

**SGP** The GEF  
Small Grants  
Programme

**30**  
YEARS



COMMUNITY-BASED

# MICRO-FINANCING AND SMALL ENTERPRISES

*“The developing world is full of entrepreneurs and visionaries, who with access to education, equity and credit would play a key role in developing the economic situations in their countries”*

— Muhammad Yunus, Nobel Peace Prize winner



Photo by SGP Sri Lanka

# INTRODUCTION

The private sector has a key role to play in driving sustainable development. On the one hand, private-sector actors are well placed to develop and promote innovative solutions to development and environmental challenges. On the other hand, taken together as a sector, those actors have an unparalleled reach and capacity to see those solutions widely implemented in partnership with government, civil society and other stakeholders. These make the private sector a key partner in achieving the 2030 Agenda for Sustainable Development, across challenges including climate change, biodiversity loss, land degradation, and chemical and waste management.

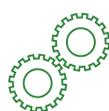
Micro, small and medium enterprises (MSMEs), including those led by local communities, account for 90 percent of businesses and more than 50 percent of employment globally. As such the sector provides an opportunity for innovative, inclusive and sustainable economic development.

## PRIVATE SECTOR ENGAGEMENT AT SGP

**The Small Grants Programme (SGP) is a corporate programme of the Global Environment Facility (GEF), which is implemented by the United Nations Development Programme (UNDP), on behalf of the GEF Partnership.**

It provides financial and technical support to local civil society and community-based organizations to develop and implement innovative local actions that address global environmental issues, while also improving livelihoods and reducing poverty. Since its inception in 1992, SGP has delivered more than US\$720 million to support more than 27,000 community-based projects in 136 countries, and is currently active in 128 countries. The programme supports issues related to biodiversity conservation, climate change mitigation and adaptation, prevention and management of land degradation, protection of international waters, and management of hazardous chemicals and waste.

SGP facilitates partnerships between civil society, community-based organizations and the private sector to scale up and promote sustainability of community-led initiatives. Private-sector engagement in SGP projects include the following:



**Provision of technical assistance and capacity building** services to projects and grantees (e.g. business advisory services, skills development, and tools for technology transfer)



**In-kind support and contributions** (e.g. providing services, equipment, materials, and access to facilities for SGP projects and grantees)



**Cash contribution** (e.g. direct or parallel co-financing of SGP grants and grant activities)



**Advocacy and marketing support** (e.g. collaborating with SGP on connecting grantees to markets, advertising and promoting grantee products and services, green value chain development, and dissemination of good practices for sustainable development)

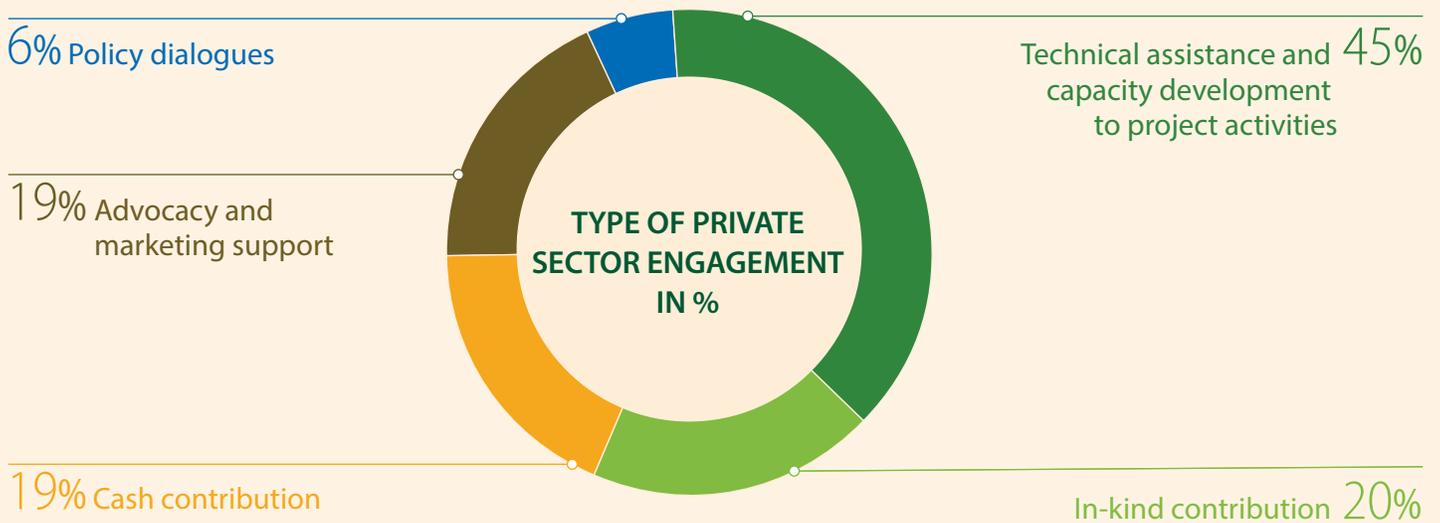


**Policy dialogues** (e.g. engaging with SGP on multi-stakeholder dialogue platforms with the aim of influencing or transforming policies and regulatory frameworks through public-private partnerships)

