerable effort was also invested in developing a consistent image for the SGP within the GEF family.

5.2 Most countries have incorporated communications activities in their Country Programme Strategies and workplans. Media coverage is often organized around specific projects and grantees are encouraged to build communication activities into their projects. National budgets for communications are very limited and several NCs are using the resources and media links of UNDP's national Public Information Units. In return, UNDP gets viable project examples they can use to showcase their national activities. Indicators tracked by the CPMT show a tremendous increase in visibility and media coverage during OP2. Some countries do still need help in developing a more structured and organized approach to communications.

5.3 All NCs now have Internet access, although some countries have poor connections that restrict effective use. The sgp-xchange linking the NCs in an email network has been a very useful innovation for sharing experiences throughout the program, although finding time to use the network has been difficult for some NCs.

5.4 Reports on projects are generally shared with the NSC, UNDP and selected stakeholders. Relatively few case studies or analytical reports have been disseminated, although some NCs and grantees have produced publications. Many stakeholders have indicated they would like more and better information on SGP experiences.

5.5 Site visits and workshops are used widely within the program to share experiences. Several countries have commissioned films or videos of their activities, with some of these proving cost-effective and others not. Seven national SGPs have set up their own web sites, and many more have information integrated into the respective UNDP Country Office web sites.

5.6 The SGP has attracted significant media attention. Program activities have frequently been covered on TV and radio in many countries. The OP2 target of two projects per country program receiving media attention each year appears to have been greatly exceeded. Both the print and

electronic media have extensively covered SGP projects. Global level communications activities have included commissioned articles by photo journalists.

### **Overall Progress towards Output 5**

The development of the Communications Strategy has been a major step forward. This has made an important contribution to awareness raising, as elaborated in chapter 3. There has been significant coverage of the SGP in national and local electronic and print media, which could be leveraged even further with careful planning at the national level and additional resources. Increased media attention has raised awareness about the SGP while generating interest and recognition at the highest levels. There is still a need to develop and disseminate more in-depth analyses and materials on lessons and experiences to date for the various SGP audiences ranging from policy makers to community organizations.

At the beginning of Phase 2 began there was very little information on SGP “success stories” that could be used in discussions with potential partners and stakeholders, or any wider audience. In response, the CPMT collected (and in some cases commissioned) materials and photographs and has written these up in a form accessible to a wider public. SGP information and project write-ups have been included in GEF-wide publications and reports, for example, the GEF report to the 6<sup>th</sup> Conference of the Parties of the CBD and the Bishkek Mountains Summit. Other communications activities include a mobile exhibit developed in early 2002 that has been displayed at 4 global meetings including WSSD. Multiple presentations on SGP have also been made at these global fora and at GEF Country Dialogue Workshops. While these materials are not directed at a technical audience in “the conservation community”, they do raise awareness of SGP among a general development audience and beyond. Some more in depth analyses have recently been prepared, including a review of the SGP climate change portfolio. Papers prepared by individual NCs and CPMT have been circulated on financing for conservation, ecotourism, etc.

### **OUTPUT 6**

Resource mobilization strategies at global, country and project levels to attain sustainability are in place

#### **Planned Activities**

- 6.1 Prepare and implement a fund-raising strategy for the program as a whole
- 6.2 Prepare and implement country resource mobilization strategies including cash and in-kind resources from donors, governments, communities and the private sector
- 6.3 Design accountability and incentive mechanisms for successfully implemented plans
- 6.4 Participate in donor roundtables at country level
- 6.5 Share best practice on mobilizing resources

#### **Progress**

6.1 SGP's first Resource Mobilization Strategy was distributed in April 2000. Each Country Programme Strategy was required to describe how resources will be mobilized at the national level.

6.2 SGP's overall resource mobilization efforts during the first 3 years of OP2 have exceeded the program's targets, as described in chapter 5.

6.3 The country programs vary considerably in their capacity to raise funds. This task has proved considerably more difficult in countries where the donor community is not present in large numbers. Relative success in resource mobilization is one of the factors included in each NC's Annual Performance Review. The main incentives appear to be NC peer pressure, a general commitment to excellence and a strong desire to raise more funds and thereby be more effective. In kind contributions to SGP appear to have been significantly underreported by the NCs, as described in chapter 5.

6.4 Most NCs have participated in formal and informal donor meetings at the country level, although usually not at the most senior level meetings. Most NCs approach donors with projects they feel may be of interest for cofinancing and some donors participate in NSC meetings. Fora for donors have been established by SGP in Cote D'Ivoire and Kenya, and planned in Vietnam.

6.5 Best practices have been shared through the sgp-xchange, and at global and sub-regional workshops.

### **Overall Progress towards Output 6**

Resource mobilization during OP2 has been very impressive, as described in chapter 6. While the significant variations between countries do at least partly reflect local circumstances, some NCs may be able to increase fundraising with further support from the UNDP Country Office or the CPMT. The results of cofinancing during OP2 should be interpreted with some care as future external fundraising could prove more difficult.

## **OUTPUT 7**

Monitoring and Evaluation System to track and assess global benefits in effect

### **Planned Activities**

7.1 Complete M&E Framework (including guidance about developing indicators) covering project, country and global levels, using both self-assessments and external evaluations

7.2 Incorporate M&E component in country program strategies

7.3 Carry out interim review of the global program

7.4 Carry out annual country program reviews including review of funded projects

7.5 Carry out an independent evaluation in year 4

7.6 Monitor project performance through site visits and other means

7.7 Establish and maintain databases at global, country and project levels

7.8 Identify and document lessons learned at project and program levels

## 7.9 Feed lessons learnt into project design, implementation and M&E

### **Progress**

7.1 SGP's first M&E Framework was distributed in January 2000. The Framework contains guidelines on participatory M&E, roles and responsibilities in M&E, and the different levels of reporting required, with formats provided (including those needed for reporting to the GEF Council, on numbers of workshops, numbers of media reports, etc.). Financial Reporting is undertaken on a quarterly basis. The Semi-Annual Progress Reports contain quantitative and descriptive information on activities to meet the program benchmarks, and complement the information that should be entered monthly into the database. This has been an important move towards more useful reporting with objectively verifiable indicators. Attempts have been made not to duplicate information and to keep the reporting requirements manageable. The quality and timeliness of reporting is now a performance indicator for the individual NCs.

7.2 All Country Programme Strategies describe how M&E will be undertaken.

7.3 An interim review showed that all the recommendations of the 1998 SGP evaluation had been incorporated in the Project Document and were being addressed (see Table 2.1).

7.4 As semi-annual progress reports were being prepared, the CPMT decided that a Biennial Programme Review would be carried out for each country rather than an annual review. These Biennial Programme Reviews were planned as systematic country assessment exercises, to help each country program understand its own strengths and weaknesses, to contribute to revisions of the Country Programme Strategies and to help the CPMT identify areas where guidance was needed. The Reviews also include information needed for reporting to the GEF Council. The Biennial Programme Review has been an important innovation which has added considerable value to the M&E system. It gives the CPMT a sense of what is perceived as relevant and best practice at the country level. Some of the country programs visited found the Biennial Programme Review a very useful exercise, others less so. About 35 had been completed by June 2002. Some countries commissioned independent reviews of their portfolios by consultants as part of the Review.

7.5 This is the report of the year 4 independent evaluation.

7.6 The SGP M&E strategy emphasizes participatory M&E. External monitoring is not required in every project. CPMT guidance included in the M&E Framework asks for "Monitoring Plans" in every project along with a specific budget to cover any costs associated with project M&E. Project performance is monitored by a variety of means, including progress reports written by grantees, site visits, and contact by telephone or email. The frequency and quality of M&E varies between countries for reasons discussed in chapter 4. Some NCs take a more hands-on approach and, along with NSC members, may make 3-4 visits to each project. Others may visit each project just once. All project proposals are required to include M&E plans and, as a result, M&E by grantees appears to have improved during OP2. Some country programs have elicited the assistance of NGOs or research organizations for M&E, usually financing their participation through specific line items in project budgets. Overall, this remains an area of some concern, with variable quality baselines, and essential indicators of process and impact sometimes not captured.

NCs are well aware of these issues, which will be difficult to address effectively without additional resources for country program management and/or specific guidance from the CPMT that a line item for external monitoring should be included in every project budget.

7.7 A useful database has been in place since late 1999 and functions are gradually being added. Although the database has considerably eased detailed performance reporting to the GEF Council, valuable CPMT time is still spent on manually computing data and useful data will be missing if NCs neglect to enter it. The database is linked to the SGP web site, making project summaries available to the wired public.

7.8 Progress has been made in some countries towards preparing publications which distil the lessons learnt and that can be distributed to different audiences.

7.9 The semi-annual reports indicate where lessons have been incorporated into projects. Lessons are also shared at workshops, while progress reports and other documents are shared with the NSC, the UNDP and some grantees. However, there has been little dissemination of documents to a wider audience, perhaps also due to the fact that the present documentation is largely internal, and not designed for external audiences.

### **Overall Progress towards Output 7**

The introduction of the Monitoring and Evaluation Framework has been an important step forward. It has helped the CPMT measure performance against Council benchmarks and has introduced a more structured approach that has facilitated portfolio management at the country level. The SGP M&E Framework allows monitoring of over 40 indicators established in the SGP project document log-frame. The innovation of Biennial Programme Reviews has been of significant value. An important next step will be to develop and apply more systematic methods of monitoring overall program impacts at a global level.

Nonetheless, the quality of monitoring and evaluation varies from country to country. It appears to be dependent on the characteristics of the portfolio (see chapter 4) as well as the priorities that the NCs give to this task among the competing demands on their time and very limited budgets. The conceptual and methodological differences between program monitoring and project evaluation need to be more firmly established in some countries, with program monitoring based more on a situation analysis as contained in the Country Programme Strategies. There is also a need to improve the indicators of process and impact, to link these more clearly to strategic objectives, and to measure progress toward goals in each GEF focal area.

Stand-alone documents on lessons learnt are few in number, which prevents dissemination to a broader audience. The preparation of such material can only be undertaken at national levels if additional technical and financial assistance is provided to NCs.

## **OVERALL PROGRESS TOWARDS SECOND OPERATIONAL PHASE OBJECTIVES**

This analysis of performance against the outputs and activities specified in the initial OP2 Project Document shows that significant progress has been made in all key areas. This Project Document and following annual workplans have provided realistic and pragmatic goals based on significant learning from the OP1 and the Pilot Phase, and reflect all of the significant recommendations from the 1998 SGP evaluation (Table 2.1).

With the key policy framework documents in place, country programs were able to plan and execute activities in a more structured and consistent manner, with the GEF's objectives clearly in view. Congruence with GEF objectives improved as the Country Programme Strategies were revised over the course of OP2, although continuing attention is still required in this area at the country portfolio level. Communications as well as monitoring and evaluation have been put on a more sound footing, although both areas need strengthening in some countries. The limited resources available for program management need to be increased in some countries if the project portfolios as currently structured are to be adequately monitored.

Table 2.1 Inclusion of 1998 SGP Evaluation Recommendations in the Initial OP2 Project Document

<b>Recommendation from 1998 Evaluation</b>	<b>Included in Initial OP2 Project Document</b>
Preparation of a GEF/SGP Strategic Framework and Operational Plan	Yes. Included in Project Document (ProDoc), Output 1.
Development of a series of benchmarks which allow progress during the next phase to be measured over time and grant funds released accordingly	Yes. A series of indicators were included in the ProDoc and allowed progress to be measured through the Progress Reports to Council and the PIR.
Performance indicators for GEF/SGP projects and an effective M&E system established	Yes. Output 7 in ProDoc.
Development of a flexible system to measure country progress in relation to achievable goals established on an individual country basis	Yes. An M&E Framework forms Output 7 of the ProDoc.
Strategic Focus by consolidating initial project impacts, replication, scaling up, policy dialogues, establishing links to larger projects, and training	Yes. Output 3 focuses on mainstreaming/linking to larger projects and policy dialogue. Output 4 addresses training. However, consolidation of impacts and replication not clearly outlined in Project Document. These areas are addressed in programmatic activities though.
Clearer definition of goals and objectives in awareness raising and capacity building activities	Yes. ProDoc, Output 5.
Developing and refining the Country Programme Strategies by providing feedback to the countries from CPMT, and with the involvement of the UNDP CO	Yes. Output 1 and 2 of ProDoc.
Country Programs to establish stronger working relationships with key government agencies responsible for national priority setting in GEF focal areas	Yes. Output 3 in ProDoc.
Countries to receive greater, and more continuous technical direction within each of the GEF focal areas and on project eligibility for GEF funding	Yes. Output 1 contains guidance on project eligibility through Strategic Framework. Output 4 includes training of NCs and NSC members in

	technical areas amongst others.
Adoption of a strategy for attracting matching non-GEF funding for its projects livelihoods components	Yes. A Resource Mobilization Strategy forms Output 6 of the ProDoc
Refining project selection process in-country	Yes. Output 2 of ProDoc focuses on the selection process.
Systematically and strategically documenting and disseminating/sharing lessons	Yes. Output 3 emphasize sharing lessons/best practice, as does Output 5.
Improving information management between: (a) NYCU and country programs; (b) country programs within regions; (c) GEF/SGP and other key agencies e.g. GEF Secretariat, implementing agencies, the Conventions, donors, international NGOs	Partially. Output 5 related to the Global Communication Strategy addresses this to some extent, as do Outputs 3 and 7. This could be more clearly addressed.
Improve information dissemination on MSPs	Yes. Output 3 focuses on links with GEF medium and full size projects. The Pro Doc does not indicate how information is to be disseminated, however, the MSP Guidance material prepared by the GEF Secretariat was distributed to all NCs.
UNDP to renew effort to demonstrate how results can be mainstreamed into other operating programs and support GEF/SGP	Yes. Output 3 of Pro-Doc focuses on mainstreaming.
Greater resources for NYCU (adequate staff and financial resources).	Yes. Staffing inputs necessary articulated in ProDoc.
Consider regional coordinators and Sub-contracting support activities expected of central management.	Yes. The suggestion was considered and rejected on the basis of cost.
NYCU and UNOPS to review own procedures to minimise delays in fund transfer to country programs	Yes. A year 1 benchmark. Streamlining of procedures has resulted in considerable reduction of delays.
Greater resources to enhance technical capacity of country programs e.g. bringing on senior technical staff member to support the NC or getting a panel of experts to use in areas such as technical training, multimedia documentation, impact M&E etc	Limited. Some technical assistance has been available to NCs to prepare evaluations but the ProDoc does not clearly identify this as an activity, and overall there has been limited progress.
Add expertise in financial analysis and small business development to NSC	Yes. Operational Guidelines suggest composition of NSC and Private Sector involvement. However, private sector involvement remains limited in NSCs.

### **3. PROGRAM IMPACTS**

The SGP Strategic Framework describes the program's primary objective in OP2 as assisting to secure global environmental benefits in biodiversity conservation, climate change and international waters through community-based approaches that also generate local benefits. This chapter highlights the main impacts and trends observed by the evaluation team in these areas, with primary emphasis on the countries visited. This assessment is necessarily qualitative, as comparative and reliable performance indicator have yet to be developed for biodiversity conservation, climate change or international waters projects on any scale, by GEF or any other organization<sup>5</sup>. SGP impacts during OP2 were therefore assessed in areas which provide indirect indications of progress: capacity development, leverage – including links with larger GEF initiatives, awareness raising and sustainability. The global benefits generated by SGP activities are discussed in chapter 4.

#### **CAPACITY DEVELOPMENT**

The two previous evaluations highlighted capacity development as one of SGP's strengths. As noted in the 1998 evaluation, "progress in technical and organizational capacity building among NGOs and CBOs has been particularly impressive and has clearly enhanced the credibility of these organizations and their ability to make important contributions to solving local as well as global environmental problems....Environmental knowledge and a variety of technical skills have been acquired by an impressive number of NGO, CBO and community grantees throughout the country programs, including the capacity to analyze local natural resource issues, diagnose problems and implement solutions". The findings of the current evaluation support this view as SGP continues to have significant capacity building impacts in many countries.

SGP activities have led to different forms of capacity development. Most directly, NGOs, CBOs or communities benefit simply by participating in what is usually their first experience in identifying a project concept and then designing and eventually implementing their project in a participatory way. In most cases this process is actively supported by the NC or by other experts and organizations mobilized by the NC. The gains to grantees in self-confidence, empowerment and, of course, the capacity for future action provided by the acquisition of these skills is clearly and repeatedly evident from visits to SGP project sites. However, gains in knowledge and expertise on global environmental issues, including the GEF focal areas, have mainly occurred among NGOs and some CBOs, and much less at the community level. Links between local actions and global environmental issues are still proving difficult to communicate to communities, a problem not limited to the developing world..

Many national SGPs conducted or sponsored training workshops for potential and actual grantees during OP2. These workshops, often repeated in different locations, focused on proposal writing, project design and management, participatory planning, global environmental issues and communications. Resource materials were prepared and disseminated, usually in local languages.

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<sup>5</sup> The 2<sup>nd</sup> Overall Performance Study of the GEF noted that "a clear definition of global environmental benefits is still not well developed in the GEF. Without such definitional clarity, it is difficult to obtain precise measurements of the impact of GEF activities".

In a number of cases the workshops were conducted by NGOs under a grant which included technical assistance in workshop organization, thus accomplishing further capacity development. The demand for places at these workshops considerably exceeded expectations and the evaluation team consistently received very positive feedback from attendees. There was often a detectable increase in the quality of project proposals after these workshops, which also provided important opportunities for actual and potential grantees to meet each other, exchange experiences and develop new networks and partnerships. Critically, in some countries key written materials on GEF and global environmental issues had not previously been available in local languages and had therefore been inaccessible in the many areas where the main GEF/UN languages were not known. Highly sought-after copies of these GEF and SGP materials in local languages have begun to be traded informally in at least two of the countries visited.

SGP projects have also achieved capacity building through training in specific skills. The Villa Maria project in Peru trained 60 “environmental agents” from local communities and conducted workshops to counter the prevailing perception that local wetlands were “blocking the path to development”. Subsequent actions by these trained individuals contributed to achieving (a) public support for wetland conservation, (b) legal protection from the municipal government, (c) active conservation efforts from the private sector, a local university and local NGOs, (d) additional outside funding on a larger scale, and (e) the formation of a Wetlands Management Committee where local people have a role as well-informed and empowered participants.

Turtles breeding at the small Cirali Reserve in Turkey are protected from the dense, high-rise tourist development that dominates much of the Mediterranean coast. An SGP grant to the local farming cooperative has supported training in organic agriculture provided by a national NGO. A significant switch to organic farming has helped reduce agricultural chemical use and runoff, thereby enhancing the coastal reserve as well as the land itself. The farmers’ new skills have also improved their livelihoods and are attracting considerable interest both locally and from other parts of Turkey.

In Cote d’Ivoire 30 unemployed youth formed a cooperative and received an SGP grant for training in the installation and maintenance of solar water heaters for rural health centers and schools. This not only provides a promising livelihood opportunity for these individuals but is also helping assure adequate sustainable local service support for rural health centers, schools and hospitals switching from fuelwood to solar power for their hot water supplies. Similarly, members of a farmers’ cooperative in Tanzania acquired a windmill for irrigation and received training from a Kenyan firm with SGP support. The trained technicians are now being contracted by other farmers to install these energy-saving windmills in other villages in their district.

The Galibi Ecotourism project in Suriname has struggled partly as a result of inadequate grantee capacity, although supervision was also lacking in this case. Here, the grantees did not acquire sufficient information about the technical aspects of project management, built lodges that were below tourist standards and then experienced occupancy levels way below their expectations.

Capacity development is sometimes one of several project impacts. In many countries the use of inefficient cook-stoves degrades forest resources, causes indoor air pollution and stresses women as the primary fuelwood collectors. In Vietnam the major barriers to the adoption of more energy-efficient technologies are lack of information and lack of access to credit. An SGP project has promoted biogas, energy-efficient stoves and other renewable energy use in three low-income

coastal communities. The project was initiated by the Quang Ngai Province Women's Union and then planned by an innovative partnership that SGP brokered between the Union, local government and a microcredit facility. So far 120 households have received loans to help them purchase a biogas plant and cook-stove, while local technicians have been trained in installation and maintenance. This latter aspect has been a key to longer term sustainability. Despite initial skepticism towards the new technology, there has been high demand for the technologies and rapid paybacks on household investments. Among its many benefits, this Project has built the capacity of the Women's Union in project development and management, and has raised their profile and credibility with their partners, including local government. The key to this project, as the evaluation team repeatedly observed in different countries, was the Vietnam NC's ability to identify and then promote an innovative partnership between stakeholders with complementary interests and skills who would otherwise have been unlikely to find each other.

As noted in 1998, SGP grants have been used effectively to increase and diversify community access to sources of technical assistance and training, including government services, research institutions and specialized NGOs. Interactions with government agencies have given communities confidence and led to working relationships which have persisted beyond the life of projects. Such links have also provided valuable opportunities for government technicians and university researchers to work closely with grassroots communities, and to appreciate community-based approaches.

In some cases capacity is so lacking that basic foundations and trust must be built prior to emphasizing global environmental issues. Many aspects of civil life in rural Guatemala and most of Vietnam were crushed by years of conflict. SGP has supported projects that are helping reconstruct rural, mostly indigenous, communities. An emphasis on participatory approaches – although not yet widely implemented in these two countries – has helped promote and strengthen the role of community organizations in emerging efforts to plan and achieve sustainable development. Focusing on immediate livelihood concerns linked to capacity and institution building is part of a planned progression to help local people start to address longer-term economic and environmental issues.

## **LEVERAGING EXPERIENCE AND INVESTMENTS**

The most important types of SGP leveraging considered here are scaling up, replication and impacts on government policies with implications for global environmental issues. Cofinancing is considered separately in chapter 4, while scaling up through larger GEF activities was discussed in chapter 2.

As noted in 1998, “all country programs have developed links with a wide range of actors in the environment and sustainable development fields, including national government authorities and services, local governments, national NGOs and NGO networks, bilateral donors, national environmental programs, national environmental funds, universities and research institutions. These linkages have permitted a continuous flow of information and, in some cases, facilitated replication, scaling-up and/or influences on policy.

The SGP portfolio contains many impressive examples of projects that have been scaled up or replicated in one form or another, with good examples in most of the countries visited. In most of

these cases, concepts and approaches pioneered through SGP grants have been spontaneously adopted elsewhere, have attracted larger-scale funding from other international or domestic sources, or have led to government policy changes. The most obvious policy impact of the SGP relates to process rather than content, with many SGP programs having convinced key decision makers of the benefits of a participatory approach to development projects and programs. There are also many SGP projects where the actual or potential benefits appear mainly local, however, with limited short-term potential for obtaining significant leverage. Among the countries visited, this seemed most evident in Thailand, even though six Thai SGP projects are being scaled up by the National Environment Fund.