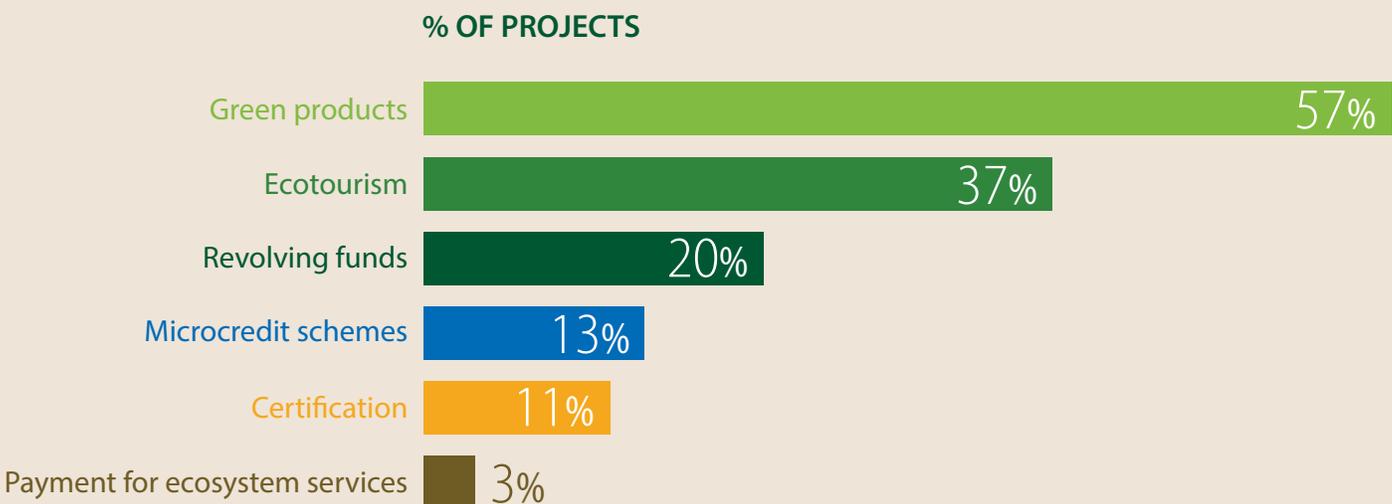
Additionally, market-based initiatives and financial mechanisms are employed to ensure the sustainability of project impacts and improvements in livelihoods of the communities. Moreover, small grants provided to community-based projects have created opportunities for local community groups to develop their business skills and establish themselves as MSMEs.

Building on these experiences, SGP plans to further advance its efforts to strategically support multi-stakeholder platforms and identify private sector partnerships at the global and local levels for greater impact. In particular, SGP will explore opportunities to partner with micro-financing entities to support organizations led by women, youth, Indigenous Peoples and persons with disabilities.

### Type of private-sector engagement and support in SGP Country Programmes



### Type of market-based initiatives and sustainable financial mechanisms in SGP country programmes (2016 – 2020)



# PROJECT HIGHLIGHTS





## MICRO-CREDIT INNOVATION BOOSTS LIVELIHOODS FOR COSTA RICAN FARMERS

In **Costa Rica**, SGP supported the creation of a micro-credit scheme along the Jesus Maria and Barranca River Basins in the Central Pacific region in partnership with the Integrated Rural Development Foundation of the Central Pacific (FIDERPAC). Through 112 capacity-building workshops for more than 645 community members (46 percent of whom were women), 10 Community Credit Committees (CCCs) were established to expand and strengthen the environmentally sustainable productive capacities of small producers. The CCCs are local economic engines that can help reduce poverty and improve quality of life, by providing rural families with flexible and timely credit. This in turn provides opportunities for economic growth and social development, to enable those families to remain in rural areas and avoid urban migration. The CCCs also address the challenges of small producers in accessing formal financial entities and traditional credit systems (e.g. guarantee conditions, bureaucratic procedures, or flexible credit terms).

The community credit model is based on an organizational structure of communal participation wherein interested members of neighbouring communities were integrated

into an assembly of affiliates to form the CCCs. Within this assembly, a board of directors was democratically appointed to be the administrative body for the financial resources (e.g. approval of credit applications, disbursements of loans, and record-keeping) while its affiliates provide advice and assistance at no cost. By establishing a channel of trust between financial entities and small producers, the CCCs were able to set up a revolving fund and provide flexible, timely and sustainable credit to rural families. While fostering the commitment and identity of more than 10 local communities, this model enabled small producers to be integrated into the financial system and allowed improved access of financial resources towards income-generating activities with positive cumulative impacts.