The SGP in Tanzania has played a key role in supporting the introduction and spread of new renewable-energy and energy conserving technologies. A grant to the Tanzania Traditional Energy and Development Organization has enabled this NGO to increase its production and marketing of improved charcoal stoves and ovens for institutions and communities throughout the country. The grantee is now earning significant revenues from selling these environmentally-friendly products, while recent estimates show 30% of charcoal users in Dar es Salaam using more efficient stoves of this type. The Foundation for Sustainable Rural Development has also built on an SGP grant for technology development, in this case to become a nationally-respected leader of biogas implementation in Tanzania, training technicians throughout the country as well as in Cameroon, Nigeria and Uganda. Studies indicate that one hectare of forest is conserved each year by each eight household switching from charcoal cooking to biogas, while also generating significant soil fertility benefits.

The “Promotion of Energy Efficiency in Apartment Buildings” project in Lithuania has built awareness and understanding of how to achieve more efficient central heating for apartment buildings, mainly through improved regulation of boilers and better insulation. The grantee is working with residents associations, emerging maintenance firms, and government housing and energy departments in a new and impressive coalition with well articulated economic and environmental objectives. Home owners’ associations are a relatively new form of organization as all apartments had previously been government owned and maintained under the Soviet system, with few private firms providing services for buildings. Significant savings in energy use and costs have already been achieved in several large apartment buildings by their new owners as a result of the project, and there is substantial interest in replication, much of which can be self-financed by financial savings. As 65% of the population live in apartment buildings and 70% of these use central heating, the potential future savings are significant.

Brick making is one of the largest industries in Vietnam, where traditional kilns burning low quality, high sulfur coal produce poor quality bricks and cause severe negative environmental impacts. With SGP support, the Thermal Technology and Science Association imported a new kiln type developed in China, with cofinancing from a university and the private sector kiln owner. Although the first prototype failed, a second more successful prototype was developed in early 2002. Results so far suggest significant cost savings, higher quality products, better working conditions, savings in coal consumption and reduced air pollution. While efforts to disseminate the new technology have barely begun, television and print media coverage has generated considerable interest. The grantee has received requests from 15 other provinces to build these kilns, while the owner – who reports over 1,000 visitors – plans to construct another kiln with his own resources. A new government policy aims to phase out the traditional kilns and the new technology appears to offer one of the most viable means of doing so. This project thus provides

a practical demonstration supporting national policy and global environmental objectives while responding to local concerns. The project is also expected to link to a full-size GEF energy efficiency project.

A Guatemala project has managed to transform a private car dealership in Quetzaltenango into a community environmental watchdog. The dealership owners realized that a health hazard had been created by importing used cars with disconnected emission control devices. They organized themselves into an NGO, obtained an SGP grant and applied their knowledge to developing the technology needed to measure air contamination due to vehicle emissions. Their publicized results caused the local government to pass corrective legislation regulating vehicle emissions. The NGO now plans to use this methodology in other cities, working through private car repair shops and dealers, training them and facilitating the required equipment so that they can also offer the same services to their local governments.

The “Integrated Approach to Wood Waste Combustion for Heat Production” project in Poland has achieved a 66 % reduction in nitrogen dioxide emissions compared with prevalent technologies based on coal. This innovative approach, reviewed during the 1998 evaluation, based on a low-cost, environmentally-friendly technology that replaces coal-fired furnaces was initially implemented by the Barka Foundation as an SGP project that directly supported poor families. The project has subsequently been scaled-up as a GEF medium-sized project and is also being replicated by other Polish institutions following widespread dissemination of its positive results.

A community micro-hydro power project piloted by the SGP in Kenya has stimulated a change in national policy and legislation on decentralized energy services. The project supported the Tungu-Kabiri community by setting up a pilot micro-hydro power scheme and training the beneficiaries on how to operate and run the scheme. The grantee, the Intermediate Technology Development Group (ITDG), also worked closely with the Ministry of Energy. The community manages the scheme and has provided the land, materials, labor and cash to purchase licenses and materials. Although the SGP grant has now been spent, ITDG continues monitoring the project and providing technical support. Directly as a result of this project, the Ministry of Energy has begun setting standards for the micro hydropower sector, national capacities for micro-hydro feasibility studies as well as the manufacturing of system components have been strengthened, other development partners have supported two comparable schemes and, critically, new government legislation and policies have been introduced. South-south technology and capacity transfers have been a feature of the project, with manufacturing inputs from Ethiopia and Nepal and expertise provided to Tanzania and Uganda.

While many examples of leverage are in climate change, there are also some notable biodiversity cases. The first marine conservation area in Turkey was established at Kizilliman with SGP support, even though there was little local support and no specific legislation for marine protected areas at that time. Three years later, project data for the protected breeding sites shows increased average catch sizes for the main commercial fish species that had previously been in a state of near collapse. This demonstration to both local communities and government authorities that marine protected areas can actually enhance, rather than eliminate, adjacent commercial fisheries has helped bring about a change in attitude both locally and nationally. Directly as a result of this project, non-fishing zones are now being considered at several other sites in Turkey and candidate sites are being identified and studied in anticipation of marine protected area legislation being passed in the near future.

Some NGO grantees are able to use their membership in governmental bodies to leverage experience into policy-making. In India the NGO implementing the SGP-supported "Ecosystem Assessment and Planning Inputs for Northern Western Ghats" has been able to build on its extensive government contacts to feed project data outputs into the development of the area's new ten-year forestry plan. The project has also led to agreements for the NGO to help manage municipal parks and to discussions with the regional highways department on planting for biodiversity enhancement along major roads using project-generated data.

SGP has been able to influence other organizations and local governments with compatible aims. The NC in Vietnam has prepared two operational manuals in Vietnamese, one on project development and proposal writing, the other on project management. SGP's approach in both of these areas is still relatively new and unknown in Vietnam, and has created considerable interest. These manuals are now being used by a variety of national and international organizations, including the Hue Department of Science, Technology and Environment – for training CBOs in the province, as well as by separate Dutch and Swedish-sponsored small grants programs. In Thailand, the SGP Programme Assistant has produced a Financial Operations Manual with support from the NC which is highly valued by grantees.

There are signs of a growing awareness, both within GEF and more widely, of the effectiveness of small grants and community based approaches, as indicated by the increasing number of large-scale conservation and development projects which are making provision for a small grants community-based component. SGP's increasing visibility and success appears to be a key contributor to this attitudinal change. SGP's strategy of building a broad base of local partnerships as a basis for global impact is another significant contribution which has now been adopted more widely in the search for paths to sustainable development.

### **AWARENESS RAISING**

Awareness raising related to global environmental issues is an SGP objective as well as a means of achieving project impacts. Raising awareness is another clear strength of the SGP, as noted in the 1998 evaluation report: "awareness raising in relation to local, regional and national environmental issues has occurred both at the program and the project participant level in all countries. There is wide recognition and appreciation of the SGP's effectiveness in this regard.....both the NC and NSC members have emphasized education and awareness raising within the local community as an essential ingredient in all projects.....All country programs have consistently endeavored to publicize both their goals and methodologies within NGO and CBO communities as well as local and national governments. Many of these efforts have been effective, some of them extremely effective.....SGP awareness-raising efforts have directly increased the participation of dynamic individuals and groups in environmental issues in general as well as the SGP's own projects.....Combined with skillful use of the media, this has launched an impressive wave of environmental awareness". The evaluation team found these remarks equally applicable in 2002.

Raising awareness is easier among some stakeholder groups than others. Again referring to the 1998 evaluation, it is still clear that "awareness raising related to GEF focal areas has been most effective among NGO grantees and collaborating organizations, including government agencies,

and is much less evident at the community level. In general, awareness of environmental concerns from the global perspective is evident among program leaders and within supporting NGOs, but lessens towards CBOs and community participants....links between local, national and global environmental issues have not been firmly established yet, especially in the minds of community members....most projects are working to promote awareness of local environmental concerns to communities whose initial priorities were more related to personal livelihood concerns. Raising awareness of global issues should become easier as the program and projects mature, but will require time, resources and appropriate strategies”.

Some project site visits for the evaluation encountered people in remote, rural communities who were well able to articulate relationships between the environmental, economic and political elements of their situation. In such cases, SGP’s interventions had often helped raise awareness of the synergies between environmental conservation and better livelihoods, together with “how to” demonstrations of feasible actions. During OP2, several national SGP-supported projects working with illiterate communities have designed and used visually-based materials to raise awareness of the links between household behavior and the environment, with some success. But it would be unrealistic to expect a large proportion of small, short-term projects to increase awareness of global environmental issues in the impoverished rural communities where many SGP projects are working. Capacity and institution building linked to the establishment of new livelihood opportunities are usually prerequisites in such cases (this issue is explored further in chapter 4).

Some projects have awareness raising as a goal. The IJAT Association in Guatemala has targeted areas subject to periodic, costly and highly disruptive flooding. Projects participants have become fully aware of the consequences of natural disasters, have built channels and wells to redirect flood water and have built strategically-located reservoirs. As a result, many houses in the municipality of San Lucas Tolimán are no longer susceptible to flooding, and some have worked out how to use excess water on their organic farms. An SGP-supported Environmental Center now disseminates these traditional, proven methods of water management in other areas facing high flood and soil erosion risks.

Awareness resulting from SGP activities has continued to grow due to word of mouth among grantees and partners and skillful use of the media as well as specific project activities. In Turkey, the national association of film makers has donated their time and expertise to producing a comprehensive documentary film about several projects in the SGP portfolio. In other cases awareness has been built among specialized audiences, including university researchers on traditional medicine in Cote d’Ivoire, organic farming specialists in Lithuania and wetlands specialists in Guatemala.

Awareness of the SGP as a program focussing on environmental problem-solving, community action and helping meet international environmental obligations has also continued to expand. Several national SGPs have their own newsletter, including Cote d’Ivoire. UNDP’s Public Information Unit in Vietnam has significantly helped increase the visibility of the national SGP. The Thailand NC produces a bimonthly newsletter which is circulated to all grantees and ex-grantees. The SGP in Turkey has set up an electronic network for all grantees, prospective grantees, project partners and the NSC members to share information. Awareness of the program is perhaps best measured by the fact that most countries face a steady annual increase in grant applications, usually many more than they can hope to satisfy. In several countries the SGP is better known among many key stakeholders than the GEF itself. For example, SGP is referred to

as “Jeff” in Turkey, while the GEF itself seems relatively unknown. Understanding the relationship between GEF, UNDP and SGP remains fairly limited in most countries.

The OP2 project document and Strategic Framework have focused on the need to raise awareness concerning global environmental issues, and SGP has made notable progress in this area, particularly among advocacy groups. Advocacy and awareness of the existence of a problem is only one step in a process, however. SGP’s experience indicates that significant change only takes place if this awareness is accompanied by the offer of viable alternatives which have good prospects for meeting people’s aspirations for improved quality of life. Raising awareness of this reality may be equally important for the achievement of global environmental benefits. Through its work with communities and links with decision-makers, SGP is making an important contribution to this additional aspect of awareness-raising.

### **PROSPECTS FOR SUSTAINABILITY**

Sustaining the benefits from small projects with a life span of 1-2 years is a challenging undertaking, and expectations concerning the sustainability of individual SGP projects in terms of their direct impacts on biodiversity, climate change and international waters should not be set too high. Interestingly, while the relatively small size and short duration of SGP projects may appear to reduce the prospects of sustainability, very few countries report the \$50,000 grant cap to be a constraint. In contrast, many NSCs have deliberately set their maximum grant limits substantially below this level and some countries have project portfolios averaging around or below \$10,000, as discussed in chapter 4.

The benefits and impacts discussed so far, however, i.e., capacity building, leverage and awareness raising, are all potentially sustainable in terms of their direct impacts on local and global environmental issues, even though most will need to be reinforced by other complementary efforts. In fact, these indirect benefits and impacts seem more likely to eventually contribute to and sustain global benefits than sustaining the impacts of sets of relatively small, local project activities.

Promoting revolving funds, income generation alternatives, other market-based mechanisms, and influencing policy and regulatory measures have been identified by SGP as important approaches for sustainability. For example, the draft analysis of the SGP Climate Change portfolio revealed that 30% of projects include an income generation component, 27% market-based mechanisms and 14% a specific component addressing policy issues.

At a project level, some of the observations on sustainability noted in the 2002 evaluation of the GEF’s medium-sized projects (MSPs) appear equally applicable to the SGP: “For site-specific projects aiming to elicit changes in human behavior towards the environment, [1-2 years] is a very short period of time. There is ample evidence that project focusing on community-level activities are unlikely to bring about significant change in much less than a decade....the sustainability of benefits and impacts will often depend on their adoption by institutional or individual champions committed to their continuation, something that is difficult to predict in advance or build into project planning”. A key difference between SGP projects and the MSPs, however, is that the smaller size of SGP projects allows them to target their interventions more strategically towards grantees who have the capacity and are poised for effective action, and then to support these actions with supervision from the NC, other experts and partners, and sometimes the NSC. These features

help to ensure that SGP projects are demand-driven at the very local level, an important contributor to future sustainability.

The consistently participatory approach to planning and execution of SGP projects has further enhanced project sustainability. As noted in the 1998 evaluation, “The SGP’s participatory approach to project planning and implementation is strongly conducive to project sustainability. Such participatory approaches, when carefully and patiently implemented, have clearly had significant success in eliciting genuine stakeholder inputs as well ensuring grantee ownership of and commitment to projects.....SGP community projects with strong potential for sustainability share many of the following characteristics: (a) strong community adhesion to the project goals and approach; (b) addressing genuine priority needs of the community; (c) communities which are unified and/or experienced in implementing small projects; (d) strong and consistent leadership from the implementing NGO/CBO and/or within the community; (e) the capacity to network or link with others, either technically, financially or politically; and (f) viable income-generating components”. These observations remain equally applicable in 2002.

Sustainability in the project context is often interpreted to mean long-term financial viability or at least the capacity to meet recurring operational costs once project funds have been used. Some SGP projects have addressed this issue by including new income-generating opportunities or micro-enterprises. One notable innovation during OP2 was the use of revolving loan funds, particularly in Guatemala and Vietnam. Several such funds in Vietnam, some cofinanced by partners, helped participants finance biogas units and energy-saving stoves. To the extent that such approach recycle project funds they do enhance sustainability, although care is needed to ensure that grantees are capable of assessing credit risks and managing the loan fund. Grantees do appear to have this capacity in Vietnam, perhaps less so in Guatemala.

The 1998 evaluation noted that “most attempts to launch commercial ventures with SGP grants lack marketing studies or business plans, and the commercial management capacity of the implementers is often uncertain - with a few impressive exceptions.....While some projects have already begun to generate their own revenues and seem to have reasonable potential, the long-term prospects of many others seem uncertain at best”. The experience in OP2 shows some progress in this area – which continues to pose a severe challenge to all organizations trying to promote international development.

Among the SGP projects that have introduced or disseminated new technologies, several visited by the evaluation team in different countries have considerably enhanced their potential sustainability by helping local people acquire relevant construction, installation, maintenance and repair skills. These projects are among the most convincing examples of commercially-viable enterprises being launched as a result of SGP projects. In some cases, however, the need for experimentation and further development of new technologies can be in conflict with the short duration of most SGP grants. The national SGPs – i.e., the NCs and NSC members – and their partner NGOs still have quite limited small business experience and there is a continuing need to build up commercial skills or at least access to these skills. For example, although a large number of highly innovative small projects in Thailand are testing an impressive variety of technical innovations, the replication and financial viability of these technologies is not consistently clear.

Some of the national SGPs have information on the longer-term impacts and demonstrated sustainability of projects implemented prior to OP2, usually because of the NC’s continued

personal contacts with former grantees. However, the outcomes of earlier grants have not been systematically tracked and long-term impacts and sustainability are therefore difficult to assess, as discussed in the next chapter. It would be useful for SGP to maintain basic information on the long-term impacts of projects after they have been completed. During OP2 the CPMT established a project database that may facilitate such tracking in future.

## **4. MAJOR PROGRAMMING ISSUES**

### **GLOBAL BENEFITS FROM SMALL GRANTS**

GEF financing is provided on the basis that the SGP can generate global environmental benefits. This means benefits over and above those received by local and national stakeholders in the participating countries. Demonstrating the global benefits of a portfolio made up of thousands of small and diverse projects working mainly at community levels is not easy, however. At least in principle, it would be possible to use a variety of indicators to estimate the direct impacts of each project in terms of species and ecosystems conserved, greenhouse gas emissions reduced, international waterways cleaned up, etc., and then to aggregate these for each country and then for the SGP as a whole. But such an undertaking would be enormously time consuming and would generate only very approximate data that would be difficult to aggregate or assess.

The SGP in Mexico has made an interesting and useful first attempt to measure the benefits generated during OP2, tentatively estimating that a cluster of its projects are conserving 127 species in 3,370 ha of tropical forest and 562 ha of agroecosystems. Other projects are conserving 8,000 ha of forest through apiculture and another 24,000 ha through sustainable timber management. Collaboration with the Mesoamerican Biological Corridor is bringing a further 132,500 ha under sustainable forest management. Elsewhere, community conservation is protecting 916 ha of forest and 20,467 ha of wetland wildlife habitats, coastal dunes and beaches. Community-level activities have benefited 1,081 people directly, trained another 868 and offered workshops to 2,000 more. The entire program is conserving an aggregate of 57,716 ha of habitat and prevented the annual emission of 2,023,135 tons of CO<sub>2</sub> as a result of preventing fires in 36,799 ha of forest. Working out which impacts are global and which are local or national would also be challenging, although not impossible.

While some of these data are impressive, it is evident that the aggregate values are fairly small in the overall context of the Yucatan Peninsula where SGP Mexico operates, and that the direct global impacts aggregated on such a basis for the entire SGP in all 65 countries would still not be particularly significant. This confirms that the most significant global benefits from SGP are unlikely to come from direct environmental impacts, even if these could be measured program-wide by appropriate and cost-effective indicators.

In practice, the most significant global benefits from SGP activities seem much more likely to result from indirect impacts, i.e., the human behavioral changes stimulated or catalyzed by SGP activities, both immediate and longer-term. Some of these have already been described and illustrated in chapter 3 under the category of leverage. The most obvious and direct examples occur where a project approach – such as a specific technique or technology, or perhaps a participatory methodology – is tested or demonstrated successfully by an SGP project, then found to be applicable elsewhere and replicated or scaled up, either by other project or program activities or spontaneously by communities or the private sector. SGP projects in many countries have been scaled up by larger GEF projects, as noted in chapter 2.

Other offsite, indirect and longer-term impacts that contribute to global benefits include: (a) projects that result in or support policy changes by governments or new approaches by donors; (b) CBO or NGO grantees going on to more influential activities as a result of capacity building and experience gained during an SGP project; (c) local communities initiating new environmental-friendly activities or obtaining services or action from government as a result of increased self-reliance and organizational skills attributable to participation in an SGP project; (d) diverse stakeholders taking action as a result of broader awareness of global environmental issues resulting from SGP activities; (e) NSC members, often influential figures and decision makers, becoming active lobbyists and ambassadors for global environmental issues; and (f) institutional project partners such as research institutions, local governments and national environmental funds adopting SGP approaches and introducing them to larger communities. Each of these impacts not only have the potential but also seem very likely to stimulate further global environmental benefits, although some of these benefits may not become evident until several years after the SGP activity that stimulated them.

Many of the offsite, indirect and longer-term impacts listed above are mutually compatible, reinforcing and cumulative. Examples of all of these impacts have been observed by the evaluation team during country visits, and some are described in chapter 3. While not all of these impacts have resulted in global benefits, the observations of the evaluation team strongly suggest that the overall long-term global benefits from SGP activities will be considerable, and are likely to exceed the global benefits generated by most larger projects with financial resources comparable to or even exceeding the entire SGP budget.

Unfortunately these offsite, indirect and longer-term global impacts and benefits are very difficult, if not impossible to measure. It should be possible to track some of them, however, through a systematic effort to draw on networks of current and previous grantees and partners in the participating countries. Such networks represent a powerful and constantly-expanding resource, especially in the many countries that now have several years of SGP experience. Keeping in contact with and getting inputs from the individuals in these networks may be relatively easy where a single NC and stable NSC have remained in place since the inception of a country program, but often a more deliberate approach and actions will be required to formally establish or expand such a network. Systematically capturing and documenting examples of offsite, indirect and longer-term SGP impacts that contribute to global benefits would not only help measure the program's overall effectiveness, it would make a major contribution to better understanding what the SGP's "best practices" with the potential to contribute most to sustainable development really are.

### **POVERTY, LIVELIHOODS AND THE GEF FOCAL AREAS**

The 1998 evaluation observed that many "national SGPs are still struggling to establish credible links between the community-level activities supported by their grants and the global environmental problems targeted by the GEF....capacity building in communities facing economic hardship and without a history of external assistance often requires a lot of time, involves considerable uncertainty and is unlikely to be successful if it begins with an explicit focus on GEF focal areas".

Working out how to address the priority livelihood concerns of poor communities through participatory approaches while generating global environmental benefits continued to be an SGP priority during OP2. This issue was addressed directly and effectively during OP2 through (a) the preparation and dissemination of the SGP Strategic Framework – which explains project eligibility for GEF financing in some detail, and (b) cofinancing to cover the aggregate program-level costs of baseline activities linked to, if not explicitly in, GEF focal areas. The overall objective is clear: “SGP projects should address both the GEF criteria and community needs and interests.....the SGP approach has been and will continue to be that of promoting sustainable livelihoods as an entry point” (SGP Strategic Framework, paragraph 18).

Projects that have established credible links with GEF focal areas, that follow the eligibility requirements outlined in the SPG Strategic Framework and which are being implemented at priority sites are assumed to be generating global environmental benefits. On this basis, the evaluation country visits found an improvement in the situation reported four years ago, with generally more convincing links between most of the SGP portfolios and the GEF focal areas, helped by cofinancing for activities that are not eligible for GEF funding.

Among the countries visited for this evaluation, links between SGP projects and the GEF focal areas were clearest in Guatemala, Lithuania, Peru, Tanzania, Turkey and Vietnam, i.e., most projects in these impressive project portfolios appear to be complying with the Strategic Framework’s criteria for generating global environmental benefits. The links appear adequate, if less consistently clear, in most of the projects in Cote d’Ivoire, India and Suriname, and are less evident in Thailand, Trinidad and Tobago and in Tunisia. Project selection in these latter countries appears to require further attention from the CPMT, building on the technical support provided to the NCs during OP2 with further examples and more consistent documentation and exchanges of best practices between the countries.