By the end of the project, the 10 CCCs were managing US\$118,000 in funds. FIDERPAC reported that an additional \$26,000 was leveraged through other sources for three CCCs to increase capital availability and strengthen credit operations.

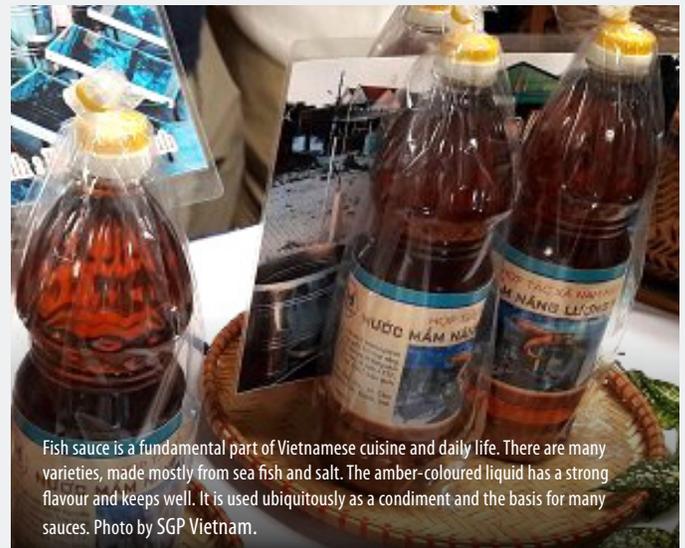
# WOMEN-LED COOPERATIVE LAUNCHES “GREEN” FISH SAUCE IN VIETNAM

In **Vietnam**, SGP supported the Union of Science and Technology Associations in establishing a solar-powered fish sauce production cooperative in the Cẩm Xuyên District’s Cam Nhung commune located along the northern central coast. Approximately 35 percent of the community members are below the poverty line and rely on fisheries and fish sauce production for their livelihoods. Additionally, climate change and large development projects are degrading the environment and threatening livelihoods in the region.

The project trained 500 workers (90 percent of whom were women) on fish sauce production using solar heating systems and created 20 demonstration sites.



Photo by SGP Vietnam.



Fish sauce is a fundamental part of Vietnamese cuisine and daily life. There are many varieties, made mostly from sea fish and salt. The amber-coloured liquid has a strong flavour and keeps well. It is used ubiquitously as a condiment and the basis for many sauces. Photo by SGP Vietnam.

The initiative has resulted in reduced environmental pollution and an 18-percent increase in profits, as well as a 70-percent reduction in labour costs and improved output quality. These successes led to the establishment of a fish sauce cooperative named Nam Hai with 20 members (including 18 women).

The fish sauce products have been quality tested and registered with a brand name and have been sold in markets and widely appreciated by consumers. These successful efforts also enabled the establishment of a micro-credit scheme that provided US\$300 in loans to each household to replicate solar-powered fish sauce production. This successful initiative was scaled up with support from the International Fund for Agricultural Development - Sustainable Rural Development for the Poor, and the model was replicated in seven additional villages in the commune and across Vietnam in the provinces of Nghệ An, Hà Tĩnh, Quảng Bình and Hồ Chí Minh City. The initiative not only generated significant income for women, who are the main labour force in fish sauce production and processing, but also enhanced local sustainable socio-economic development.

# PUBLIC-PRIVATE PARTNERSHIP ADDRESSES WASTE MANAGEMENT IN ARMENIA

In **Armenia**, open-air burning of household and municipal waste is common. The practice generates toxic pollutants that are released into the soil water and atmosphere, which in turn impacts human and ecosystem health. To address this problem a civil society organization called the Innovative Solutions for Sustainable Development of Communities (ISSD) implemented a project called *Recycle It!* with the aim of supporting waste separation, sorting, reuse and recycling, and promoting new business opportunities in the waste management industry (handling and disposal). The project also focused on raising awareness and promoting a positive culture of waste management among local communities.