While the links between most of the SGP portfolios and the GEF focal areas are becoming more convincing over time, this area still requires continuing emphasis. Many NCs, NSCs and UNDP Country Office staff have a sophisticated grasp of GEF objectives and priorities, showing themselves to be articulate and well-informed in discussing project opportunities and eligibility for GEF funding, while for others this remains a challenge. The opportunities and constraints also vary significantly by country. Sustainable livelihoods inevitably attract more immediate concern than the GEF focal areas in those countries with large, impoverished rural populations lacking government support services. Eliciting change in attitudes and behavior is clearly not going to be a short-term endeavor as SGP reaches out to marginal populations and isolated communities – often where there are no other donors or NGOs present. This was particularly evident in Cote d’Ivoire, Guatemala, Peru, Tanzania, Suriname and Vietnam.

As an example, the SGP has had a significant impact on a segment of the impoverished indigenous people of Guatemala, most of whom were excluded from normal life through years of civil war. SGP activities in ecologically-significant areas under enormous exploitation pressure have started to help enhance food security while conserving traditional knowledge and protecting threatened endemic forest species. Most projects are attempting to support income-generation activities in isolated, poor communities with little or no access to technical, financial or even humanitarian support. These projects have been designed to reach the core of the Guatemalan rural developmental problem: the mutually deteriorating relationship between an impoverished indigenous people and a decaying environment. While a few grantees are beginning to appreciate

the close connection between economy and ecology, most grantees cannot yet make the connection. Their immediate concern is to move beyond subsistence. SGP is giving them a unique and rare opportunity, and they take it. It is too early to determine whether the benefits of these activities will prove effective, sustainable or replicable, or whether community members will be able to draw on and be empowered by the projects' approaches, methodologies and strategies. Striking the right balance here between global and local priorities is not easy, especially in the short term. This question of how to open the door to environmental change through a sustainable livelihoods approach is not limited to Guatemala, it confronts large parts of the entire SGP project portfolio, if not most international efforts to bring about sustainable development.

Building capacity and achieving sustainable impact at the household and community level, particularly in relation to the global environmental concerns of the GEF, are necessarily longer-term processes. While the need for a longer-term commitment can be in conflict with SGP's usual 1-2 year project cycle, a significant body of OP2 projects have shown that this constraint can be successfully mitigated by partnerships with organizations bringing their own funding and/or by selecting grantees that have the capacity to build on their SGP grants by obtaining further financing from other sources. SGP has addressed this issue through intensive resource mobilization efforts that have not only met but considerably exceeded the program's ambitious cofinancing targets for OP2, as described in chapter 5.

SGP thus continues to both move forward and wrestle with the challenge of reconciling GEF's global environmental goals with the livelihood priorities of local communities. It is important to recognize that this is one of the most critical set of issues confronting the international development community. Reaching agreement on how best to move towards the Millennium Development Goals (MDGs) while protecting the global environment will not be easy, as illustrated recently by the World Summit on Sustainable Development. While SGP's experiences have yet to be fully analyzed, the program is clearly operating at the cutting edge of international efforts exploring the synergies – and sometimes the incompatibilities – between environmental conservation and poverty alleviation. While the GEF's role in supporting efforts to achieve the MDGs is still to be clarified, the SGP appears to offer an important bridge towards sustainable development. It is important not to lose sight of the powerful argument that establishing environmentally sustainable livelihood opportunities at local levels may be a *precondition* for generating long-term global environmental benefits, as well as one of the most important ways of generating these benefits.

## **PORTFOLIO COMPOSITION: GRANTEE CHOICE AND SIZE OF GRANTS**

The national SGP portfolios reflect strategic choices in grant making, some explicitly recognized in Country Programme Strategies and some implicit. The location of projects, the characteristics of the selected grantees and the size of the grants all have important implications for the overall performance of national SGP portfolios. The demands that portfolio management places on the individual NCs are closely related to these factors.

### **Geographic Focus**

Relatively few national SGPs have concentrated on limited thematic or geographic areas of comparative advantage, with most preferring to maintain a broad scope. Brazil and Mexico are

notable exceptions, with both having limited their programs to specific areas, even though these areas are larger than many countries. Also among the larger countries, India has adopted a national approach that is managed through a set of regional coordinators cofinanced through UNDP-TRAC resources; however, the sustained viability of this approach at current grantmaking levels – which are relatively small in the Indian context – is uncertain. Even in some of the smaller countries at least part of the SGP portfolio is focused on a particular region or site, usually as a result of cofinanced activities, as in Guatemala and in the six countries participating in the SGP COMPACT program: Belize, Dominica, Kenya, Mexico, Philippines and Tanzania (described in chapter 5). Other SGP countries that have adopted a geographic focus include Costa Rica, Kazakhstan, Guatemala, Nepal, Peru and Senegal.

A geographic scope that is too broad risks the national SGP effort becoming so fragmented that the projects appear isolated dots on the landscape that do not fit clearly into a coherent strategy. This can also impose significant costs in terms of project supervision and monitoring, requiring the NC to spend a lot of time travelling. The NCs and NSCs in many countries have addressed these issues explicitly in their Country Programme Strategies and have made what they consider the appropriate choice given the country context. Although a somewhat special case, the logistical challenge of supervising projects in Suriname from the SGP office in Trinidad and Tobago has contributed to inadequate monitoring. The view of the evaluation team is that geographic focus is often essential for overall national program effectiveness, particularly for larger countries, and that SGP operations in additional countries should begin with a clearly-defined geographic focus.

### **Grantees**

Turning from the issue of where to who, although virtually all SGP grantees are NGOs and CBOs, these categories include a broad range of organizations with very variable capacities. The choice of which of these grantees to support has important implications for project performance and impact. Grants to well-established and capable NGOs usually perform better, yield quicker results and progress more quickly than grants to grassroots groups lacking previous experience with outside funding. More experienced NGOs naturally tend to have a correspondingly greater absorptive capacity and can use larger grants than the smaller CBOs.

While smaller, emerging community organizations often have innovative ideas, excellent local knowledge and genuine commitments to conservation and development, they also lack the experience, capacity and technical skills needed to implement projects effectively. Emerging CBOs usually have more direct contact with grassroots communities than larger NGOs, many of which are urban based. Many CBO grantees are relatively new and fragile organizations, however, and usually dependent on one or two key individuals. Projects undertaken by such groups often require much more intensive management and support over longer time periods to achieve positive impacts. The NCs give considerable time and attention to supporting and supervising these inexperienced grantees, with many key stakeholders recognizing that SGP is one of the very few international programs to provide this valuable service.

The process of fostering and supporting emerging organizations can slow progress towards GEF goals and make interim project results more fragile. However, focusing on these community-level organizations can potentially make a greater contribution to sustainable development. By providing technical assistance to assess capacity and help organizations strengthen their structure and management, SGP has successfully contributed to the development of accountable organizations

owned by communities and able to implement GEF-funded projects effectively. The capacity of the NC to supervise the project portfolio is often a key constraint, together with their ability to mobilize support in terms of field visits from NSC members and other sources.

### **Use of Intermediaries**

Some countries have successfully used NGOs as intermediaries. In Turkey several larger, nationally-visible environmental NGOs received SGP grants early in OP2. These organizations were told they could not receive further grants, although SGP was prepared to make new grants to smaller, emerging organizations working in partnership with the larger NGOs. After some initial resistance by the NGOs, this approach has now become well-established and appears to be working well. New and productive partnerships have been formed. The larger NGOs with their greater technical and management skills are supporting their new, less experienced partners who are the grantees. This has helped the NC free up more time to concentrate on other potential grantees with intermediate levels of capacity.

A balance of grantees was evident in most of the other countries visited. A small number of carefully-selected NGOs already known to the SGP have operated as successful intermediaries in Peru, guiding and sometimes helping to establish new CBOs. Grantees in Tanzania range from large, sophisticated umbrella NGOs through mid-sized more specialized organizations to some quite small, emerging CBOs.

The lack of appropriate intermediaries in Suriname has resulted in some projects being implemented by insufficiently experienced CBOs that are beyond the reach of the NC or NSC members to provide technical assistance or other support. SGP's grantees in Tunisia are mainly small NGOs with specialized interests in environmental conservation rather than community development, although the SGP does collaborate with some NGOs emphasizing livelihoods and grassroots development. The NGO sector is less developed in Cote d'Ivoire than in some other neighboring countries and there are few candidate intermediaries, with political instability having discouraged donors and international NGOs from supporting emerging NGOs. Although the NGO sector is relatively well-established in Thailand, the NC and NSC have concentrated on working directly with relatively large numbers of small organizations, resulting at one point in a portfolio that was recognized as unmanageably large and dispersed, although the number of projects was subsequently reduced.

### **Number and Size of Grants**

The average SGP grant during OP2 was about \$20,000, compared to \$16,400 during OP1 and \$14,900 during the GEF's Pilot Phase, still considerably below the SGP maximum of \$50,000. The country programs varied significantly in the average size of their OP2 grants. Among the countries visited, both the Guatemala and Thailand NSCs have limited their grants to \$20,000. In fact, the grants in Thailand average only \$9,200 for 66 projects and in Guatemala \$10,600 among an extraordinarily high 92 projects. The average grant sizes and number of OP2 projects among the other countries visited were as follows: Cote d'Ivoire \$24,000 (30 projects); Lithuania \$13,100 (16); India \$20,400 (23); Peru \$37,100 (29); Tanzania \$39,900 (23); Trinidad and Tobago \$22,100 (32); Tunisia \$37,800 (16); Turkey \$26,800 (29); Vietnam \$16,400 (49)<sup>6</sup>.

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<sup>6</sup> These data have not been adjusted for differences in US dollar purchasing power between the countries.

The small size of projects in Guatemala reflects this program's emphasis on poor rural grantees with very modest organizational capabilities, although the evaluation visit suggested there may now be a case for experimenting with larger grants. The case for concentrating exclusively on such small projects in Thailand was not found completely convincing by the evaluation team. Large numbers of small grants in many locations may help to make SGP known to a wide audience and provide a diverse testing ground. They may also represent a best fit to the local absorptive capacity. As programs mature, however, careful consideration should be given by the country programs to the feasibility of increasing the average grant size while the number of projects decreases. Such an adjustment seems essential given the limited human resources available to manage the national programs and the need to maintain project quality through effective monitoring and evaluation.

### **GEF Medium-Sized Projects**

There is a considerable gap between the SGP maximum project size of \$50,000 and the GEF Medium-Sized Projects (MSPs) most of which are close to their maximum permitted value of \$1 million. The 2002 evaluation of GEF MSPs argued that there is considerable demand for an intermediate level of funding, concluding that "there appears to be a strong case for selectively increasing the SGP grant limits beyond \$50,000, perhaps to \$150,000, in selected countries where there are strong and well-established SGPs and supportive NSCs". The figure of \$150,000 is the maximum size permitted by UNDP procurement rules that does not require competitive bidding.

Any expansion of SGP's project limits would need to be assessed in the context of SGP's management capacity in each country. Grant funds available to SGP are already spread fairly thinly, as shown above; some countries have even opted for lower individual project ceilings in order to spread their grants more widely. This means that any increase in SGP grant limits should be accompanied by an overall increase in SGP funding, otherwise the main effect would merely be to concentrate SGP activity into a smaller number of larger projects. Additional conditions could be applied at the program level for projects exceeding \$50,000, including commitments from the NSCs to provide supervision and assist in cofinancing.

### **BIODIVERSITY, CLIMATE CHANGE AND INTERNATIONAL WATERS PROJECTS**

Notable progress during OP2 is evident in the two main GEF focal areas addressed by SGP projects, biodiversity and – especially – climate change. There are still relatively few international waters projects. Compared to the observations of the 1998 evaluation, OP2 biodiversity projects in the countries visited appear to have been more carefully targeted, to employ sounder and more replicable methodologies and – critically – are more often based on convincing, broad-based partnership arrangements. As a result, the potential for tangible impacts and sustainable benefits appears to have improved significantly. While it is debatable whether some of the locations targeted contain truly "globally significant" biodiversity – an issue for all GEF biodiversity projects – most sites selected do at least appear consistent with national conservation priorities. The number and quality of innovative biodiversity projects working outside the context of protected areas is particularly impressive, including activities on medicinal plants, sustainable forestry and agricultural biodiversity. A review of the SGP project data base shows that several biodiversity

themes recur in numerous country programs, and there may be valuable opportunities to exchange or combine the various project experiences in turtle conservation, ecotourism, organic agriculture and perhaps other recurring themes.

Many sites of global ecological significance are of course still inadequately protected and facing acute threats. SGP has contributed to protecting many of these sites through community-level initiatives in all countries visited. Since 1999 SGP's Community Management of Protected Areas Conservation (COMPACT) program has supported community-based initiatives aimed at increasing the effectiveness of biodiversity conservation at six World Heritage sites and globally significant coral reefs. This project has already resulted in considerable progress and tangible achievements through effective partnerships among key stakeholders, and is emerging as an important model for managing conservation sites of global significance. This program has targeted one site in each of Belize, Dominica, Kenya, Mexico, Philippines and Tanzania.

The high quality and variety of SGP climate change projects are one of the highlights of OP2, with the better projects building policy development considerations into their initial design stage. Projects are supporting renewable energy, energy efficiency, land degradation (sequestration) and a very small number of sustainable transport initiatives. The proportion of climate change projects in the overall portfolio has not changed significantly compared to earlier periods. While it might be expected that communities would find it easier to appreciate improved energy opportunities related to their own basic needs, most climate change projects do require a level of technical knowledge that many smaller communities lack. Several projects have benefited from having existing and relatively stable community institutions as grantees, such as schools and hospitals.

Most of the country programs have now moved beyond the OP1 preference for subsidizing expensive and non-replicable technologies towards a more pragmatic set of activities with clearly-understood policy implications and scaling-up possibilities. As illustrated in chapter 3, many energy conservation and renewable energy projects now feature a solid integration between new technologies and income generation, often being implemented by partnerships of institutions skillfully assembled by the NCs, and with results effectively disseminated using a variety of communications tools. Microfinance arrangements, including revolving loan funds, have been used effectively to make innovative technologies more widely available, with best practices most evident in Vietnam among the countries visited. Some national programs are also starting to develop ideas for community-based climate change adaptation projects. The increasing number of linkages between SGP climate change projects and larger GEF initiatives helps to emphasize the potential for scaling up smaller demonstration projects. Some NCs are less aware of all of the opportunities in climate change and would welcome further guidance, on other countries' experiences. The CPMT's recent recruitment of a climate change specialist provides an important opportunity to build on the substantial progress made in this focal area.

Very few countries have more than a small handful of International Waters projects. Thailand is a notable exception with more than 40 such projects in OP2, mainly because it has not ratified the Convention on Biological Diversity and is ineligible for GEF biodiversity funding. These Thai projects cover areas as diverse as watershed management, sustainable agriculture, environmental education, watershed rehabilitation, water quality monitoring, use of natural fertilizers, fire control, re-vegetation and organic agriculture. These areas have all been identified as priorities by the multicountry Mekong River Commission, implementing agency for a full size international waters GEF project.

## **SGP'S UNIQUE NICHE**

SGP has grown to occupy a vital niche in an extraordinary variety of country contexts. One of the most striking findings of the evaluation is the high degree of fit between the unique services and benefits provided by the SGP and the current priorities and needs in some very different settings. As a result, SGP is extraordinarily popular in virtually all countries in which it operates.

SGP activities are particularly highly valued in countries undergoing rapid social, economic and political change and/or emerging from highly-stressed periods, including Guatemala, Lithuania, Peru and Vietnam among the countries visited. Rural areas in many countries face widespread, entrenched poverty with vulnerable groups receiving few government services. There is an acute need in such areas to provide opportunities for local communities to overcome their immediate constraints and to start to think, plan and act for their longer term futures, including conservation of their environment. SGP is making critical contributions in this respect in Cote d'Ivoire, Suriname, Guatemala, Peru, Tanzania and Vietnam. Even more challenging issues involving indigenous and minority peoples are being addressed in Guatemala, Suriname, Turkey and Vietnam. To continue to build on the progress made so far in these areas, SGP should consider giving more explicit attention to land rights and intellectual property rights, two of the key emerging issues for indigenous peoples. Gender issues also need to be more strategically addressed. Although a number of projects work with women and have supported the role of women in decision making, this could be done more consistently and in a more structured manner.

The SGP is usually one of the few organizations prepared to both fund and actively support small, emerging NGOs working on environmental problems. Environmental NGOs and CBOs are still relatively new and emerging phenomena in many countries, and most have very limited capacities. SGP is making a key contribution to building capacity among a whole new generation of such organizations. This is particularly important in the many cases where there is very little awareness of global environmental issues among the public, government officials and the media. This is especially evident in Cote d'Ivoire, Lithuania, Tanzania, Tunisia, Turkey and Vietnam. With the possible exception of India, there are virtually no other sources of funding available to support NGOs and communities ready to protect their own environmental resources using participatory and transparent approaches, and certainly no others anywhere with a focus on global environmental issues. Beyond SGP, the evaluation team is not aware of any other international institution providing comparable hands-on mentoring, guidance and supervision in addition to funding.

A strategy of working through partnerships has played a key role in SGP's grant and capacity-building activities, and may be a unique feature of the program. While the grantees are the core partners, collaboration with others in a multi-stakeholder approach has brought important synergies, leveraging both financial and knowledge resources to strengthen the effectiveness of these small grants. This kind of networking is also important for sustainability. SGP's data base records over six hundred partner organizations now providing cofinancing and other support to SGP activities (see chapter 6). These include bilateral donors, foundations, international NGOs, national and local government agencies, national environment funds, national poverty programs, service organizations, universities, the private sector, women's and indigenous peoples' groups, and larger GEF projects and UNDP core programs. NSC members are important players in a

multi-stakeholder approach and partnership synergies are found at all stages of SGP operations, including project design, implementation and evaluation; capacity development; resources mobilization and co-financing; learning, advocacy and communications.

The OP2 project portfolio contains many examples of important projects based on communities working in partnership with government agencies, education and research institutions and even the private sector. Most of these partnerships were fostered by the NCs' personal interventions and have created numerous spin-off opportunities for all concerned, making valuable contributions to building the consensus and capabilities needed for sustainable development and a concern for global environmental issues that is firmly embedded with in each country. No other international organization is performing this key service.

SGP has made important contributions to building bridges between their NGO constituents and national government agencies, as noted by the 1998 evaluation. Decentralization in many countries is now putting much more responsibility in the hands of local authorities, however, many of which lack financial resources, knowledge and experience in environment and community development issues. While this can lead to an escalation of environmental threats as political power and regulatory authority from the center becomes diluted, it also provides useful opportunities. SGP has experience in delivering or facilitating key services to local communities. SGP is uniquely positioned in many countries to build more partnerships with the newly-empowered local authorities, to help them identify pathways towards sustainable development based on more participatory and transparent approaches. As shown in chapter 5, local government is already a key source of cofinancing and an active SGP partner in many countries.

Local government partnerships are now an important SGP priority in all of the countries visited, and especially in Guatemala, India, Lithuania, Peru, Thailand, Turkey and Vietnam. In Guatemala, Peru and Vietnam, previously excluded rural populations have gained valuable experience through their management of SGP projects, thereby improving their chances at participating in future local government decision making. SGP in Thailand focuses on working with at least one local authority to build environmental capacity, while in Vietnam SGP already works closely with local governments to encourage participatory approaches. COMPACT is another SGP activity promoting participation in local government (and protected area management) decision making, with "Local Consultative Bodies" already proving an effective vehicle for this purpose. As local governments cannot be grantees themselves, SGP's efforts focus on helping building trust and supporting partnerships between grantees and their local government. In cases where local governments have substantial resources channeled through them for environmental projects the SGP can demonstrate how these funds can be used in a responsive way in partnership with communities.

## **5: COFINANCING AND RESOURCE MOBILIZATION**

### **PERFORMANCE OVERVIEW**

The SGP committed to matching the funding received from GEF throughout OP2 with 100% additional cofinancing, half in cash and half in kind. This required SGP to mobilize \$54 million by early 2002, half in cash and half in kind (Table 5.1). By early 2002 this overall target had been exceeded by over \$5 million, with actual cash cofinancing surpassing the targeted amount by over \$16 million (61%). In kind contributions fell short by about \$11 million (42%) although – as explained below – it seems likely that this shortfall has been overstated due to substantial underreporting by some country programs.

Table 5.1 SGP Resource Mobilization for OP2 years 1-3 (\$ millions)

	<b>Planned</b>	<b>Actual</b>
In cash	27.0	43.5
In kind	27.0	15.7
Total	54.0	59.2

### **OBJECTIVES AND APPROACH**

SGP's Resource Mobilization Strategy prepared early in OP2 identified several key cofinancing objectives: (a) maintaining SGP commitment to sustainable livelihood initiatives; (b) enhancing program and project sustainability; (c) promoting new partnerships; (d) achieving synergy and complementarity with other programs and projects; (e) up-scaling and replicating successful SGP funded projects; and (f) leveraging financial resources to increase global environmental benefits.

The requirement for SGP to meet targets for additional resource mobilization was introduced at the beginning of OP2. As explained in the SGP's Resource Mobilization Strategy, "the GEF Council decided that the issue of incremental costs would be addressed strategically by SGP at the programmatic level, both for country programs and for the global program. Given the nature of the SGP, it was agreed that it would be unrealistic to require potential grantees to prepare a detailed incremental vs. baseline cost calculation for individual projects. Therefore, in order to meet the baseline costs involved in SGP activities the program would match the GEF contribution with other sources of funding, both in cash and in kind. It was broadly estimated that the baseline costs would be approximately 50% of the total costs of program activities".

The decision to set SGP's resource mobilization targets at country and global program levels – and not at project levels - has considerably facilitated efforts to achieve SGP's prime objective, generating global environmental benefits while working at the local community level. While some national SGPs have established their own cofinancing targets for all grantees, others have decided that such a requirement would be much easier for larger, more sophisticated grantees to satisfy, and would work against the smaller, less experienced community-level organizations that are the SGP's principal constituents.

SGP's approach to cofinancing began with and has been guided by a global Resource Mobilization Strategy. This strategy was prepared at the beginning of OP2 and required National Resource Mobilization Plans to be included in each subsequent revision of the Country Programme Strategies. This immediately expanded the NC and NSC focus from ensuring the selection and implementation of quality projects to that of active involvement in the scaling up and sustainability of SGP at a national level. While this required a considerable adjustment for many NCs – who felt they had neither the experience nor skills needed – most were able to adapt very successfully once they recognized the need, as the results clearly show.

## **COMPONENTS**

Cash cofinancing for OP2 years 1 to 3 was about \$43 million (Table 5.1). Of this amount, about \$19 million was raised at the headquarters or CPMT level and the remaining \$24 million at the national program level. This includes over 600 cofinancing partners. All in kind contributions were mobilized at the national level. The \$19 million SGP cofinancing raised and negotiated centrally is made up of three relatively large multicountry programs:

- (1) the \$15 million SGP for the Promotion of Tropical Forests Programme (PTF), funded by the European Union<sup>7</sup>. The 5-year PTF was launched in 2001 in Pakistan, Philippines, Thailand and Vietnam to promote sustainable forest management by local stakeholders.
- (2) the \$3 million SGP Community Management of Protected Areas Conservation Program (COMPACT), funded by the UN Foundation. This 3-year program was launched in 2000, focusing on community activities at World Natural Heritage Sites in Belize, Dominica, Kenya, Mexico, Tanzania and the Philippines.
- (3) \$0.9 million in cost sharing provided by the Government of Denmark at the end of 2001 as an untied cost-sharing contribution to the program as a whole.

The \$24 million additional cash cofinancing raised at the country program and project level is spread rather unevenly, with some national programs proving more successful than others. The following national SGPs have all raised more than \$1 million in cash during OP2: Costa Rica, Ecuador, Guatemala, Kenya, Philippines, Poland, Tunisia, and Zimbabwe. Ecuador and Poland both raised over \$3 million in cash.

Bilateral donors as a group have been the largest contributors of cash cofinancing leveraged by the national SGPs for *program* activities, with \$4.9 million (Table 5.2). The Netherlands has been the largest country contributor, with over \$3 million, followed by Denmark and the United Kingdom. At the *project* level, national NGOs (\$4.8 million) and grantees (\$4.5 million) are the largest cash cofinancing contributors. It thus appears that bilateral donors would rather not link their funding to SGP on a project-by-project basis; their preference for program level cofinancing means that the NCs, NSC members and the CPMT usually need to play lead roles in accessing these funds. The data also show that national governments and international NGOs both have a strong preference for project rather than program support to SGP, thereby retaining influence over the choice of sites and partners.

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<sup>7</sup> The PTF funding is €15 million, converted here at a 1:1 exchange rate.

Table 5.2. SGP cash co-financing (\$US)

Source of funds	Project Cash	Program Cash	Total Cash	%
Multilateral	535,561	1,947,078	2,482,639	9.9%
Bilateral	788,999	4,924,607	5,713,606	22.7%
International NGOs	2,196,956	138,846	2,335,802	9.3%
International Corporations	83,772	0	83,772	0.3%
International Foundations	168,251	246,000	414,251	1.6%
National Government	2,815,311	100,869	2,916,180	11.6%
Local Government	1,302,663	85,227	1,387,890	5.5%
National NGOs	4,774,290	188,133	4,962,423	19.7%
Grantees/Communities	4,486,827	13,094	4,499,921	17.9%
National Private Sector	401,403	3,250	404,653	1.6%
<b>Total</b>	<b>17,554,032</b>	<b>7,647,104</b>	<b>25,201,136</b>	<b>100.0%</b>

As would be expected, in kind contributions are much more significant from local and national rather than international stakeholders, with grantees themselves providing about half of all in kind inputs (Table 5.3). In kind contributions reported at a program level are relatively minor, although these data would almost certainly be significantly increased if the value of NSC member inputs were consistently included.

Table 5.3. SGP in-kind co-financing (\$US)

Source of funds	Project In Kind	Program In Kind	Total In kind	%
Multilateral	151,183	19,303	170,486	1.0%
Bilateral	290,957	29,398	320,355	2.0%
International NGOs	696,983	14,340	711,323	4.5%
International Corporations	3,887	0	3,887	0.0%
International Foundations	84,186	0	84,186	0.5%
National Government	2,334,891	17,290	2,352,181	14.9%
Local Government	1,421,185	51,080	1,472,265	9.3%
National NGOs	2,176,776	34,337	2,211,113	14.0%
Grantees/Communities	7,695,201	195,889	7,891,090	49.9%
National Private Sector	526,675	55,459	582,134	3.7%
<b>Total</b>	<b>15,381,923</b>	<b>417,096</b>	<b>15,799,019</b>	<b>100.0%</b>

If cash and in-kind contributions are combined, then the share of cofinancing from grantees/communities increases to 30%, national NGOs to 17%, national governments to 13% and local governments to 7%. These national sources combined are therefore contributing almost 70% of cofinancing at the country program level. This appears to confirm that national sources are meeting the overall cost of baseline/development activities while international sources are meeting the incremental costs of generating global environmental benefits.

Multilateral contributions include UNDP-TRAC allocations as well as UNDP's LIFE, Partners in Development, Africa 2000 Network and Capital Development Fund (UNCDF) programs. The most significant TRAC contributions are those of Tanzania (\$700,000 and being renewed for over \$1 million in the next three years), India (\$700,000), and Pakistan (over \$500,000). Other multilateral agencies that have supported SGP include UNEP, UNIFEM, UNESCO, UNV, UNSO, WFP, WHO and the World Bank.

National private sector contributions normally take the form of equipment donation, technical expertise, and market support for livelihood activities. Although relatively small at just under \$1 million, these private sector inputs during OP2 show a considerable increase compared to earlier SGP operating phases. Inputs from international private sector firms are still very small, largely reflecting the reluctance of NSCs and NCs to accept contributions from international corporations that are perceived to have contributed to environmental damage. Finally, private foundations might have been expected to be a relatively easy source of co-financing given the type of projects that SGP supports. Yet, excluding the UN Foundation, their contribution have been small and may represent an opportunity for future resource mobilization.

## **COUNTRY PROGRAM REPORTING**

Cash and in kind resources mobilized at the country level are reported by the NCs entering the appropriate data in the SGP's data base. This data base was introduced during OP2 and has provided the CPMT with valuable information of program management. The accuracy and timeliness of the data depends on the respective NCs and their assistants who are responsible for data entry and verification. The evaluation team encountered a few errors and misclassifications while reviewing this data base, although the nature and extent of the errors were not considered likely to significantly affect the overall totals reported at a global level. There are also cases where cofinancing data has not been input at all to the database, e.g., the SGPs in both Brazil and Indonesia report zero cash and in kind cofinancing, which is incorrect. This has resulted in cash cofinancing having been underreported, although it would be difficult to estimate the amounts involved.

There is currently no SGP standard approach to estimating the value of inputs in kind, although the Costa Rica and Dominican Republic programs have each developed methodologies that may provide the basis of a system-wide approach. Notably, these two countries both report contributions in kind that are significantly higher than average. Discussions with NCs during the country visits strongly suggest that the lack of a standard approach to valuing inputs in kind appears to have resulted in an understatement of this form of resource mobilization, compounding the incomplete database problem described in the previous paragraph. While SGP's extraordinary ability to mobilize capable, enthusiastic, high-quality, technically-qualified people on a voluntary basis is one of its unique strengths, relatively little of this seems to be measured at present. It is important that these contributions are accurately identified and accounted for in a relatively simple way that does not represent a time-consuming exercise for NCs. The current lack of estimation guidelines appears to have contributed to in-kind cofinancing not being taken very seriously by some country programs.

## **MANAGEMENT ARRANGEMENTS**

SGP has three main types of cash cofinancing arrangement:

1. “Cost-sharing” agreements are those in which the donor’s funds are added to the SGP project document budget and are accounted for as part of the GEF trust fund. There are two such cases: (a) the Danish contribution and (b) the Dutch contribution for the Philippines.
2. Cofinancing that is “technically considered contributions to UNDP funds”. Here, the donation is paid to the UNDP but kept separate from the SGP project document budget and requires its own, separate project document, accounting and reporting. This is the case for the PTF and COMPACT cofinancing at the global level as well as some contributions at the country level, e.g., a Dutch contribution to SGP Ecuador. There are different execution modalities. For example, COMPACT is executed by UNOPS, the Ecuador Dutch contribution is nationally executed and the EU-funded PTF is NGO executed.
3. “Parallel” financing takes place where the donor directly manages and administers the funds. An example is a co-financing agreement in Chile with the Initiative for the Americas Environmental Fund. Under this arrangement, joint calls for proposals have been made, and all projects jointly approved. The memorandum of agreement stipulates that the environmental fund matches SGP resources but disburses its own funds directly to the grantees. This parallel modality usually proves the simplest in the case of small contributions.

Donors naturally have their own priorities, preferences and rules that SGP is usually flexible enough to accommodate. This does make some contributions more difficult to manage than others, sometimes with additional reporting, separate and multi-currency accounting, and complex decision-making arrangements. The Danish cost sharing contribution has been the simplest to accommodate, requiring no special reporting, accounting or other arrangements. These funds were simply distributed to all SGP budget lines in the same proportion as GEF resources.

## **ADDED VALUE**

Cofinancing has allowed SGP to increase the number, size and impacts of its projects while continuing to pursue GEF objectives. It has also allowed SGP projects to procure goods and services that are ineligible for GEF funding, often for income-generating or other livelihood project components that help build community acceptance and ownership of SGP projects. Cofinancing of effective projects provides opportunities for donors to share in success while making it easier for NGOs and communities to access their continued financial support. The annual rolling financial modality for SGP replenishment during OP2 has considerably facilitated resource mobilization. By providing a reasonably predictable flow of funding, this arrangement has made it easier for SGP to negotiate longer-term co-financing agreements with other donors.

Cofinancing has also been used to support key institutional arrangements. For example, the use of UNDP-TRAC funds in India has supported the activities of SGP Regional Committees and full-

time Regional Coordinators, without which this national program would not be viable as it is currently organized.

### **CHALLENGES ATTACHED TO COFINANCING**

While cofinancing from grantees and from governments strengthens local ownership, cofinancing from external donors has both positive and negative results. The positive results derive first from SGP having access to more resources to carry out GEF objectives, and second from more organizations mainstreaming GEF and SGP principles and approaches into their programs. The downside comes when donor partners insist inflexibly that the SGP adopts their project management and administrative procedures, thereby adding significantly to the burden of paperwork and reporting while threatening to compromise SGP's flexibility.

SGP's aim of maintaining consistency with its core GEF and community development objectives has necessitated some lengthy negotiations with potential donor partners. Where the donors have yet to finalize their program strategies and procedures, as was the case for COMPACT, significant effort had to be put into proposal development and elaboration. Where potential donors do have well-established programs, considerable time and effort can be needed to identify and mitigate the incompatibilities in procedures and systems. In the case of the PTF, developing harmonized guidelines and structure took more than a year and required substantial staff inputs from the CPMT and the National Coordinators concerned. Such cases are particularly costly where the donor pulls out at an advanced stage because of shifts in their program priorities, as was the case with two Danida proposals for Central America.

The EU-funded PTF has each country program reporting to a Regional Coordinator in Manila who then coordinates with Brussels. The long loop between the countries, Manila and Brussels raises concerns about delays in the approval of strategies and work-plans. Further complications are evident at the country level with unclear reporting lines and relationships between the NCs and the national PTF coordinator. Project selection for the PTF works fairly efficiently, either through an NSC sub-committee reporting to the main NSC (as in Vietnam) or through special PTF meetings of the NSC with additional members included (Philippines).

Genuine synergies from the PTF, will require the development of a clearer working relations as well as positive personal chemistry between the PTF Regional Programme Coordinator in Manila, the country PTF Coordinators, the SGP NCs and the NSCs. In Vietnam the working relations have developed well with the NC and the PTF national coordinator planning to pool their resources and hold joint workshops, while in the Philippines extra meetings had to be held to clarify roles and address potential conflicts. Despite the considerable management challenges presented by the PTF, however, there is no doubt that this program is providing significant resources that complement and build on GEF and SGP goals.

The six-country COMPACT program and the Dutch cost-sharing arrangements with SGP Philippines both adopted SGP procedures for project screening and approval by the NSCs. In other cases, however, parallel project screening systems and additional financial reporting systems have had to be established, thereby imposing a significant burden on participating NCs and NSCs. For example, Dutch cofinancing in Ecuador required a new Programme Coordinating Committee that overlaps the role of the existing NSC.

Raising cofinancing at national levels in India and in Vietnam has proved dependent on the amount of funds that SGP has on the table, mainly because these governments still perceive larger projects as more substantive and likely to have more impact. Where committed SGP funds are small in the national context, then it is difficult to leverage significant cofinancing from government while many other, mostly larger, development assistance activities compete for attention.

Special efforts are often needed where long distances are involved. In Guatemala a second SGP office opened in Puerto Barrios is far from the capital and even further from the main SGP office in Quetzaltenango. This second office is financed by RECOSMO, a large Dutch-supported GEF program. This arrangement is positive insofar as the RECOSMO project has imported much of the SGP methodology. However, the RECOSMO Project Director argues that the NSC is too remote and not well enough informed about local issues in Puerto Barrios, where the local office coordinator's position has been complicated by ambiguous reporting arrangements.

One of the best examples of co-financing adequately providing for staffing and administrative support is that of the Royal Netherlands Embassy co-financing with SGP Philippines. The co-financing agreement provided 5% to UNDP and 6% to UNOPS to defray administrative costs. It also provided grant support for the country SGP to buy equipment and defray other costs that are needed and relevant but are not allowed under GEF guidelines. It is important to negotiate similar arrangements with future co-financing partners. As success in co-financing eventually leads to larger joint programs, staffing and administrative capacities must equally be strengthened so that the quality of SGP support to community and NGO projects do not suffer.

UNDP has not so far made a significant contribution to raising funds at a global level. UNDP has largely left this responsibility to UNDP/GEF and SGP project personnel. In one case SGP was instructed to cancel a planned resources mobilization mission because it conflicted with another UNDP fund-raising priority.

## **COFINANCING OVERVIEW**

Cash cofinancing provides important opportunities for expanding and reinforcing SGP's mission. All of the cofinancing arrangements reviewed by the evaluation team have clearly contributed to the GEF mission and there is no sign that the core SGP goals or unique approach are being in any way compromised or diluted. But it is clear that there are often substantial management and administrative costs involved in both attracting and managing cofinancing. Some of SGP's cofinancing arrangements have considerably increased the burden on NCs, and made extensive demands on the voluntary NSC members. Multicountry cofinancing has also required extensive time from the CPMT which was limited to two senior staff for most of OP2. As indicated in the SGP Resources Mobilization Strategy, all efforts should be made to ensure that co-financing, when it is to be managed by SGP personnel, should include provision for management costs. This may take various forms, including funding provision for staffing and overhead, or a fee for services rendered. Since SGP management resources are limited at both global and national levels, it would be important not to set cofinancing goals so high that these divert attention from other key program priorities.

## **6. INSTITUTIONAL AND MANAGEMENT ARRANGEMENTS**

### **COUNTRY-LEVEL PROGRAMME MANAGEMENT**

#### **National Coordinators**

The NC is responsible for the overall functioning of the SGP in each participating country. The SGP Operational Manual describes the NC role as including: (a) promoting the SGP among key stakeholders; (b) developing and implementing the Country Programme Strategy (CPS); (c) assisting NGOs and CBOs in developing project proposals; (d) acting as secretariat to the National Steering Committee; (e) developing and implementing communication strategies; (f) monitoring and evaluation of projects; and (g) mobilizing cofinancing resources.

The NC reports to the CPMT Global Manager on technical and strategic areas and to the UNOPS Portfolio Manager on administrative and financial matters. The NC is also accountable to the UNDP Resident Representative for non-grant expenditures and is responsible for keeping the Resident Representative informed on SGP activities.

As noted by the 1998 SGP evaluation, this is a highly demanding role for a single individual, who is typically supported by one administrative or programme assistant. The competence and energy of the individual selected as NC stands out as the single most important factor determining the effectiveness of the country program and the quality of the grant portfolio. The NCs personify the SGP in every country. The NSC, the UNDP Country Office and, where applicable, the host NGO are all important national support mechanisms, but it is the NCs who drive the program. An effective NC must be entrepreneurial, highly respected by government and the NGO community, knowledgeable about the GEF focal areas and very dedicated. During OP2 the NCs were challenged further by additional SGP reporting requirements and by new project opportunities resulting from the expanded range of GEF Operational Programs. It is also important to note that in several countries the SGP programme assistants are committed professionals making a vital contribution.

The NC is the primary contact for the SGP's actual and potential grantees at every stage of project identification, development and implementation. The NGO and CBO grantees often start with little more than a vague project concept, lacking the technical knowledge and experience needed to develop their ideas into a full proposal. Many SGP grantees have not previously received outside funding and are unfamiliar with the required procedures. Working with CBOs and the smaller NGOs to identify and develop viable projects is often a lengthy and time-consuming process. Most NCs work extensively with their grantees on a one-on-one basis, providing capacity building services to environmental NGOs in a way that is unmatched by any other programs we are aware of.

Sharing the reaction of the two previous SGP evaluations, this evaluation team was very impressed by the overall skills, dedication and effectiveness of the NCs in the countries visited. It is to the great credit of the GEF, UNDP and the CPMT that such dynamic and entrepreneurial individuals have been recruited, granted considerable autonomy and empowered to pursue GEF

objectives in such a diverse set of conditions within the UN system. In some of the countries visited, the SGP and especially the NC, is *de facto* the permanent presence and visible representative of the GEF, consistently encountering and influencing a wide range of key national stakeholders. The fact that SGP works in remote areas that others don't reach often requires that a considerable amount of time is spent traveling on site visits for appraisal, monitoring and evaluation.

Most NCs excel at working with grantees in the field, particularly in bringing together communities and organizations with complementary interests and skills to form innovative and effective partnerships to address environment issues. Many NCs are effective at building networks that include key government decision makers, donors and other policy-level actors, helping to ensure that these individuals are both well informed about and ready to support SGP objectives and achievements in the field. Finally, nearly all NCs have also managed to satisfy the numerous reporting requirements they face. Not surprisingly, not all NCs excel at all of these areas. While there are many different personality types among the 53 NCs, it is apparent that most of these individuals are inherently "doers" rather than planners or analysts (even though their general standards of written communications are certainly very high). As a result, some need help in with analysis and strategic planning of their portfolios.

With a decentralized program operating in so many countries, it is inevitable that there is considerable variation in the effectiveness of the NCs. While the overall picture is very positive, there are cases where individual NCs are struggling with one or more issues, including project portfolios that lack strategic direction, communications, cofinancing, problematic relations with the UNDP Country Office, and so on. Such issues are often difficult for NCs to raise, let alone resolve, by telephone or email contact with the CPMT. The relative isolation of a few NCs is compounded in those countries where the NSC members are inexperienced or not proactive. The next phase of SGP operations should include more in-depth country visits by experienced CPMT and UNOPS staff to address such issues.

Previous evaluations have commented on the extreme pressure and high stress levels experienced by many NCs. This evaluation concurs fully with this observation. While many qualified and highly motivated people are under severe work pressure in today's world, the breadth and range of NC responsibilities and, in many cases, achievements, are extraordinary. Individual cases of "burnout" have been few, with probably no more than one case during OP2. A more widespread consequence of the high stress levels, however, is that the demands on the NCs can result in them being less effective than they might be with more in-country support. Many NCs operate with only a single administrative assistant and inevitably cannot focus on *all* of the elements of their role as described above.

The pressure on the NCs is closely related to several factors, including the number of active SGP projects, the ability of NSC members to visit project sites, the geographic spread of the project portfolio and the average level of experience among grantees (the implications of the choice of grantees for SGP portfolio management are discussed in chapter 4). The country visits showed that visiting field sites to monitor and evaluate projects is an extremely time consuming activity for NCs and tends to be their most difficult task to carry out fully and effectively. A few NCs have addressed this issue by enlisting a monitoring and evaluating team, typically from a university, and supporting their activities from a specific budget line included in each grant proposal. In some

cases NSC members have taken up much of this burden, while in other countries this does not seem to be an option.

A few country programs have managed to obtain additional staff resources including Junior Professional Officers (JPOs) funded by bilateral organizations, interns, and volunteers. UN Volunteers are working to support several NCs, although this is not a perfect solution where the volunteers are foreigners (although in most cases the volunteers are national). The NC in Lithuania has enterprisingly hired both an assistant and a driver who are unusually well-qualified, thereby creating an effective team to support her. In contrast, the NC in Turkey has yet to hire an assistant and manages the highly-regarded national program alone. In Thailand the financial management of grants has been delegated to the Programme Assistant. In Vietnam the NC found that hiring a consultant to prepare the PTF strategy was very effective, and she hopes to use such assistance in revising the Country Programme Strategy.

National staffing needs and administrative budgets have conventionally been discussed in terms of the size of the grant portfolio, but other factors need to be taken into account. The NC in India has an assistant working on administration, finance and preparing papers for the NSC, while a temporary project associate also helps with data management, NGO communications and project monitoring. But India has a very large number of NGOs and CBOs actively seeking external funding, and the NC can easily fill every day simply trying to respond to their requests, a situation that is unlikely to ease as the India SGP matures and becomes better known. This requires proposals and other documents to be worked on outside office hours. Such situations are not untypical in the larger and more complex countries where SGP operates, although it may be exacerbated in India by the broad, national scope of the program.

NCs are contracted employees of UNOPS, with the length of contract limited by the SGP funding cycle. Since UN rules only allow UNOPS to enter into a contractual agreement with full financial coverage, NC service contracts can only be issued for 12 months at a time. While it may not be easy to improve this situation, it does not result in particularly generous compensation package being offered to NCs that is commensurate with their remarkable contribution to the GEF. While there is no indication that the NCs are primarily motivated by compensation concerns, a few individuals have left their NC positions for permanent posts in the UNDP Country Offices that offer the security of longer-term contracts with superior benefit packages. A few NCs have also been recruited by the private sector in their own countries, who apparently have no difficulty in recognizing the sophisticated range of effective management skills on display and are in a position to make attractive offers.

During OP2 the CPMT has endeavored to include NCs in global and regional activities that will bring them into contact with ideas and developments from other national SGPs. One-week global workshops have been held in Costa Rica and in Tunisia, regional workshops have been held in East and in West Africa and in South America, a few NCs have represented SGP at international meetings and some new country SGPs have been supported by experienced NCs from neighboring countries. There have also been several technical workshops for NCs and other professional staff involved in COMPACT and PTF implementation. These activities have all been useful. However, there is a continuing need to invest more in the NCs and make sure they are not working too much in isolation, for example by providing more professional development and training opportunities, contacts with other national programs, more direct interactions with the CPMT, etc. Beyond the budgetary implications, a further constraint for capacity building is that

NCs cannot be away for too long from their posts without negative impacts on country program performance.