With support from SGP and UNDP, ISSD formed a partnership with the Coca Cola Foundation that co-financed and scaled up the *Recycle It!* project and supported the creation of new business opportunities in the waste management industry. As a result, more than 500 organizations (including private, public, and educational institutions) have joined the programme, more than 500 educational training programmes and 100 clean-ups and other events have been organized. The “Humans of Nature” social-media campaign was also launched which aimed at influencing public opinion and behaviour change towards

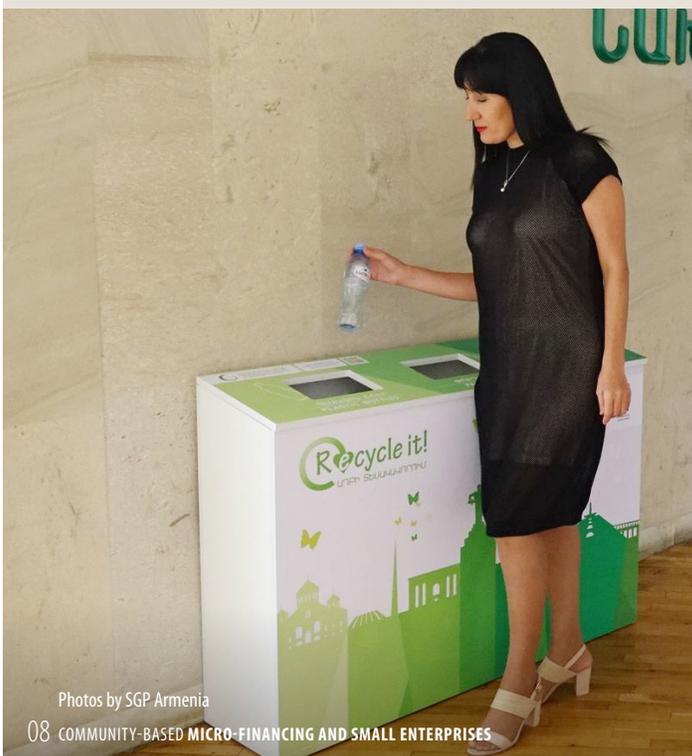


Photo by SGP Armenia

a green, clean and sustainable future by sharing stories of how people across the country incorporate small or big actions in their everyday life for a positive impact on their environment.

In partnership with supermarkets and shops, ISSD has developed bar-coded reusable shopping bags, which incentivize customers to use long-lasting shopping bags instead of single-use plastic bags. The bar-coding tracks customers' bag use and awards bonus points for each reuse. The project has benefitted more than 300,000 people. The initiative has also led to the installation of more than 2,000 waste-sorting bins in the capital of Yerevan and in seven of the 10 other *marzer* (regions) of Armenia.

To enhance local livelihoods, the project connects communities and recycling companies to create new business opportunities and stimulate communities to organize the sorting of waste. Since the project began, 10 new organizations have been established to work in solid waste management with a focus on waste separation and recycling. As of May 2022, approximately 400,000 kilogrammes of recyclable waste (paper, plastic, glass, and metal) have been collected and sent for recycling.



Photos by SGP Armenia



Photo by SGP Ghana

## DEVELOPING AN ECO-CHARCOAL ENTERPRISE IN GHANA

In **Ghana**, SGP supported the Sustainable Agroforestry Initiative to implement a project focused on building climate resilience and poverty reduction through sustainable community management of savanna woodlands. Local charcoal producers were organized into an enterprise and were trained on sustainable eco-friendly charcoal production using kiln carbonization technology. Training was also provided on charcoal value chain development, marketing, and woodlot establishment to generate the raw materials needed for charcoal production.

The project has led to the protection of 100 hectares of woodland, piloted eco-charcoal production, and created an informal enterprise that employs 1,800 rural farmers in the region. The enterprise also operates the village savings and credit scheme with a running capital of \$15,500. In addition, the certification scheme for sustainable charcoal production is approximately 60 percent completed, and the improved wood conversion efficiency of the kiln technology has reduced noxious emissions by 70 percent.



Photo by SGP Ghana

The Small Grants Programme (SGP) is a corporate programme of the Global Environment Facility (GEF) implemented by the United Nations Development Programme (UNDP). Established in 1992, SGP is currently active in 128 countries and promotes community-based innovation, capacity development, and empowerment through sustainable development projects of local civil society organizations with special consideration for Indigenous Peoples, women, and youth. SGP has supported over 27,000 community-based projects on biodiversity conservation and sustainable use, climate change mitigation and adaptation, sustainable land management, conservation of international waters, and chemicals and waste management, while generating sustainable livelihoods.



The Global Environment Facility was established on the eve of the Rio Earth Summit to tackle our planet's most pressing environmental problems. Since then, it has provided more than \$21.7 billion in grants and mobilized an additional \$119 billion in co-financing for more than 5,000 projects and programs. The GEF is the largest multilateral trust fund focused on enabling developing countries to invest in nature, and supports the implementation of major international environmental conventions including on biodiversity, climate change, chemicals, and desertification. It brings together 184 member governments in addition to civil society, international organizations, and private sector partners. Through its Small Grants Programme, the GEF has provided support to more than 27,000 civil society and community initiatives in 135 countries.



UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in 177 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations. [www.undp.org](http://www.undp.org)

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