As noted in the 1998 evaluation, “the NCs have been remarkably successful at mobilizing voluntary inputs from unpaid NSC members and technical experts who contribute their expertise on a below-cost basis. These volunteers carry out a lot of unpaid work in relation to rather modest amounts of project funding, and their contributions represent an impressive commitment to solving environmental problems”. The strong impression of the current evaluation team is that the value of these in-kind contributions has so far been substantially underreported (cash and in-kind cofinancing is discussed in chapter 5).

### **National Selection/Steering Committees**

The NSC provides overall guidance and direction to the country program. The SGP Operational Manual describes the key NSC roles as: (a) selecting and approving projects; and (b) helping to develop and implement the Country Programme Strategy. NSC members are also encouraged to make project site visits for selection as well as for monitoring and evaluation purposes. The NSC usually consists of 5-15 highly-regarded and experienced individuals from NGOs, academic and scientific institutions, other civil society organizations, the UNDP Country Office and government, with the majority coming from the non-governmental sector. NSC members are selected by the NC in consultation with the UNDP Resident Representative. It is a key SGP principle that NSC participation is without monetary compensation, although travel expenses for project site visits can be reimbursed.

As noted by the 1998 SGP evaluation, the NSC provides “credibility, transparency, access to government, technical advice and the opportunity to inform and influence the organizations represented...Most NSCs now include an impressive balance of technical skills and representation from NGOs, research institutions and government. For logistical reasons, NSC members are usually all based in the capital city, although there is a case for more regional representation or regional sub-committees as in India. The NC’s leadership and credibility is essential to an effective NSC. The NSC represents an opportunity to bring in, as members, representatives from institutions which the SGP is trying to establish links with. This has been done effectively in several countries.”

All national SGP have at least one government member on the NSC. The fact that they can exercise some management influence on the program is a key factor in many governments’ willingness to let SGP grants go directly to NGOs and CBOs, and something they view positively in contrast to what happens in a number of bilateral donor programs where they may not be involved at all. Moreover this multi-stakeholder decision-making process is one of the most innovative and valuable aspects of SGP. It is also a key element in the influence which SGP has been able to have on the policy dialogue. Government willingness to work with NGOs and CBOs and to allow it to function with a Steering Committee where they are in a minority has been one of the key ingredients of success for SGP.

As in 1998, the current evaluation team was generally impressed with the quality and commitment of the NSCs and their realistic appreciation of the SGP’s opportunities and constraints. The generally high quality of the individuals participating actively in the NSCs is another indication of the interest in the SGP’s methodology and approach generated among NGOs and governmental

agencies. The NCs and the UNDP Country Offices have continued to do a good job with NSC appointments, and most NCs appear to have strong working relationships with their NSCs. The NSC mechanism has now proved itself effective in project selection and policy guidance during the 10 years of the SGP's existence, while making considerable demands on the committee members. The technical capacity of most NSCs has broadened and deepened over time as the SGP has matured and the GEF's range of Operational Programs has expanded. Some NSCs have followed a rotation policy, regularly bringing in new members, while other countries – especially the smaller ones – have found this impractical due to a lack of suitable candidates and a reluctance to lose particularly active NSC members.

It is critical to the credibility of the SGP that all NSCs act in a totally open, fair and transparent way. It is therefore particularly important to avoid even an appearance that the NSC may be a closed group and/or be limited to friends of the NC. The role of the UNDP CO with their local knowledge is particularly important in this regard. Various unofficial and nonspecific comments have occasionally suggested that some NSCs are not as open as they should be, although this was impossible to verify during the evaluation. Ensuring scrupulously unimpeachable conduct from all NSCs must be a continuing SGP priority.

Project selection is perhaps the key NSC role. There is an increasing logistical challenge as the program becomes better known and increasing numbers of project concepts and proposals are submitted each year. Each national SGP has worked out its own approach to screening and approving project proposals, to try to ensure that the NSC only reviews the more likely candidates. Some countries successfully use a committee for pre-selection screening, notably Tanzania and Thailand among the countries visited, with Thailand following the model of the Philippines SGP. The NC screens proposals in all countries, although some of the less experienced NCs have been reluctant to eliminate too many project candidates without NSC input, thereby risking overwhelming their NSC with proposals.

Some NSCs are very active, others less so. The NSCs in Peru, Tanzania and Vietnam play a very proactive role, investing considerable voluntary energy in advising the NC, frequently visiting project sites for monitoring and evaluation, providing technical guidance to the NC and to grantees, helping secure cofinancing, and actively promoting the SGP as well as the GEF. Other NSCs are less active, mainly confining their activities to the review and selection of project proposals, while the extent to which individual NSC members are actively engaged in SGP activities also varies considerably within countries. One NSC member in Turkey has played a very active role in developing and delivering a series of workshops on project design and proposal preparation for NGOs and CBOs.

The very committed NSC in Guatemala does need strengthening in order to support SGP's new co-financed sub-program in the relatively remote Puerto Barrios region. The NSCs often mature over time as the members become more experienced and the program becomes better known. Lithuania was the only country visited actually to have established an SGP during OP2. In this case the program has made a fast start, launching 17 projects in little over a year, but the NSC here is relatively small and needs further appointments to provide more breadth and to reduce pressure on the current members.

The NSC has proven itself as an effective voluntary mechanism for helping SGP to achieve GEF objectives. However, some of the national programs could benefit considerably from a more

active engagement from at least some of their NSC members. The evaluation team strongly concurs with the principle of not compensating NSC members. However, in most cases it is not realistic, or indeed reasonable, simply to insist on higher levels of participation by NSC members, more site visits, and so on. Other means of increasing engagement need to be found. These people are making an extraordinary voluntary contribution that has no equivalent in the GEF family of activities. Although they are mostly self-motivated, the NSC members' commitment and effectiveness could be enhanced, and in some cases needs to be enhanced, by more active participation in activities that would benefit them as well as the GEF and the SGP.

Joint GEF/UNDP/UNV ceremonies were held in almost all participating countries on World Environment Day in 2001, where certificates of recognition of service were presented to NSC members. However, the evaluation team considers that the NSC members deserve more recognition from SGP or GEF for their important voluntary role. Each NSC operates in relative isolation from global SGP activities or those in other countries and has little direct access to issues of concern to the GEF that are outside their own personal fields of interest. With some appropriate encouragement, many NSC members could probably be elicited to step up their role from the review of project proposals – itself a critical task which should not be undervalued – to a more active involvement in disseminating information on SGP and on building links with policy makers and donors, rather than leaving this to the NC. Regional exchange visits, interaction with global experts or a role in high profile UNDP activities could all be an incentive.

### **UNDP Country Offices**

The national SGPs are part of the UNDP Country Office in most countries, although sometimes located in separate premises, and in a few countries the program is based in a national host NGO. In all cases the UNDP Country Office provides management support to the SGP country program, and provides financial and administrative oversight of program expenditures and grant disbursements on behalf of UNOPS. The Resident Representative signs each grant agreement on behalf of UNOPS. The Resident Representative or a UNDP Programme Officer assigned as SGP focal point represents the UNDP on the NSC. According to the SGP Operational Guidelines, the Country Office contributes to project and program monitoring, and provides technical and operational assistance to the NC when necessary. The Country Office also promotes mainstreaming, resource mobilization, and information and communication support activities for the SGP by facilitating interaction within UNDP and with the host government and national and international programs and donors.

As noted in the 1998 evaluation, “the SGP seems to serve as a good showcase for UNDP to demonstrate they have an effective environmental program with tangible projects and engaged communities. In some cases the SGP is presented as UNDP's flagship environmental program. In return, most Resident Representatives actively promote the program, although the fact that the funds originate from GEF is not always emphasized”. Each UNDP Country Office receives supports cost of 1% (out of the 6% UNOPS overhead) for supporting the SGP at country-level. Averaging about \$5,000 per country per year, this is not a significant sum.

In a few cases strong UNDP Country Office support has led to SGP obtaining co-financing through TRAC funds. These are UNDP core budget funds allocated on the basis of national government priorities specified in the Country Cooperation Framework (CCF) document jointly prepared and agreed by UNDP and the government. Having national governments support for

part of these resources to be allocated to SGP activities is a significant achievement. It means that SGP has been successful in bringing global environmental issues to the core of government development priorities and also in demonstrating that community action is a good way of addressing these issues. TRAC funds have been made available over the years to various SGP country programs in different amounts. The most significant TRAC contributions to SGP have been in India, Pakistan and Tanzania, with smaller contributions in Guatemala and Kenya. In other cases UNDP projects and programs have contributed to national SGPs, notably through the Africa 2000 Network or the Partners in Development Programme.

It is not always easy for UNDP Country Office to find ways to mainstream SGP and its priorities if their Country Cooperation Framework negotiated with the national government does not prioritize environment. Although building grassroots capacity is clearly important to UNDP, there is a lack of clarity on how to mainstream SGP's lessons into the broader UNDP portfolio. Many Country Offices recognize that SGP's activities on the ground complement UNDP's increasing focus on upstream policy-level activities, even if this may not be exactly what GEF has in mind by the concept of mainstreaming.

Although some Country Offices have very supportive relationships with their SGPs, a lack of appreciation of the role of the SGP and the specific objectives of GEF funding does persist in a significant number of cases. This has led to misunderstandings and contributed to creating tensions and difficult working relationships between the NCs and the Country Offices. For example, in response to diminishing core funds, UNDP has recently undertaken reviews of its Country Offices by external teams to identify areas where reductions in staff and other budget cuts should be made. Several offices initially included their SGP NCs in this painful and disruptive "reprofiling" exercise, despite the fact that these positions were fully funded by GEF, until senior CPMT and UNOPS management intervened by contacting the Resident Representatives directly. While a misunderstanding, this illustrates the lack of recognition within the Country Offices that SGP is a separately-funded and administered program with very specific objectives and funding criteria.

Some Country Offices also appear unclear on the management relationship with the NCs. The SGP's guidelines do hold the NC accountable to the Country Office for administrative expenditures and responsible for keeping the Resident Representative informed on SGP activities, but on technical and substantive issues they require the NC to report to the CPMT and on administrative and financial matters to UNOPS, New York. However, some Resident Representatives have insisted that the NCs report to a UNDP Programme Officer assigned as SGP focal point, who may or may not be an NSC member and who may have very different ideas from the NC on how the national SGP should be operated. This often places both the NC and the Programme Officer in a difficult situation while adding an unnecessary layer of management.

Central funding for UNDP national programs has diminished significantly during SGP's first decade of operations. The resulting pressure on the Country Offices to raise funds at the national level has, in some cases, caused two kinds of problems for SGP. First, SGP is a potential funding source for other national UNDP programs. The evaluation team encountered a small number of SGP projects that, while heralded as examples of synergies with the UNDP Country programs, appeared more to be cases where SGP had been pressured to fund UNDP-related activities that were not obviously eligible for GEF funding. These cases appeared to reflect more a lack of understanding of GEF and SGP criteria rather than any deliberate attempt to misuse the funds.

The second problem is that SGP's efforts to attract cofinancing, especially from bilateral donors, are sometimes in direct or indirect competition with the Country Offices' own fundraising. The evaluation team encountered a few cases where it had been made clear to the NC that the local UNDP co-financing efforts were of higher priority than SGP's and that the NC was not to approach bilateral donors directly. Both of these issues are compounded by the lack of appreciation of the special niche of SGP, and put the NCs in a very difficult situation in terms of their relationship with senior local UNDP management. Overall there appears to be insufficient appreciation within UNDP of the *global* nature of the SGP, and the fact that it is a GEF Corporate Program reporting to the GEF Council and not to UNDP's Executive Board.

Among the countries visited, the level of integration between the SGP and other UNDP activities appeared most productive in India and Tanzania. The relationships between the SGP and the Country Offices appeared both minimal and unproblematic in Peru, Tunisia and Vietnam. The relationship was still evolving in the relatively new program in Lithuania and was strained in Guatemala and Turkey. The relationship in Thailand has deteriorated to such an extent that it has started to affect SGP operations. Operational and management problems in Trinidad and Tobago appeared to indicate inadequate supervision by the Country Office (described below). In contrast, in Cote d'Ivoire the evaluation team noted the readiness of the Resident Representative to support the SGP and a need for the NC to be considerably more proactive. For SGP as a whole, this appears to represent a deterioration from the situation documented by the previous evaluation in 1998.

UNDP Tanzania recruited a UN Volunteer and assigned a Junior Professional Officer to assist with SGP operations during OP2. This Country Office had also formed an internal project review committee to help the NC pre-screen project proposals. Annual TRAC allocations to SGP of \$350,000 a year during 1999 to 2001 are expected to rise to \$400,000 from 2003 to 2006. SGP also has generous access to basic UNDP infrastructure and logistical services, compared to relatively aggressive cost-recovery policies in some other countries. The close working relationship between NC and the Country Office in Tanzania has helped to build clear synergies between SGP and other UNDP programs while facilitating access to technical advice and key national policy makers.

UNDP India has also provided valuable support, with a very positive relationship between the Country Office staff and the NC. Many other projects and priorities are competing with SGP for the large Country Office's attention amidst the extremely high levels of development activity in India, and it is not yet clear whether the SGP's access to TRAC funds will continue. This may be a case where SGP or GEF will need to invest more core funding in order to be taken seriously. This seems a prerequisite for securing the co-financing from UNDP or elsewhere that will be critical to the program's continued growth, credibility and ability to get its message heard.

The SGP-Country Office relationship in Trinidad and Tobago was overshadowed by a conflict of interest in the Suriname sub-program (described in the next section), compounded by a weak and unconvincing project portfolio in Trinidad and Tobago that does not appear to have been adequately supervised. In addition, the evaluation team visited a SGP-supported turtle conservation project in Suriname that had begun as a community ecotourism initiative, received inadequate technical guidance and then risked failing. The project had been reoriented from community ecotourism to fishing activities, with lodge construction funds redirected to purchase boats, engines and nets. This reformulation of the project was apparently approved by the UNDP

Resident Representative during a site visit, without the NC or the NSC having been substantially involved in the decision-making process. This undesirable precedent appears to be in breach of SGP's approval process.

In a few cases the Country Offices have encountered resistance from NCs unwilling to attend meetings on national UNDP programs that might have identified opportunities for deeper collaboration or mainstreaming. While the extreme time pressure on the NCs do mean that office meetings cannot always be a high priority, it is important that the NCs do not isolate themselves from their local UNDP colleagues, since this can cut off potentially important links with other UNDP activities as well as larger GEF projects. Compared to the two previous SGP evaluations, there appeared to be fewer cases during OP2 of the Country Offices pressuring NCs to work on broader environmental issues that lay outside the scope of the SGP, a shift that seems largely due to the vigilance and occasional interventions of the CPMT.

Despite some of the problematic aspects of SGP's relationships with the Country Offices which appear in need of attention by senior UNDP and GEF management, the evaluation team is firmly convinced that UNDP remains the best option for housing and managing SGP. We concur with the 1998 evaluation's observation, that "national SGP operations have identified strong advantages from being under UNDP's protective umbrella. UNDP is widely perceived as being politically neutral. This is an important factor for the NGOs and CBOs which are the SGP's grantees, and ensures the program's continuity during periods of rapid political change. UNDP also provides access to government, which many non-governmental groups lack. Perhaps most important, receiving a grant through UNDP has given many grantees credibility which they previously lacked. Such credibility has given many of these emergent organizations a seat at the tables where important policy decisions are being taken". The opportunities provided by the Country Offices to enhance SGP's visibility, develop relationships with key stakeholders and provide essential logistical services are also valuable.

### **National Host NGOs**

The SGP is hosted by national NGOs instead of the UNDP Country Office in several countries, currently Brazil, Dominican Republic, Egypt, India, Indonesia, Jordan, Peru and Tunisia. In addition, a host NGO in Suriname reports to the SGP based in the Trinidad and Tobago UNDP country office. The role and responsibilities of the host NGO are determined on a country-by-country basis and specified in a contract between the NGO and UNOPS. The NC usually has a contract directly with UNOPS, although in some cases the host NGO provides the NC's services as part of an overall service agreement.

In principle, the transfer of a national program from the UNDP country office to a national NGO is perceived by SGP as consistent with efforts to develop the capacities of NGOs and CBOs in participating countries. The decision to use a host NGO is only taken if extensive consultations indicate that both the country's NGO community and the SGP would benefit. The SGP experience with host NGOs has been mixed, however, explaining why relatively few national programs use this approach. A recurring obstacle has been the difficulty in achieving consensus among existing national NGOs on which of them would be an acceptable choice. Even after host NGOs have been appointed, personality conflicts that arise have sometimes proven difficult to resolve, especially within relatively small NGOs dominated by one or a few individuals. A

potential disadvantage for the appointed host NGO is that the organization is barred from receiving or using SGP grant funds, to avoid conflicts of interest.

The evaluation field visits included four countries where the NC was housed in a host NGO: India, Peru, Suriname and Tunisia, although the NC in Tunisia operates more as a self-employed contractor located outside the UNDP Country Office and there is no substantive NGO as such.

The SGP in India is just recovering from a disruptive change in its national host institution. The current host NGO is a relatively strong and stable organization with several permanent staff well versed in SGP objectives and operations. As a result, this complex and geographically widespread national program seems well equipped to come through some further imminent changes – in NC and NSC chairperson – without severe disruption. In Peru the SGP has operated since its inception in a host NGO. While SGP functions very well in most respects, working relations between the NC and the host NGO are strained and could affect the future performance of the program if not addressed.

The situation in Suriname is more complex. The UNDP Country Office in Trinidad and Tobago already included a Suriname program when SGP set up its operation in 1995, and SGP simply followed UNDP's precedent by developing a single program that covered both countries, which otherwise have little in common. The evaluation team was unable to identify any significant benefits from this arrangement. The UNDP Resident Representative for Trinidad and Tobago has responsibility for the two-country UNDP and SGP operations. The NC for the combined SGP is based at the UNDP office in Port of Spain on the island of Trinidad. UNDP has a small, support office in Suriname that is not involved with the SGP. There are two separate NSCs, one for Trinidad and Tobago and one for Suriname. The SGP in Surinam was originally hosted by a local NGO, the NGO Forum. This relationship was terminated in 1998, after which the Surinam office of Conservation International (CI), the Washington-based international NGO, became the host NGO. The reasons for this shift were not made clear to the evaluation team. SGP's Operational Manual currently states that "local representation of international NGOs would normally not be eligible" to become host NGOs.

The host NGO, CI Suriname has four current projects funded by SGP, totaling \$213,000 of the OPII allocation of \$420,000. The SGP Operational Guidelines state that "host institutions may not be awarded nor use SGP grant funds", and this appears to create a conflict of interest. One of these four projects exceeds the SGP's \$50,000 grant limit, a step presumably approved by the UNDP Resident Representative who is required to sign all grant agreements. According to the NC, payments to CI Suriname for services rendered as host NGO are in the form of project financing. If so, this arrangement seems a poor choice of a basis on which to operate and clearly contradicts the SGP Operational Manual's requirement that host NGO cannot receive or use grant funds. It also means that the ratio of national administrative costs to grants disbursed was an exceptionally high 40% during OP2. During OPI, the NGO Forum (the then host NGO) had been the grantee for five projects totaling \$57,000. Organizations linked to members of the Suriname NSC have also been SGP grantees. While this does not contravene SGP policy, it does not add to the program's appearance of independence in the context of the information described above. The evaluation team received no indications that these problems occur in other national SGPs. This situation was brought to the attention of the CPMT in July 2002. An investigation was launched by the CPMT, who informed the new incoming Resident Representative, and a mission to examine the situation had been planned at the time of writing.

The 1998 SGP evaluation had noted some operational problems with the host NGO arrangement in Indonesia. Discussions with both the CPMT and the director of the new host NGO in Jakarta indicate that this program is now working effectively.

While SGP can be commended in seeking further opportunities to use national host NGOs wherever feasible, it is clear that these arrangements require considerable CPMT and UNOPS management time to establish, they are not easy to supervise and monitor, and they can be difficult to correct if personality or other conflicts arise.

### **CENTRAL PROGRAM MANAGEMENT TEAM**

The CPMT within UNDP New York's GEF Unit is responsible for overall program management, provides operational guidance and support to the country programs, including the establishment of the SGP in new countries, and reports to the GEF Council. Current staff positions and the date of recruitment are as follows: Global Manager (April 1999); Deputy Global Manager (September 1999); Communications Officer (April 2002); Climate Change Officer (June 2002); and Programme Associate (June 1997). The Senior Adviser who had guided and inspired the SGP since its launch retired in 1999, so there was little staff continuity from OP1 to OP2.

Current staffing represents a considerable increase from the Pilot Phase and OP1, although two of the staff included in the OP2 budget were not appointed until 2002 as a result of a UNDP hiring freeze (why this affected 100% GEF-funded staff positions is unknown). From the SGP's inception to the end of OP1 the CPMT had consisted of only three people. The previous SGP evaluation had forcibly argued in 1998 that the CPMT had "totally inadequate staff and financial resources" to direct a 45-country program where the national SGPs each required extensive direction, technical guidance and feedback, considering the significant amount of procedural interaction which was inevitable with a developing but still immature program, as well as the need to satisfy the SGP's significant external reporting responsibilities. The CPMT staffing as of the fourth year of OP2 reflects a sound response to these concerns, although further experience will demonstrate the adequacy of existing staff levels as SGP continues to expand in size and complexity.

The pressure on the CPMT staff is clearly no less than that experienced by the NCs. Although the CPMT staffing has increased significantly during OP2, it is still extraordinary to expect 4-5 professional staff to manage a program with an annual budget of more than \$30 million active in more than 60 countries, especially when compared with other organizations engaged in similar activities with generally much larger headquarters staff.

The three CPMT staff hired in 1999 or earlier have devoted considerable energies to addressing the ambitious OP2 objectives, as described in chapter 2. Their high degree of success in this task while less than fully staffed is a commendable achievement. Considerable progress has been made towards setting up comprehensive management reporting systems to provide the key indicators needed to guide the program as well as generating much of the information needed to report to the GEF Council. Major policy documents were prepared early in OP2 and then implemented to strengthen the entire program, including the first SGP Strategic Framework, a Resources Mobilization Strategy, a Global Communications Strategy, a Monitoring and Evaluation

Framework, and updated Operational Guidelines (prepared with UNOPS). Substantial multi-country co-financing has been raised and negotiated directly by the CPMT. The CPMT has also supervised and provided considerable support for the startup of SGP operations in ten new countries since the beginning of OP2, as well as organization and conduct of global and sub-regional workshops, negotiations on terms and documentation for cofinancing from the UN Foundation and the European Commission, trouble-shooting missions, representation at international fora, etc.

The CPMT has also invested considerable energy during OP2 in reporting to GEFSEC and the GEF Council. As part of the *programmatic approach* in effect for OP2, each annual GEF disbursement to SGP has depended on performance against agreed benchmarks and deliverables. These were defined in a Project Document for years 1 and 2 combined, then updated in new Project Documents for each subsequent year to report the previous year's performance and to include the forthcoming year's work plan. These Project Documents and updates have each included very detailed reporting on a wide range of performance indicators compiled from the operations of each of the SGP countries, as required by GEFSEC. The SGP was also required to complete detailed Project Implementation Reviews for the first two years of OP2 that necessitated further detailed information being collected from the country programs.

At the beginning of OP2, SGP management faced the task of responding to an external evaluation that – while generally very favorable towards the core SGP business of community-level grant making for global environmental issues – had pointed out some fundamental deficiencies and pressing need at the CPMT level. These issues had to be addressed by an almost totally new management team, and it was therefore natural to insist on very detailed and regular performance reporting. After more than three years of OP2, it is now clear that virtually all of the key OP2 objectives have been met, that virtually all of the key concerns raised by the 1998 evaluation have been addressed, and that satisfactory management systems are now in an advanced stage of introduction and use. In these circumstances the evaluation team is not convinced that it would be cost-effective for the GEF to require SGP to continue such detailed performance reporting.

Feedback from the country programs is very positive towards the CPMT, particularly in terms of availability and responsiveness to problems and issues, even though some NCs feel that they are being pressured to prepare an extraordinary number of reports and to provide information on an exorbitant number of performance indicators. It is clear that the CPMT's advice, guidance and support have contributed significantly to SGP's overall performance improvement during OP2.

Of the two senior CPMT staff who have been in place throughout OP2, the Global Manager has been able to visit some of the national programs and the Deputy Global Manager only a few. UNOPS staff have not made country visits. The majority of countries have therefore not been visited during OP2. While undesirable from a program monitoring perspective, it has also resulted in some of the NCs feeling relatively isolated, and also unsure on how best to deal with a variety of issues. The CPMT have prioritized their time well and been very productive. However, it was noticeable that in two cases (Thailand and Tunisia) the evaluation team's impression of country programs differed sharply from the CPMT's perception. This may be attributable to the brief duration of the evaluation visits but it reinforces the argument that experienced CPMT and UNOPS staff should make more extensive country program visits.

A rationalization of the SGP's reporting burden combined with the support of the new CPMT staff may provide a much-needed opportunity for the CPMT to increase the number of country visits. Although some of these visits will undoubtedly need to be scheduled to address emerging issues, these visits should, as far as possible, be programmed systematically to respond to NCs who require more specific support, perhaps in their relationship with UNDP, in seeking CCF/TRAC funding from UNDP, in dealing with their NSC, in seeking cofinancing, and so on. Even greater efficiencies may be obtained from bringing NCs, and perhaps even some NSC members, together with CPMT staff for short workshops or project site visits organized regionally. A stepped-up program of visits would also increase the likelihood of identifying any national programs that are going off track, as appears to have occurred in Trinidad and Tobago and Suriname.

The role of the CPMT within the UNDP HQ reflects some similar problems to those experienced by the NCs with the UNDP Country Offices. Although a totally separate global "project", SGP has been treated by UNDP as an integral unit within the Bureau for Development Policy. This seems to have had some negative results, including the imposition of a two-year UNDP "recruitment freeze". It has also subjected the CPMT to considerable work disruptions from having to move offices three times in the last four years.

While good progress has been made by the CPMT in putting data bases and management systems in place, with significant improvements in the quality of reporting, the maintenance of these systems is still a cumbersome process which adds to work loads at all levels. The quality of information entered varies between country programs, leading to under reporting on some targets. The inclusion of data management as a performance indicator for NCs is also a useful step. With the foundation of a solid information management system in place, there is now a need to focus on specific measures that will ensure that the quality of the reporting system and internal learning processes are further improved.

## UNOPS

UNOPS provides program execution services for the UNDP GEF/SGP in the following areas: (1) personnel recruitment and contract administration for project staff and consultants; (2) subcontracts for host institutions; (3) authorization of country program grant allocations and disbursements; (4) budget administration, including authorization and monitoring of expenditures; (5) training and guidance on the above to country-level staff; and (6) support for initiation of the program in new countries. Every NC is in regular contact with UNOPS staff in New York.

UNOPS' support to SGP during OP2 was particularly notable in the following areas:

- Contributed to the development of the SGP Operational Guidelines.
- Designed more efficient systems for tracking administrative budgets and grants.
- Helped ensure that the UNDP Country Offices recognized SGP's special status as a Global Program.
- Contributed to the design of staff performance evaluation forms.
- Supported the preparation of country operational budgets.
- Negotiated and prepared host institution service contracts.
- Prepared start-up guides for new NCs and developed training sessions on program administration.
- Supported the finalization of co-financing agreements at global and national levels.

- Conducted program-wide review on project staff contracting issues.
- Facilitated personnel contract renewals.
- Provided ad-hoc legal advice to NCs and the CPMT.

There are no objective performance measures for the services provided by UNOPS and so no quantitative operational comparisons can be made between different program or time periods. The 1998 evaluation had reported several instances during OP1 of delays, including difficulties in approving budgets and transferring funds, as well as lengthy and cumbersome recruitment procedures for consultants. This picture was transformed during OP2. All feedback on UNOPS from the national SGPs was extremely positive. The responsiveness, flexibility and technical knowledge of UNOPS staff were all strongly emphasized by the NCs, particularly in cases where SGP was being established in new countries. UNOPS should therefore receive credit as a key contributor to SGP's improved performance during OP2.

## 7. CONCLUSIONS

### OVERALL FINDINGS

The SGP was operating in 63 countries by mid 2002, with grants totaling \$56 million having been made to more than 3,000 projects over the decade since the SGP was launched in 1992. During the first three years of OP2 alone, i.e., since 1999, the SGP has set up seven new country programs and disbursed about \$35 million to more than 1,700 projects.

GEF made \$38 million available to SGP for grants during the first three years of OP2, over 92% of which had been used by May 2002. A further \$16 million was made available for non-grant expenditures, making a total GEF investment of \$54 million. SGP had committed to exactly match this amount by mobilizing additional resources of \$54 million for the same period, half in cash and half in kind. Actual fundraising by SGP exceeded these cofinancing targets by \$6 million. The \$60 million raised by June 2002 was made up of \$44 million in cash – i.e., \$17 million over the target – plus \$16 million in kind (an amount almost certainly significantly understated as a result of underreporting by country programs).

The overall impression of the evaluation team is that SGP has built on its strengths during OP2 while effectively addressing most of the weaknesses identified by the 1998 evaluation. 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 that are consistent with the GEF's Operational Programs. One of the most striking findings of the evaluation is the high degree of fit between the services and benefits provided by the SGP and the current priorities and needs in an extraordinary variety of country contexts in which the program operates.

The “programmatic approach” adopted by the GEF Council for the SGP Second Operational Phase has been key to the overall success of the program during the last three years and should be continued.

In many countries SGP has become the permanent public face or even *de facto* ambassador of the GEF, being known to and highly regarded by government agencies, other donors and, increasingly, the general public. The national programs feature regularly in a variety of news media promoting links between local community actions and global environmental issues while highlighting convincing projects drawn from their own portfolios. This clearly builds awareness of and interest in the global environmental agenda among a wide range of key stakeholders who would not otherwise be exposed to GEF activities.

The GEF appears to be getting very good value for its investments in SGP. The evaluation team concurs with the observations in the recent GEF Overall Performance Review, that (a) many SGP projects appear to deliver more favorable cost-benefit ratios than larger projects, and (b) the SGP's importance to developing countries derives from “the way in which it links, global, national

and local-level issues through a transparent, strongly participatory and country-driven approach to project planning, design and implementation”<sup>8</sup>.

The Overall Performance Review team concluded that “it will be important to allocate increased resources” to SGP<sup>9</sup>. The present evaluation team agrees, and considers this to be the most important adjustment needed for the next phase of SGP operations. While additional and badly-needed resources were made available at the CPMT level during OP2, the evaluation team considers that priority should now be given to significantly increasing the resources available at a national level for program management. SGP operates very differently from other grant-making institutions that simply screen proposals and write checks. The program provides a range of comprehensive services at national levels to grantees, other key stakeholders and the GEF. The NCs are central to this process, deserve much of the credit for SGP’s successes and have been extraordinarily successful in mobilizing and energizing inputs from a wide range of talented and experienced individuals now working towards GEF goals *on a voluntary basis*. Not only are the NCs being asked to do too much with too little resources, they could achieve much more with greater support, to the benefit of both SGP and GEF.

### **PROGRESS TOWARDS SECOND OPERATIONAL PHASE OBJECTIVES**

The SGP began OP2 with some ambitious goals, some of which reflected the recommendations made by the previous evaluation in 1998: (a) a substantial refocusing of the overall program, with much clearer definition of objectives, strategies and procedures; (b) ambitious cofinancing targets; (c) a stronger and more coherent monitoring and evaluation program; (d) further integration with larger GEF interventions; and (e) development and initial implementation of an outreach, awareness and communications strategy.

These goals have been achieved successfully. As an important first step, several key policy documents were completed early in OP2 and then implemented. These included the first SGP Strategic Framework, a Resources Mobilization Strategy, a Global Communications Strategy, a Monitoring and Evaluation Framework, and updated Operational Guidelines (prepared with UNOPS). The Strategic Framework is an impressive document and provides a coherent sense of direction to the program. It effectively addresses some of the key issues raised by the 1998 evaluation by (a) providing technical guidance on the eligibility of projects under each of the GEF Operational Programs, and (b) discussing how national programs and their grantees can reconcile

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<sup>8</sup> The GEF Overall Performance Review team also “received very positive reports about the SGP in the countries they visited. National institutional arrangements for management of the program under the overall supervision of the UNDP are generally functioning effectively. National project portfolios include innovative and impressive projects characterized by strong stakeholder participation, and consistent with GEF operational programs. SGP has received strong support from relevant governmental agencies, academic institutions, NGOs, local governments, and community groups. National ownership of the SGP is reflected by the commitment to the program from in-country professionals represented on the national steering committees and the generally high quality of the national coordinators recruited under the program”.

<sup>9</sup> The GEF Overall Performance Review team concurred that “the main constraint faced by SGP relates to meeting non-grant management costs. The extremely stringent budgetary rules on management overheads allows little flexibility for the national coordinator to carry out adequate information services and provide research support for improving the program’s focus and targeting and initiating proactive partnership building and cross-learning”.

the immediate and urgent livelihood priorities of poor, rural communities with the global environmental problems targeted by GEF.

The key messages in the Strategic Framework were communicated to the country programs in a variety of ways, helping clarify the program's objectives and ensuring a more rigorous application of the GEF Operational Strategy and Operational Programs. The evaluation team observed a reasonably solid appreciation of GEF eligibility criteria among most of the country programs visited, which appeared to be reflected in better design of the more recent projects. This suggests that the Strategic Framework is starting to be applied successfully, thereby strengthening the overall SGP.

## **PROGRAM IMPACTS**

SGP's contribution to technical and organizational capacity building as well as awareness raising among grantee NGOs and CBOs is impressive. In many countries SGP has now reached out to and influenced a whole generation of national environmental NGOs and emerging CBOs. These nationally-based organizations are starting to constitute a significant network committed to local actions linked to the GEF global environmental agenda. Many of SGP's NGO and CBO grantees have not only increased their credibility within their own communities but also developed more constructive links with their governments, parts of which have in some cases begun to see NGOs and CBOs as potential partners rather than simply critics and adversaries. Awareness raising among poorer communities continues to be more challenging than among other grantees.

Many SGP projects have leveraged their impact through scaling up, replication and influencing government policies related to global environmental issues. Most replication and scaling-up of promising projects can be attributed to the credibility and creativity of well-connected NCs and NSC members, the partners they have brought into projects, word of mouth at NGO and community levels, and the effective communication strategies of many country programs. The establishment of strong relations with government, high credibility among NGOs and strong interest from other donors have helped position many of the national SGPs to sustain a progressively stronger role in environmental policymaking. A significant number of SGP projects have been or expect to be scaled up or replicated by medium- or full-sized GEF projects during OP2, although such opportunities could be explored more proactively in several countries. SGP also appears to be establishing a reputation and a niche within the GEF family for implementing community-level components of larger projects in an efficient and cost-effective manner. Other GEF Implementing Agencies should be encouraged to look more systematically to SGP as a resource for this kind of activity as well as a source of experience on which to build potential larger scale projects

The SGP's participatory approach to project planning and implementation is strongly conducive to project sustainability. Sustaining the benefits from small projects with a life span of 1-2 years is a challenging undertaking, however, and expectations concerning the sustainability of individual SGP projects should not be set too high. Capacity building, leverage and awareness raising are all potentially sustainable in terms of their impacts on local and global environmental issues, even though most need to be reinforced by other complementary efforts.

Partnerships developed by SGP have been a key element in bringing wider financial and knowledge resources to bear on program activities and in the process, building capacity of grantees. The extent of outreach and collaboration is considered to be one of the unique strengths of the program.

Although considerable progress has been made in developing and disseminating communications materials for non-technical and non-specialist audiences, more attention still needs to be given to the systematic analysis and documentation of SGP results and experiences. The leveraging of SGP's investments and experiences could probably be enhanced if examples of lessons learned, innovations and other SGP project successes were collected and disseminated more systematically, both nationally and globally, with a view to increasing the influence on mainstream programs. While formal project documentation is adequate, post-project analyses of lessons learned could be documented and disseminated more effectively.

The financial sustainability of projects has been addressed either by including new income-generating opportunities and micro-enterprises in projects or by selecting grantees who are expected eventually to be able to raise their own funding support to sustain SGP project activities. Generating commercially-viable livelihood opportunities through projects has continued to be challenging during OP2, although several projects have adopted promising approaches that should be further analyzed as potential best practices. Revolving loan funds have been used successfully in a few cases. Some projects promoting new technologies have enhanced their prospects for sustainability by helping local people acquire relevant construction, installation, maintenance and repair skills.

## **MAJOR PROGRAMMING ISSUES**

### **Generating Global Benefits**

GEF financing is provided on the basis that the SGP can generate global environmental benefits. In practice, the most significant global benefits from SGP seem unlikely to come from the *direct* environmental impacts of 3,000 relatively small and local project activities, even if these could be measured by appropriate and cost-effective indicators. It is the *indirect* impacts of SGP activities that seem much more likely to contribute to and sustain global benefits.

The most important types of indirect impacts from SGP activities noted during the evaluation country visits include (a) projects that result in or support policy changes by governments or new approaches by donors, (b) CBO or NGO grantees going on to more influential activities as a result of capacity building and experience gained during an SGP project, (c) local communities initiating new environmental-friendly activities or obtaining services or action from government as a result of increased self-reliance and organizational skills attributable to participation in an SGP project, (d) diverse stakeholders taking action as a result of broader awareness of global environmental issues resulting from SGP activities, (e) NSC members, often influential figures and decision makers, becoming active lobbyists and ambassadors for global environmental issues, and (f) institutional project partners such as research institutions, local governments and national environmental funds adopting SGP approaches and introducing them to broader communities.

Some of these benefits may not become evident until several years after the SGP activity that stimulated them. Longer-term results and impacts catalyzed by earlier grants have not been systematically tracked, however, making long-term impacts and sustainability difficult to assess.

### **Poverty, Livelihoods and the GEF Focal Areas**

The 1998 SGP evaluation reported that many country programs were struggling to reconcile grantee livelihood concerns with GEF's global environmental priorities. Partly as a result, the portfolio at that time contained a significant number of projects with only tenuous links to GEF priorities. This issue was addressed directly and effectively during OP2 through (a) the preparation and dissemination of the SGP Strategic Framework – which explains project eligibility for GEF financing in some detail, and (b) cofinancing to cover the aggregate program-level costs of baseline activities linked to, if not explicitly in, GEF focal areas. This evaluation's country visits found an improvement in the situation reported four years ago, with generally more convincing links between most of the SGP portfolios and the GEF focal areas, helped by cofinancing for activities that are not eligible for GEF funding; however, this area still requires continuing emphasis at a program level and priority attention in a few countries.

Coordinating GEF's global environmental goals with the mitigation of poverty among local communities is one of the most critical set of issues confronting the international development community. Reaching agreement on how best to move towards the Millennium Development Goals (MDGs) while protecting the global environment will not be easy, as illustrated recently by the Johannesburg Summit process. Reconciling environmental goals with poverty reduction is clearly a priority for almost all countries, even though the links between environmental programs and poverty programs is tenuous at both local and national levels. This is an area where SGP is already demonstrating what is possible. SGP is clearly operating at the cutting edge of international efforts exploring the synergies – and sometimes the incompatibilities – between environmental conservation and poverty alleviation at local levels. It is important not to lose sight of the powerful argument that establishing environmentally sustainable livelihood opportunities at local levels may be a *precondition* for generating long-term global environmental benefits, as well as one of the most important ways of generating these benefits. While GEF resources are not explicitly being used to pursue the MDGs, the SGP does offer a potentially very important bridge towards sustainable development at local levels with linkages to larger scale environmental processes.

### **Portfolio Composition**

The average SGP grant during OP2 was about \$20,000, compared to \$16,400 during OP1 and \$14,900 during the GEF's Pilot Phase, still considerably below the SGP maximum of \$50,000. Some countries have deliberately made relatively large numbers of smaller grants, thereby establishing portfolios requiring very intensive management. In some cases this was clearly justified by the national context, in others less so.

The national SGP project portfolios reflect strategic choices in grant making, some of which have been explicitly recognized in individual Country Programme Strategies and some not. The choice of which types of grantee to support has important implications for project performance and impact. Grants to well-established and capable NGOs usually perform better, yield quicker results and progress more quickly than grants to grassroots groups lacking previous experience with

outside funding. On the other hand, grants to smaller, emerging community-level organizations, that require more intensive management and are often slower to generate positive results, may ultimately contribute as much, if not more, to achieving sustainable development.

The location of projects, the characteristics of the selected grantees and the size of the grants all have important implications for the overall performance and effectiveness of national SGP portfolios. Hands-on management and grantee supervision is one of SGP's clear strengths. In a few countries, however, the geographic scope appears so broad that the national effort has become fragmented and the projects appear isolated. This can impose significant costs in terms of project supervision and monitoring. While the SGP Monitoring and Evaluation Framework introduced during OP2 provides excellent guidance, the portfolios in some countries are at or beyond the NCs' capacity to monitor adequately, even with support from NSC members. Allocating some project funds to finance monitoring by sub-contracted research organizations has worked well in the few cases where this has been attempted, but more resources are clearly needed for project monitoring.

### **Biodiversity, Climate Change And International Waters Projects**

Notable progress during OP2 is evident in the two main GEF focal areas addressed by SGP projects, biodiversity and – especially – climate change. There are still relatively few international waters projects. Biodiversity projects in the countries visited seem to have been more carefully targeted, to employ sounder and more replicable methodologies and – critically – are more often based on convincing, broad-based partnership arrangements than was noted during the 1998 evaluation. As a result, the potential for tangible impacts and sustainable benefits appears to have improved significantly.

The high quality and variety of SGP climate change projects are one of the highlights of OP2, with the better projects building ambitious and effective policy development considerations into their initial design stage. Most of the country programs have now moved beyond the OP1 preference for subsidizing expensive and non-replicable technologies towards a more pragmatic set of activities with clearly-understood policy implications and scaling-up possibilities. Many energy conservation and renewable energy projects now feature a solid integration between new technologies and income generation, often being implemented by skillfully assembled partnerships and with results effectively disseminated using a variety of communications tools.

The evaluation team was asked whether the success and effectiveness of many national programs have led to the possibility of some countries taking over their national SGPs, and thereby graduating from and exiting the SGP. However, it seems clear that the focus of the national SGPs on the GEF focal areas will only continue as long as GEF remains the major funding source. The considerable success of the SGP in raising cofinancing is very largely based on the availability of matching GEF funds. While a few countries may be able to graduate or exit from SGP and continue with some form of small grants program based on alternative funding, this would almost certainly result in the focus on GEF focal areas being reduced or even lost as the replacement donors' priorities take precedence. The relative success of the national SGPs should not be equated with an increased national desire to take over and fully fund the programs. On the contrary, the successes of the program in many countries have not only demonstrated that SGP is among the GEF's most cost-effective operations, but have created new, larger-scale investment opportunities for GEF and other donors through pilot initiatives and policy reforms. In practice, the

overwhelming majority of country programs have little prospect of achieving financial independence under existing donor and government spending priorities, and it is not at all clear that such independence would be desirable.

## **COFINANCING**

Cofinancing has allowed SGP to increase the number, size and impacts of its projects while continuing to pursue GEF objectives. It has also allowed SGP projects to procure goods and services that are ineligible for GEF funding, often for income-generating or other livelihood project components that help build community acceptance and ownership of SGP projects. The GEF Council's decision to set SGP's resource mobilization targets at country and global program levels – and not at project levels – has considerably facilitated the achievement of SGP's prime objective, generating global environmental benefits while working at the local community level.

The cash cofinancing mobilized for OP2 years 1-3 of \$43 million consisted of \$19 million raised at the headquarters or CPMT level and \$24 million at the national program level. The major elements of the headquarters level cofinancing were (a) the 4-country, \$15 million Promotion of Tropical Forests Programme (PTF) to promote sustainable forest management by local stakeholders, funded by the European Union, and (b) the \$3 million Community Management of Protected Areas Conservation Program (COMPACT) focusing on community activities at six World Natural Heritage Sites, funded by the UN Foundation. The PTF has only recently begun while COMPACT is becoming recognized as a powerful state-of-the-art model for site-based conservation. The \$24 million cash cofinancing raised at the country program and project level is spread unevenly, with some national programs proving more successful than others. Eight country programs raised more than \$1 million in cash. In addition, three UNDP Country Offices successfully negotiated with their host governments to allocate about \$2 million to their respective national SGPs.

Cash plus in kind resources from national sources – i.e., grantees, communities, national NGOs, national and local governments – contributed almost 70% of cofinancing at the country program level. This appears to confirm that national sources are indeed meeting the overall cost of baseline/development activities while international sources are meeting the incremental costs of generating global environmental benefits. These data also confirm the very high degree of national ownership of the SGP that was evident from the evaluation country visits. The lack of a standard approach to valuing inputs in kind appears to have resulted in significant underreporting of this form of resource mobilization. While SGP's extraordinary ability to mobilize capable, enthusiastic, high-quality, technically-qualified people on a voluntary basis is one of its unique strengths, relatively little of this seems to be measured at present.

Cash cofinancing provides important opportunities for expanding and reinforcing SGP's mission. All of the cofinancing arrangements reviewed by the evaluation team have contributed to the GEF mission and there is no sign that the core SGP goals or unique approach are being compromised or diluted. But it is clear that there are often substantial management and administrative costs involved in both attracting and managing cofinancing. Some of SGP's cofinancing arrangements have considerably increased the burden on NCs, and made extensive demands on the voluntary NSC members. Multicountry cofinancing has also required extensive time from the CPMT. Since SGP management resources are extremely limited at both global and national levels, it would

be important not to set future cofinancing goals so high that these divert attention from other key program priorities.

## **INSTITUTIONAL AND MANAGEMENT ISSUES**

### **National Institutional And Management Arrangements**

Strong decentralized institutional and management arrangements at the national level continue to be the key to the SGP's success. To have established and maintained the program in a way that gives capable NCs such a high degree of autonomy is a major achievement of both UNDP and SGP. The roles of and relationships between the NCs, the NSCs and the UNDP Country Offices are all vital components. Although these arrangements are mainly working well, the evaluation's findings are that some adjustments should be made in these national institutional roles and relationships during the next phase of SGP operations, both to correct some problems and to take advantage of some opportunities.

The program would benefit from a review of the "one size fits all" staffing pattern whereby the budget for each country provides for one NC and one Programme/Administrative assistant regardless of the size of the country, the program, or the management challenges involved. While a critical minimum should certainly be maintained in all participating countries, it seems logical that there should be some variance in adapting staffing arrangements to particular national program needs.

### **National Coordinators**

The NCs continue to be the single most important element of the SGP. Generally very dedicated and highly effective, these key individuals continue to perform impressively in a variety of different program management areas that have continued to expand over time: identifying grantees and projects; coaching grantees; monitoring projects; developing national program strategies; regular performance reporting to the CPMT; putting together innovative partnerships; supporting the NSC; translating GEF funding criteria into local contexts; mobilizing voluntary inputs and additional financial resources; building constituencies among policy makers; influencing other donor programs; implementing wide-ranging communications strategies, and so on. The enormous pressure on SGP to minimize budgets for non-grant expenditures means that most of the NCs are trying to do too much with too little resources, generally working with just a single program assistant. There is a compelling need to invest more in the NCs. Not only are the demands being placed on them close to unreasonable, but there are real opportunities to make these people more efficient and help them achieve even more. Providing more non-grant resources to support the SGP's NCs is the single highest priority to emerge from this evaluation.

### **National Steering/Selection Committees**

The NSC members are another key component of the SGP national management structure. The NSC has proved itself over a decade to be an effective permanent mechanism for project selection, policy guidance and program promotion, while making considerable demands on the committee members. The technical capacity of most NSCs has broadened and deepened impressively over time as the SGP has matured and GEF Operational Programs have expanded.

NSC members are making an extraordinary contribution that has no equivalent in the GEF family. However, some NSC members' commitment and effectiveness could be enhanced, and in some cases needs to be enhanced. Each NSC operates in relative isolation from global SGP activities or those in other countries and has little direct access to issues of concern to the GEF that are outside their own personal fields of interest. While the evaluation team does not support changing the *voluntary* nature of NSC activities, there appear to be good opportunities to invest more in professional development activities for NSC members in ways that would benefit both them, the SGP and the GEF. Investing more attention and resources in the NSCs is another high priority to emerge from this evaluation.

### **UNDP Country Offices**

The UNDP Country Offices generally enjoy a mutually beneficial relationship with SGP and it is inconceivable to the evaluation team that there is any realistic alternative to UNDP for SGP country management. Some UNDP Country Offices have been very supportive to the SGP and have been successful in developing clear synergies with other national UNDP activities. However, the relationships between an increasing number of the Country Offices and the NCs have become, to say the least, strained during OP2 and now appear to require attention from senior UNDP and/or GEFSEC management. The main issues arise from Country Offices' lack of understanding and appreciation of (a) SGP's very specific goals and funding criteria derived from the GEF Operational Programs, and (b) the reporting relationships between the NCs and the Resident Representative and other national staff. These issues have been compounded by UNDP's steadily declining budgets for country operations, sometimes leading Country Offices to perceive SGP as a potential source of funds and/or as a competitor for bilateral cofinancing.

### **Host NGOs**

While SGP can be commended in seeking further opportunities to use national host NGOs wherever feasible, it is clear that these arrangements have required considerable CPMT and UNOPS management time to establish, they are not easy to supervise and monitor, and they can be difficult to correct if personality or other conflicts arise.

The evaluation found that arrangements with the host NGO in Suriname – an SGP sub-program managed by UNDP in Trinidad and Tobago – reflect a conflict of interest and have been operated in contravention of several key SGP principles. This situation appeared to have been inadequately supervised by UNDP, and a full assessment of the situation has now been planned. The evaluation team was satisfied that this appeared to represent a somewhat unusual, one-off situation.

### **Central Program Management Team**

The CPMT in New York has been very productive during OP2, even though the unit was not fully staffed until mid 2002. Major policy documents were prepared early in OP2 and then implemented. Notable progress has been made towards setting up comprehensive management reporting systems to provide the key indicators needed to guide the program as well as generating much of the information needed to report to the GEF Council. Substantial multi-country cofinancing has also been raised and negotiated directly by the CPMT. It is clear that the

CPMT's guidance and support have contributed significantly to SGP's overall performance improvement during OP2.

As OP2 began, SGP management faced the task of responding to an external evaluation that – while generally very favorable towards the core SGP business of community-level grant making for global environmental issues – had pointed out some deficiencies and pressing needs at the CPMT level. These issues had to be addressed by an almost totally new management team and it was therefore natural to insist on very detailed and regular performance reporting. Furthermore, under the programmatic approach, each annual GEF disbursement to SGP since 1999 has depended on performance against agreed benchmarks and deliverables. As a result, the CPMT has invested considerable energy during OP2 in gathering data on a variety of indicators to report to GEFSEC and the GEF Council, with the result that SGP must now be one of the most heavily monitored activities in the GEF portfolio.

After more than three years of OP2, it is now clear that virtually all of the key OP2 objectives have been met, that the key concerns raised by the 1998 evaluation have essentially been addressed, and that satisfactory management systems are now in an advanced stage of introduction and use. The evaluation results suggest that the progress made by SGP during OP2 has been so positive that serious consideration should be given to reducing reporting requirements to a relatively few, meaningful and cost-effective indicators. These indicators should be selected and reported in ways that facilitate the continuing assessment of individual country program performance, overall and by GEF focal area.

The CPMT have prioritized their time well and been very productive. A rationalization of the SGP's reporting burden combined with the support of the new CPMT staff should now provide a much-needed opportunity for the CPMT and UNOPS to increase the number of country visits. Some NCs require direct support in (a) adopting and implementing the major SGP policy documents introduced during OP2, and (b) improving national institutional arrangements and/or strengthening project selection, portfolio management, cofinancing and communications.

Although the CPMT staffing has increased significantly during OP2, the evaluation team still considers it to be understaffed by at least two positions. The current level of four to five professional staff do not seem adequate on a long-term basis to manage a program with an annual budget of more than \$30 million active in over 60 countries with an unusually demanding external reporting burden, especially a program that is expanding as rapidly as SGP.

## **UNOPS**

The 1998 SGP evaluation had reported several instances during OP1 of delays, including difficulties in approving budgets and transferring funds, as well as lengthy and cumbersome recruitment procedures for consultants. This picture was transformed during OP2. All feedback on UNOPS from the national SGPs was extremely positive. The responsiveness, flexibility and technical knowledge of UNOPS staff were all strongly emphasized by the NCs, particularly in cases where SGP was being established in new countries. UNOPS should therefore receive credit as a key contributor to SGP's improved performance during OP2.

## **THE SGP'S ROLE WITHIN THE GEF**

The SGP continues to occupy a unique and valuable niche not only within the GEF but within all international environment and development efforts. As noted by the 1998 evaluation, “there is no comparable mechanism for raising environmental awareness and building capacity across such a broad spectrum of constituencies within the recipient countries. National ownership of the SGP and commitment to its participatory principles is clearly demonstrated by the talented and experienced people attracted to become NSC members, as well as the enormous voluntary inputs elicited by the programs from all levels of society”. This is equally true today. The results of this evaluation strongly suggest that SGP continues to have a vital role to play as the GEF begins implementation of its 2002 replenishment. The SGP can only reach its full potential, however, if adequate resources are made available for both national and global program management.

## **8. RECOMMENDATIONS**

### **INSTITUTIONAL ARRANGEMENTS**

#### **National Coordinators**

Significantly more resources should be made available for country-level program management, to support the NCs and to implement the recommendations made here. This is the most pressing finding of the evaluation. The amount and type of additional resources that are needed varies by country and should be elaborated by the CPMT in consultation with the NCs, NSCs and UNOPS. In some countries resources should be provided for an additional technical staff position. Existing successful strategies for increasing staff in country programs through JPO schemes, UNVs, internships and other methods should be replicated.

Communications, cofinancing, project scaling up, project monitoring and evaluation, and the documentation of lessons learned are among the highest priority areas where many NCs are overly constrained by resource limitations. The NCs themselves should be given more professional development opportunities, including regional-level training and exchange visits with other country programs. The CPMT may also explore possibilities to support professional growth of Programme Assistants.

Some of the less experienced NCs would benefit from more direct support from the CPMT and UNOPS through periodic field visits, to help them address a variety of issues including relationships with the UNDP Country Offices, encouraging NSCs to be more active, sharpening the Country Programme Strategies, communications and approaches to donors for cofinancing.

#### **National Steering/Selection Committees**

While most NSCs are working well and making extremely valuable voluntary contributions of their time and expertise, some are less active and effective than they could be. Investing more attention and resources in the NSCs is another high priority. The NSC members' commitment and effectiveness could be enhanced by more active participation in activities that would benefit the individuals concerned, enhancing their own capacities, as well as the SGP and GEF. Such activities could include regional exchange visits, structured interactions with global experts, higher profile roles in national UNDP activities, and so on.

Efforts should be made to bring more expertise from the private sector into the NSCs, particularly people with microenterprise experience to assist with feasibility studies and help assess and develop the commercial potential of certain projects.

In a few countries the NSC membership should be strengthened. While this is primarily the responsibility of the NC and the UNDP Resident Representative, NSC membership also requires CPMT approval.

### **Relationships with UNDP Country Offices**

Improving the quality of the SGP's relationships with the UNDP Country Offices is another high priority. In some cases remedial action is needed. In other cases there are opportunities for more positive synergies in terms of influencing government policies and raising cofinancing. The CPMT should coordinate with senior UNDP and GEF management to develop a program to address this issue. The initial emphasis should be on clarifying the Country Offices' understanding and appreciation of SGP's specific goals and funding criteria as well as the reporting relationships between the NCs and the Resident Representative and other national UNDP staff.

### **Central Programme Management Team**

The CPMT has necessarily and effectively devoted most of its energies during OP2 to developing and launching the implementation of a sound policy framework and set of procedures for the SGP. During the next phase of operations these priorities should move more towards a significantly expanded number of country visits by senior CPMT and UNOPS staff for program supervision and support. While additional staff positions were created and filled during OP2, the workload is such that the CPMT core staff should be further increased by at least two full-time staff positions. CPMT staffing may need to be revisited as expansion to new countries takes place.

While it is important to continue respecting SGP's commitment to decentralized decision making, there is a need for the CPMT to work directly with selected individual country programs and NCs. In some cases the CPMT may become directly involved in major national cofinancing and project scaling up campaigns. The CPMT should also resolve the specific problems identified by the evaluation in Trinidad and Tobago (especially the Suriname sub-program) and in Thailand. The questions raised by the evaluation country visits regarding project selection in Thailand and in Tunisia should also be reviewed for possible action.

### **Budgetary Implications**

Several of these recommendations require additional budgetary resources in non-grant areas. These proposed budgetary increases for core staff and related functions are consistent with the evaluation team's view that insufficient financial resources are currently being made available by GEF to manage SGP on a long-term basis and to realize the full potential of the program.

The SGP budget should be adjusted to make additional provision for what are currently labeled "non-grant costs". Alternatives to be explored in consultation with GEFSEC and UNDP could include: (a) adjusting the current standard grant-to-nongrant cost ratio, (b) changing the presentation of the SGP budget to avoid the current separation into "grant" and "non-grant", which gives a misleading impression that all non-grant costs are for administration while in fact many elements in the functions of the program management staff, particularly at country level, consist of capacity-building and substantive/technical support), and (c) increasing overall GEF funding in participating countries while also increasing the SGP individual grant ceiling, thus consolidating management tasks.

## **EXPANSION INTO NEW COUNTRIES**

It is encouraging that so many new, additional countries have applied for or indicated a strong interest in establishing a national SGP. However, some caution needs to be exercised in further expansion. The introduction of new countries is a very management-intensive process and, as noted above, there is still a lack of resources for SGP management. Furthermore, the evaluation team considers it important that any new SGP operations be geographically focused within all but the smallest countries, to avoid the excessive dilution of grant impacts that has been experienced in a few cases and to maintain operational costs at a reasonable level. In consultation with GEFSEC, SGP should develop more detailed criteria for the admission of new countries based on key operational criteria. GEFSEC and SGP management should also develop a longer-term plan covering program expansion into new countries, which is lacking at present.

## **TRACKING GLOBAL BENEFITS**

One way for SGP to track global environmental benefits more effectively is to track the longer-term outcomes of completed projects. Continued and more systematic networking with earlier grantees and project partners should reveal the extent to which previous SGP initiatives have catalyzed larger-scale changes than the relatively local direct impacts that many projects are inevitably limited to during their short duration. Such networking could take the form of surveys, newsletters, workshops, etc. These networks will also provide a powerful vehicle for communicating SGP ideas and project news to an influential audience that is expanding over time.

As systems are put in place to track global environmental benefits at the project level, consideration should be given to developing and applying cost-effective methodologies to track these benefits at the national and global, program-wide level. This is particularly important in the case of capacity development, perhaps the SGP's most significant global benefit.

## **COUNTRY PROGRAMME STRATEGIES**

While many Country Programme Strategies are impressive documents, the quality does vary between countries. Some country programs still need help in articulating and documenting systematic analyses of existing country situations and environmental priorities, and then convincingly moving forward from these to the selected SGP strategy, both thematically and geographically. In these countries there is a need for more convincing analyses of (a) experiences and lessons to date, (b) the characteristics of the project portfolio, including grant size, location of projects, types of grantees and use of intermediaries, and (c) what approaches have worked, what have not and what seems most productive and manageable in future. This process should culminate in a clearly outlined action plan that is easy to monitor, perhaps in a log-frame with key indicators, responsibilities, time-frames and actions highlighted. Best practice examples are available from several countries.

## **EXPANDING THE SMALL GRANT MENU**

Consideration should be given to gradually expanding the options for small grants. The CPMT may also explore possibilities to support professional growth of Programme Assistants for example through a carefully-monitored increase in the maximum project size from \$50,000 to \$150,000 in selected countries where there are strong and well-established SGPs, supportive NSCs and a demonstrably strong demand. Any expansion of project limits would need to be assessed in the context of national program management capacity. Grant funds are already spread fairly thinly, so any increase in SGP grant limits should be accompanied by an overall increase in SGP funding, otherwise the main effect would be to concentrate SGP activity into a smaller number of larger projects. Additional conditions could be applied at the program level for projects exceeding \$50,000, including commitments from the NSC to provide supervision and assist in cofinancing.

## **MONITORING AND EVALUATION**

Project monitoring and evaluation imposes a major burden on the NCs, although in some cases they are substantially helped by NSC members making project visits. Some country programs have subcontracted research institutions to carry out project monitoring, providing funding through budget line items for every project. Consideration should be given to expanding this approach following a review of experiences to date. Such monitoring and evaluation could also contribute important materials to country program communications strategies.

While the CPMT monitors the program at the national and global levels, supported by the SGP's increasingly sophisticated database and the M&E Framework, the documentation of these monitoring activities and the results could be further systematized.

## **LESSONS LEARNED**

SGP could make fuller use of its wealth of experience and lessons learned. These should be more effectively documented and disseminated through publications, video and other media, both nationally and globally. Resources should be provided to country programs to study and document the emerging lessons in appropriate form for different audiences.

There should be more interactions and cross-learning between countries, particularly at regional levels where situations are more or less similar and common interests prevail. These interactions should involve both NCs and key NSC members. The positive impacts of such interactions should go beyond improvements in project selection and implementation, resulting in more effective policy advocacy at the regional and global levels as key SGP constituencies are networked across countries.

## **INFORMATION MANAGEMENT**

While good progress has been made in putting data bases and management systems in place, with significant improvements in the quality of reporting, the maintenance of these systems is still a cumbersome process which adds to work loads at all levels. The quality of information entered varies between country programs, leading to under reporting on some targets. With the foundation of a solid information management system in place, there is now a need to focus on specific

measures that will ensure that the quality of the reporting system is further improved. Some countries have been remiss in the regularity and accuracy of their inputs. Incentives need to be developed to ensure that the information in the data base is correct and current. NSCs should periodically receive and review a consolidated analysis from their country's database, both as a check for reasonableness and as a guide to decision-making and policy planning.

### **TRACKING IN KIND CONTRIBUTIONS**

Standard methods need to be selected and applied for the identification and measurement of in kind contributions to projects and programs. Many important contributions to SGP are currently unrecognized and unrecorded. The programs in Costa Rica and the Dominican Republic have each developed and tested methodologies that should be reviewed for potential use on a program-wide basis.

## **ANNEX 1: EVALUATION CONSULTING TEAM**

### **INTERNATIONAL CONSULTANTS**

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Trinidad and Tobago/Suriname

Floyd Homer

Tunisia

Youssef Saadani

Turkey

Bulben Suel

Vietnam

Nguyen Van Dinh

## **ANNEX 2: TERMS OF REFERENCE**

### **1. PURPOSE**

The purpose of the evaluation of the Global Environment Facility Small Grants Programme (SGP) is to review the performance of the programme –especially during the Second Operational Phase from 1999 to 2002– and based on this make recommendations on the way forward.

The review will include an evaluation of progress and results in programme implementation, measured against the specific objectives set forth in the Project Document and the benchmarks established by the GEF Council in 1998. The evaluation will also assess the extent to which the recommendations of the Second Independent Evaluation carried out in 1998 were addressed and whether as a consequence project performance and results were strengthened. Lessons learnt and best practices will be identified, and recommendations will be offered to enhance SGP's performance and impact.

Given that SGP has been operational for almost 10 years it is expected that it will be possible to identify some programmatic and project impacts, defined as SGP contribution to the GEF overall goals (achieving global environmental benefits in the focal areas).

### **2. BACKGROUND**

The GEF Small Grants Programme was launched in 1992 to provide support for community-based initiatives that contribute to conserving global biological diversity, mitigating climate change or protecting international waters. Activities addressing land degradation --primarily desertification and deforestation-- may also be supported when they relate to the three focal areas.

During the Pilot Phase (1992 - 1995) the programme received \$14.9 million for the GEF trust fund, \$3.0 million from USAID and \$300,000 from the John D. and Catherine T. MacArthur Foundation. An independent evaluation was carried out in 1995 which concluded, among others, that SGP was a reasonably efficient and cost effective method to provide funding for community-focused environmental and capacity-building projects and that, in general, an effective "prototype foundation" was being laid for expanded support of community-based activities related to the GEF focal areas.

In October 1995, the GEF Council approved \$24 million for the first two years of the SGP Operational Phase. Following the Council's decision, a new project document was prepared to guide the implementation of the programme from June 1996 to July 1998. During that period the programme expanded from 33 to 45 participating countries. A second independent evaluation was carried out in 1998 to review the operation of the programme. The overall findings were positive, confirming that SGP is a unique mechanism to enable civil society to contribute towards addressing global environmental concerns. However, there were also several recommendations to address weakness both at the SGP programmatic and management levels.

The 1998 evaluation was instrumental in the GEF Council decision to approve the SGP second operational phase. The transition from the first to the second operational phase brought a number

of positive changes for SGP implementation. A two-year replenishment for \$31,619 million was granted and the Council agreed that a subsequent annual “rolling” financial modality would be adopted to ensure continuity of programme activities. The SGP is now part of the GEF business plan and reports annually to the Council as a basis for consideration of its replenishment for the following year. Specific benchmarks and a two-year work plan are the baseline for assessing programme performance.

The project document for the second operational phase was signed by UNDP and the United Nations Office for Project Services (UNOPS), the principal executing agency for the SGP, on 18 February 1999 and this date became, in effect, the date of replenishment.

A report was submitted to the GEF Council in March 2000<sup>10</sup> covering the first year of operation under the second operational phase. A replenishment of \$22.4 million for the period February 2001 to February 2002 was approved.

The second report was presented in May 2001, however, in view of GEF funding level constraints, the consideration of SGP's replenishment was postponed until December 2001. In December, the GEF granted a new replenishment of \$20.712 million to cover programme implementation in year 4 of the second operational phase, i.e., from February 2002 to February 2003.

Currently SGP includes 63 participating countries<sup>11</sup> managed from 53 country offices<sup>12</sup>. The project portfolio since the inception of the programme is approximately 3,000 projects of which over 1,600 have been approved during the second operational phase.

In accordance with the Project Document the SGP' current **immediate objective** is:

**Conservation and sustainable development strategies and projects to protect the global environment are understood and practiced by communities and other key stakeholders.**

The programme purpose was to be achieved by the following **outputs** and **activities** derived through logical framework planning. The outputs and activities seek to address constraints and weaknesses highlighted by the 1998 independent evaluation, while maintaining the strengths of the programme.

**Output 1: Strategic framework and operational guidelines at global and country levels are revised and implemented to ensure congruence with GEF Operational Strategy and Programs.**

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<sup>10</sup> An interim report was presented to the GEF Council in October 1999 following the October 1998 Council request that SGP was to report at its next meeting on progress in consolidating a strategic framework for the programme. The SGP Strategic Framework was attached to the report for Council review.

<sup>11</sup> A list including SGP country programmes is presented in Annex 1.

<sup>12</sup> The OECS 10 islands are managed from Barbados and the Trinidad and Barbados programme also covers Surinam.

**Activities:**

- 1.1 Finalize and edit GEF/SGP Strategic Framework and Operational Guidelines.
- 1.2 Revise country strategies according to Global Strategic Framework (including Operational Guidelines), incorporating a final section on how global benefits will be realized.
- 1.3 Approve country strategies to ensure fit with GEF Strategy and Operational Programs.
- 1.4 Apply strategies for project selection and implementation.
- 1.5 Include new countries in accordance with established selection criteria.
- 7.2 Assess strategy documents periodically and modify as needed.

**Output 2: Community projects selected and implemented.**

**Activities:**

- 2.1 Authorization of individual country administrative and grant budgets.
- 2.2 Call for proposals that correspond to the new guidelines.
- 2.3 Review concept papers in view of the new guidelines.
- 2.4 Guarantee technical guidance and assistance for proposal development in order to ensure “fit” with the country strategies.
- 2.5 Assess project budget and seek co-financing if necessary.
- 2.6 Select projects that best fit the selection criteria using the existing transparent selection procedure by NSCs.
- 2.7 Support implementation of approved projects.
- 2.8 Obtain final project narrative and financial reports.
- 2.9 Support follow-up of projects as appropriate.

**Output 3: Functional links with full- and medium-size GEF projects, other UNDP programmes, government agencies, and national environmental funds established (mainstreaming).**

**Activities:**

- 7.2 Encourage senior management at the GEF Implementing Agencies to promote linkages across programmes and projects in country.
- 3.2 Expand GEF/SGP participation in other institutions and programmes in an advisory or operational capacity in order to promote community-based approaches by national governments and other agencies.
- 3.3 Elaborate and disseminate lessons learned, including through case studies of project and programme experiences that demonstrate mainstreaming.

**Output 4: Sound programme for capacity building of key stakeholders in place and operating.**

**Activities:**

- 4.1 Prepare and disseminate improved stakeholder workshop materials that illustrate the revised global and country strategic frameworks and include simple examples of the incremental cost approach applied to on-going GEF/SGP projects.
- 4.2 Conduct periodic stakeholder workshops in each country for mutual learning.
- 4.3 Train NCs and NSC members in needed technical areas, resource mobilization, communications and outreach, and monitoring and evaluation.
- 4.4 Provide needed training at community-level for project implementation.
- 4.5 Tap local bodies of knowledge for designing projects and promoting the GEF/SGP approach.

**Output 5: Global and country communications and outreach strategies for GEF/SGP experiences and demonstration of global benefits elaborated and implemented**

**Activities:**

- 5.1 Develop a communications and outreach strategy for GEF/SGP.
- 5.2 Develop country guidelines to implement the communications and outreach strategy.
- 5.3 Ensure that all GEF/SGP NCs have web access.
- 5.4 Disseminate case studies, periodic reports and monitoring and evaluation reports.
- 5.5 Share experiences through site visits, workshops, photo and video documentation and other means.
- 5.6 Bring programme and projects to attention of the media.

**Output 6: Resource mobilization strategies at global, country and project levels to attain sustainability are in place**

**Activities:**

- 6.1 Prepare and implement a fundraising strategy for the programme as a whole.
- 6.2 Prepare and implement country resource mobilization strategies including cash and in-kind resources from donors, governments, communities and the private sector.
- 6.3 Design accountability and incentive mechanisms for successfully implemented plans.
- 6.4 Participate in donor roundtables at country level.
- 6.5 Share best practices on mobilizing resources.

**Output 7: Monitoring and evaluation system to track and assess global benefits in effect.**

**Activities:**

- 7.1 Complete M&E Framework (including guidance about developing indicators) covering project, country and global levels, using both self-assessments and external evaluations.
- 7.2 Incorporate M&E component in country programme strategies.
- 7.3 Carry out interim review of the global programme.
- 7.4 Carry out annual country programme reviews including review of funded projects.
- 7.5 Carry out an independent evaluation in year 4.
- 7.6 Monitor project performance through site visits and other means.
- 7.7 Establish and maintain databases at global, country and project levels.

- 7.8 Identify and document lessons learned at project and programme levels.
- 7.9 Feed lessons learned into project design, implementation and M&E.

### 3. SPECIFIC OBJECTIVES

The evaluation of SGP performance involves analysis at three levels: (a) at the level of the overall programme, (b) at the country level and (c) at the level of individual projects. Each level of analysis has four components:

#### **Assessment of Progress in Programme Implementation**

The evaluation of the programme will be conducted after three years of implementation of the second operational phase. The Project Document logical framework clearly states the objectives and activities of the programme. It also contains the benchmarks and means of verification to assess progress in programme implementation. The Project Document and the subsequent GEF Council reports include annual work-plans with specific tasks to be performed at the global and country programme levels. The SGP Global Workshop reports further discuss the tasks and assign responsibilities for implementation. These would constitute the basic parameters for measuring programme progress. Individual SGP funded projects should be assessed against their specific project documents.

#### **Assessment of Programme Impact**

For the purposes of this evaluation programme impact is defined as the SGP contribution to achieve global environmental benefits through community action. The GEF Operational Programmes should be the guiding documents for this purpose. Given the small scale and short duration of SGP interventions it cannot be expected that a single intervention may bring significant positive changes for the global environment. However, there are indications that SGP projects (individual projects or aggregated interventions) are contributing successfully to achieving global environmental benefits, by reducing threats to particular ecosystems or species, creating enabling conditions for the adoption of renewable energy sources and technologies, piloting innovative approaches for reducing non-point sources of pollution of international waters, etc. It is hoped that the evaluation will contribute towards further identifying and documenting these projects and their impact.

Other aspects that are relevant for assessing impact are:

- (i) **Capacity Development:** the effects of SGP activities on strengthening NGOs, CBOs and community capacities will be assessed.
- (ii) **Sustainability:** an assessment will be made of efforts undertaken to ensure that results of successful projects are sustained beyond the period of GEF financing.
- (iii) **Leverage:** an assessment of the SGP's effectiveness in attracting partners, technical and financial resources, and in leveraging its Small Grants to influence larger projects and broader policies.

- (iv) **Awareness raising:** SGP's contribution to raise greater awareness of the environment and in particular of global environmental issues will be examined.
- (v) **Up-scaling and replication:** these are areas that have been given priority in the project document for the second operational phase and should be examined. It should be noted that there is evidence that "down-scaling" is also occurring. GEF and other donor-funded projects realize that their project objectives cannot be achieved without providing the means to local communities to take action. SGP is now being approached by large projects (mainly government driven but also some NGO executed projects) to implement the community-based components in specific geographical areas.

### **Identification of Lessons Learnt and Best Practices**

The evaluation will contribute to ascertain the role and impact of small-scale community action to addressing global environmental benefits, and more broadly, to sustainable development goals. It will therefore identify lessons learnt and best practices and document the integration and application of experience from previous phases of the programme into the second operational phase. Given the timing of the evaluation, it is expected that it will be possible to feed some of the lessons into the WSSD debate and consider any outcomes of the Johannesburg Summit into the strategic direction of SGP in the next three-four years.

### **Development of Operational Recommendations**

Recommendations will be developed to help SGP further improve its support for small-scale, community-based initiatives in line with the GEF priorities. They are aiming to:

- Help communities do a better job
- Strengthen the work of the National Coordinators and National Steering Committees
- Enable headquarters to provide effective support
- Improve ways to draw, share and document lessons and best practices, within the context of a decentralized programme
- Provide recommendations on the future role of SGP vis-à-vis the GEF and to prepare the programme for continued expansion both thematic (new OPs, focal areas) and geographical (new countries).

## **4. METHODOLOGY**

Information will be gathered through document and database review, group and individual interviews, and country and project site visits. More specifically, the evaluation will be based on the following sources of information:

Overall programme:

- A review of key documents related to SGP such as the project document, the yearly reports to the GEF Council, the report of the 1995 and 1998 evaluations, the Project Implementation Review (PIR) reports, and the SGP Handbook composed of the SGP Strategic Framework (and addendum), Operational Guidelines, Monitoring and Evaluation Framework, Resources Mobilization Strategy, and Global Communications Strategy. Project documents of SGP major co-financing arrangements should also be reviewed for the EC SGP for the Promotion of Tropical Forests and the Community Management of Protected Areas Conservation

(COMPACT) project. The reports of the SGP global workshops (1999 and 2001) are also important reference material.

Country level:

- Country Programme Strategies, semi-annual reports, biennial programme reviews, NSC meeting minutes, other strategic programme documents as appropriate, and relevant project documents and reports.

Structured interviews with players both at headquarters and country level including the Director a.i., of the Bureau for Development Policy, the Head of the Environment and Sustainable Development Group, the UNDP GEF Executive Coordinator, the SGP Global Manager and other SGP HQ staff, UNOPS staff, National Coordinators, UNDP Country Offices, members of the National Steering Committees, NGOs, CBOs, other community members involved in project execution, etc.

The evaluation team is expected to visit about 10 countries (one team member per country). The criteria to be used to guide country selection are included as Annex 2. Suggested elements for country visits are presented in Annex 3.

The UNDP GEF M&E group will support the evaluation team.

## **5. TIMING**

The evaluation will be conducted during the period May - September 2002. It will follow the following steps:

- Selection of countries to be visited and identification of national consultants to facilitate country visits.
- Briefing and planning meetings for the evaluation team to be conducted during 20-23 May 2002 in New York City. The Team will also use the opportunity to interview relevant staff at UNDP and UNOPS headquarters.
- Review of documentation and preparation for country visits.
- Country visits will take place in the first three weeks of June. The duration of the visit for each country will be approximately one week. Key parties involved in the implementation of the country programme will be interviewed and additional documents not available at headquarters will be reviewed as appropriate. A report on each country visit will be produced by the international evaluation specialist concerned by the first week of July. This country visit report will be an internal document for the evaluation team, to provide input to the overall evaluation report.
- The evaluation team shall submit a first draft of the final report by the second week of August 2002. The final evaluation report will be submitted within three weeks of receiving review comments on the report. The submission of the final evaluation report is expected to be approximately the last week of September 2002.

## **6. ROLES AND RESPONSIBILITIES**

The evaluation will be carried out by an independent team of highly qualified experts from both developing and industrialized countries. UNDP/GEF headquarters will be responsible for coordinating the evaluation and providing the required support.

### **6.1. Evaluation Team**

The study team will consist of four internationals and about 10 national experts, one in each of the countries visited. The international team members will have high international standing, acknowledged integrity, good knowledge of global environmental issues and extensive familiarity with the regions assigned for the country visits. They should have had working experience with NGOs and CBOs. It is desirable to include at least one member of the 1998 evaluation in order to allow for continuity and to minimize the need for briefing considering the complexity of SGP operations and long history. The team leader will be responsible for operationalizing the study and for assembling and finalizing the evaluation report based on substantive written inputs from the international and national experts. The international team will be responsible for selecting, briefing and guiding the national team members who will take part in the country visits.

### **6.2. Terms of Reference for National Experts**

**Qualifications:** The national team members are expected to be competent in environmental and community development issues and to have a good grasp of national issues and institutions, including the NGO national community. Although familiarity with SGP would be an asset, it is important to assess any potential conflict of interests in selecting the National Expert.

#### **Tasks to be performed:**

- Review relevant documents related to the planned evaluation and of the SGP and conduct focused discussions with the National Coordinator on topics and issues that related to the implementation and impact of the country SGP programme and its projects. The National Expert is expected to be well versed as to the objectives, historical development, institutional and management mechanisms, portfolio and already documented "lessons learnt" of the programme before the scheduled site visit of the international expert.
- The National Coordinator and the National Expert together should prepare a draft plan for the country visit, to be further discussed with the international experts. He/she should be able to help access other independent sources of information, either from documents (e.g., reports, newspaper articles, etc.) or through other relevant respondents such as members of the NGO community. The National Expert should jointly work with the SGP National Coordinator on the finalization of the schedule of project site visits, interviews and meetings.
- Help the National Coordinator in the pre-selection of at least 10 potential projects for the site visits using the criteria in the "Guidelines for the Country Visits". Provide additional inputs to the International Expert for the final selection of the sites to be visited, which will depend, among others, of logistical aspects (distance to project sites) and community availability to receive the evaluation team.
- Join the International Expert in the project site visits and other meetings and provide support during interviews with key respondents, focused group discussions, site assessment, on site analysis and observations and in the documentation of the site visits.

- Submit reports that highlight important observations, analysis of information, and key conclusions.
- Comment on the consolidated Country Visit Report prepared by the International Expert and gather any complementary data or information important for the preparation of the final evaluation report.

### **Selection of the National Experts:**

The National Experts will be selected by the international members of the evaluation team. They will be identified through the GEF Secretariat M&E Unit roster of experts, recommendations from the UNDP Country Office or direct work experience of the international experts with specific individuals that meet the above qualifications.

### **ANNEX 3: CRITERIA FOR SELECTION OF COUNTRY VISITS**

The selection of countries will ensure a broad-based representation of the varied situations in which the SGP operates at national level. The basic criteria to identify the countries to be visited should include the following:

- Regional/geographic representation;
- Large countries versus small countries, including at least one Small Island Developing State;
- Old versus more recent country programmes;
- Country programmes operating in UNDP Country Offices and country programmes hosted by an NGO;
- Linkages with other UNDP small grant programmes;
- Implementation of other major donor supported activities as co-financing for GEF SGP;
- Experience in supporting projects in different GEF Operational Programmes;
- Large versus smaller project portfolios.

#### **ANNEX 4: CHOICE OF COUNTRIES VISITED**

The selection of countries was designed to ensure broad-based representation of the varied situations in which the SGP operates at national level. The basic criteria to identify the countries to be visited included the following:

1. Regional/geographic representation
2. Large countries versus small countries, including at least one Small Island Developing State
3. Old versus more recent country programs
4. Country programs operating in UNDP Country Offices and country programs hosted by an NGO
5. Linkages with other UNDP small grant programs
6. Implementation of other major donor supported activities as co-financing for GEF SGP
7. Experience in supporting projects in different GEF Operational Programs
8. Large versus smaller project portfolios

The following countries were selected

Africa:	Cote d'Ivoire, Tanzania
Arab States:	Tunisia
Asia Pacific:	India, Thailand, Vietnam
Europe:	Lithuania, Turkey
Latin America/Caribbean:	Guatemala, Peru, Trinidad and Tobago (including Suriname)

The country programs in India, Peru, Suriname and Tunisia are hosted by NGOs. SGP has major cofinanced programs in India, Tanzania, Thailand, Tunisia and Vietnam.

Each selected country was visited by one member of the evaluation team for about a week, supported by a local consultant, with the following exceptions:

1. The India country visit was carried out as an independent consultancy by Mr Delfin Ganapin, a member of the 1998 SGP evaluation team.
2. Lithuania was selected for a shorter visit on the basis of having started operations during OP2. There was no local consultant.

## **ANNEX 5: COUNTRY VISIT GUIDELINES**

The following information will be used to provide general guidance for the evaluation country visits and to brief the national consultants, although actual issues to be covered in each country visit will depend on country programme specificities and major issues for assessment to be identified during the briefing session with the Evaluation Team:

### **LIST OF POSSIBLE RESPONDENTS**

- National Coordinator
- Members of the National Steering Committees
- UNDP Resident Representative and UNDP Environment Focal Point
- Officials of government agencies involved, directly (as partners) or indirectly (with jurisdiction over the site or activity of the project(s))
- Local government authorities from project sites
- NGO networks or major national NGOs
- Participating NGOs, CBOs and communities
- Bilateral donors or multilateral agencies contributing to SGP projects
- National Environmental Funds or other small grants programme operating in the country
- Academic institutions involved in providing support at the country programme or project implementation levels (project technical assistance, support to SGP M&E activities, case studies, interns, etc.)
- Private sector (participants and/or knowledgeable non-participants)
- Others (consultants that may have worked with SGP or its projects, journalists or media practitioners who may have been involved in public awareness aspects of the programme or may have covered some projects, etc.)
- GEF National Focal Point.

### **PROGRAMME MANAGEMENT**

#### **Institutional setup and modalities of cooperation**

Is the SGP located in the UNDP Country Office or hosted by an NGO?

If hosted by an NGO what is the level and extent of NGO participation/responsibility regarding programme management and implementation?

What are perceived advantages or disadvantages of the established setup?

Would it be possible/advantageous to delegate further responsibility to the host NGO?

What is the National Steering Committee (NSC) composition and how has it been operating? Are NSC members engaged in other SGP activities beyond preparation of the country programme

strategy and project approval? What incentives may be provided to enhance NSC member engagement and support?

What are the working relationships between SGP participants at various levels: grantees/NGO partners, National Coordinator, NSC, UNDP Country Office, SGP and UNOPS headquarters?

Are there any problems in these working relationships? Have these been addressed/resolved and how?

Are the roles and responsibilities of each of the participants clear? Have the SGP Operational Guidelines been helpful and implemented? Are there suggestions for improvement of the Guidelines?

Any institutional/management improvements or innovations?

### **Supporting Mechanisms**

How timely and expeditious is grant consideration and approval?

Do project proponents receive adequate feedback once they submit the projects/concepts?

Are site visits conducted as part of the process for project selection and approval?

Has the planning grant mechanism been used and with what results?

How timely and adequate is the provision of resources to the grantees?

How is monitoring and evaluation to project implementation taking place? Has the SGP Monitoring and Evaluation Framework been applied? What are key constraints/strengths and/or suggestions for revision?

What is the perceived utility of other SGP guiding documents such as the Strategic Framework, the Global Communications Strategy and the Resources Mobilization Strategy? Are there any gaps in SGP global strategic guidance?

What is the level of appreciation of the grantees as regards the management support provided for by SGP?

### **Coordination**

What linkages (types and levels) exist between the SGP country programme (at the programme and project levels) with the following:

Global and regional programmes (i.e., global/regional conventions);

National environmental strategies and programmes

Local governments and authorities

National or regional GEF-funded projects (have any large GEF projects approached SGP for cooperation?)

Bilateral donors and other multilateral agencies (including the WB and other UN agencies)  
Private business sector  
National Environmental Funds  
Other small grants programmes  
Relationship with the GEF National Focal Point

Are there linkages and collaboration among communities and NGOs that are participants of SGP?  
Main purpose of those linkages and results?

Has SGP influenced/promoted dialogue, consultation and collaboration among civil society groups and with other players (government, donors, etc.) and has it been able to open new channels of consultation?

Is there communication with other SGP participating countries and for what purposes?

### **Country Programme Strategy**

Does the Country Programme Strategy (CPS):  
Reflect the strategic direction of the second operational phase?  
Help programming and implementation?  
Link the SGP to the GEF Focal Areas and Operational Programmes?  
Help focusing on priorities to enhance programme impact?  
Respond to the needs and aspirations of the participating communities and groups?  
Has clear components related to capacity-building and guidance to meet GEF Council benchmarks?

Has there been a revision of the CPS to address emerging issues or to respond to recommendations of the Biennial Programme Review?

### **Operational, Administrative and financial aspects**

What are the staffing arrangements to manage SGP, particularly if linked to the operation of other UNDP small grants programme management? Are these adequate when compared with the size of the project portfolio and other non-project activities (i.e., capacity building, resources mobilization, mainstreaming and cooperation, communications, etc.)?

Has there been efforts to expand support to grantees through partnerships or other innovative mechanisms such as United Nations Volunteers, university graduates and interns, other volunteer schemes, JPOs, etc.?

What is the ratio of grant versus non-grant (operational) costs?

Is the SGP operational budget considered sufficient to achieve the expected outputs and results (i.e., those established by the SGP prodoc and CPS)?

Can the SGP expand its number of projects without increasing operational costs?

Does the current CPS provide for geographical concentration to reduce project management costs?

Is programme administration and financial management conducted effectively? Are there aspects that could be improved to reduce transaction costs?

Are other donors contributing to SGP activities willing to cover non-grant costs associated with implementation of co-financing resources? Are there possibilities of maintaining the current level of resources mobilization in the medium-term?

## **PROGRAMME IMPACT**

### **Project portfolio:**

The project portfolio should be described in terms of coverage of the various GEF Focal areas and Operational Programmes and the types of interventions implemented. This should be done against the CPS, which identifies the focus and types of interventions that are relevant to the specific country situation. Field visits should combine both projects funded under prior SGP phases and projects approved during the second operational phase to enable the evaluation team assess results and potential impact of activities. The following issues may be considered:

Whether projects fit the GEF criteria.

Whether livelihood activities have been addressed to meet community needs

Whether during the second operational phase there are new trends in project types of interventions or approaches and what are the reasons for these changes

Are there innovations?

What seems to work best and what are the reasons for it?

Are there signs of project sustainability?

Are there any identifiable project impacts?

Are there any lessons regarding technologies or approaches?

### **Capacity development**

What are the capacity development approaches and activities of the country programme? Are these integrated in the CPS and in project design and implementation? Gender and indigenous peoples have been identified in the project document as target groups, therefore it is important to consider this aspect across the various activities of the evaluation.

What are the types and levels of skills developed among grantees?

Given to total portfolio, what is the percentage of projects where (a) substantial; (b) moderate; (c) limited capacity development has occurred? What are the causes for successful or limited capacity development?

Do the communities/NGOs have the skills and are empowered enough to establish key linkages with other environment and development actors on their own?

Have the communities been able to take the lead in solving the problems that come along their way? Have they been able to develop and implement creative solutions?

Are there signs that communities that have benefited from SGP support have help other communities in addressing similar problems?

## **Sustainability**

Has the income of project participants increased when the project had a sustainable livelihood component? Are these increases in income sustainable from the environmental, social and financial point of view?

Have sustainable livelihoods decreased pressure on the environment? Do the participants clearly relate project activities with the local/global environment?

How much of the country portfolio can be said to be (a) already sustainable; (b) has potential for sustainability in the short term; (c) would require long term subsidies in view of the social/economic context in which the community lives?

What reasons/factors have helped develop sustainability or hinder it?

Have projects been able to attract other partners to help achieve sustainability (e.g., local government support)?

Have projects been able to influence policies that would provide an enabling environment for sustainability?

## **Leverage**

What percentage of projects have community/NGO co-financing and what is its estimated value?

How many other partners are providing cash and in kind support to SGP projects both at the country programme and project levels? What is the amount of co-financing?

Has SGP been able to attract new donors to its area of influence?

Are SGP projects being up-scaled or replicated? What seem to be favorable conditions for this to happen? Are there any projects up-scaled to GEF medium-sized projects? Has this happen with other sources of funds?

Are SGP and its partners contributing to policy and institutional changes in favor of efforts similar to the SGP's?

What are the reasons/factors that fostered or hindered SGP in influencing broader policy development?

### **Awareness Raising**

What are the awareness raising activities of the GSP for programme and project participants and for the public at large?

In conducting the project site visits the current level of awareness of SGP grantees on global environmental issues should be assessed.

What are the reasons/factors in the programme and projects that helped develop or hindered a strong awareness of global environmental issues?

Is the awareness developed translated into action? What are these?

### **LESSONS LEARNT**

Many of the questions above will provide the inputs for this section. It would still be helpful, however, if key respondents (the National Coordinator, the NSC members, key community and NGO representatives, other partners) are also asked for the lessons learnt and best practices from their perspective.

It will be important to verify whether there is documentation of lessons learnt and the extent to which these are being applied and by whom.