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Evaluation

**Third joint Global Environment Facility-UNDP
evaluation of the Small Grants Programme**

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I. Introduction

1. The Independent Evaluation Office of UNDP and the Global Environment Facility (GEF) Independent Evaluation Office have completed the third joint evaluation of the Small Grants Programme (SGP). This evaluation was approved by the GEF Council at its fifty-sixth meeting in June 2019 as part of its overall approval of the four-year work programme and budget of the GEF Independent Evaluation Office.¹ As UNDP is the implementing agency for the programme, its own Independent Evaluation Office was invited to conduct the evaluation jointly with its GEF counterpart. This was in turn approved by the UNDP Executive Board as part of its approval of the programme of work of the UNDP Independent Evaluation Office for 2019.
2. The overall purpose of this joint evaluation is to examine the performance of the SGP, to determine whether any changes are required to improve its effectiveness and to provide the GEF Council and the UNDP Executive Board with evaluative evidence of the relevance, effectiveness, efficiency and sustainability of the SGP.
3. The main objective is to evaluate the extent to which the SGP is achieving the objectives set out in its strategic and operational directions. While focusing especially on its performance and results since the previous joint evaluation in 2015, the evaluation takes into account the entire time frame from the establishment of the SGP in 1992. The evaluation builds on the assessment of results and impacts of the 2015 joint evaluation and uses the previous evaluation findings as baselines against which to assess progress. The evaluation focuses on strategic issues that have arisen since the last evaluation. It is forward-looking and provides benchmarks against which to assess progress in subsequent evaluations of the SGP.

II. Context

4. The primary purpose of the SGP is to channel small grants to civil society organizations (CSOs) in the pursuit of global environmental benefits through local action. The SGP has been under continuous implementation since 1992 and has reached thousands of small-scale organizations in 126 countries in all regions. Small grants² are provided to community-based organizations to support the use of practices and technologies that generate benefits in connection with biodiversity loss, climate change mitigation, land degradation, protecting international waters and chemical and waste management, while also generating socioeconomic benefits.
5. UNDP implements the SGP on behalf of the GEF and other donors. The United Nations Office for Project Services (UNOPS) serves as the executing agency of the SGP, provides fiduciary and administrative support to participating countries. Overall strategic and programming directions, supervision and technical support are provided, first by the GEF Council and then by the SGP steering committee, chaired by the GEF secretariat, then operationalized by the Central Programme Management Team housed in UNDP. Further support to national SGP programmes is provided by UNDP country offices, which participate as institutional members of the SGP national steering committees.
6. Each participating country develops a country programme strategy for each operational phase of the SGP, which adapts the global strategic framework to specific country conditions. The national steering committees serve as the main decision-making body of the SGP at the country level and provide overall oversight, guidance and direction to the country programmes. The national steering committees, whose members are volunteers, typically comprise representatives of CSOs,

¹ Global Environment Facility. 2019. "Four-Year Work Program and Budget of the GEF Independent Evaluation Office." GEF/ME/C.56/03/Rev.01

² Grants are to a maximum of \$50,000; in practice the average grant amount is approximately \$25,000. Through a strategic projects window, grants up to \$150,000 are provided to better enable scaling up and to cover a larger number of communities within a critical landscape or seascape. At the time of writing, 81 active projects have a budget of more than \$50,000.

government, academia, UNDP and occasionally, other GEF agencies and cofounding donors, indigenous peoples' organizations, the private sector and the media.

7. The SGP has supported about 25,117 small grants. The number of participating countries has grown from 11 to 126 since 1992. Of these countries, 40 are least developed countries (LDCs), 37 are small island developing States and 43 are in fragile situations.

8. Currently, 110 countries are in the global country programme and 16 in the upgraded country programme. The former is funded by core funding agreed as part of the GEF replenishment for each replenishment period. In addition to these core resources, countries under the global country programme can also use part of their GEF System for Transparent Allocation of Resources (STAR)³ resources (up to 10 per cent and no more than \$2 million) to complement the amount allocated from the global country programme. During its fifth replenishment cycle (GEF-5), countries with the longest standing and most mature SGP country programmes transitioned to a new funding mechanism – the upgraded country programme – to enable the SGP to continue expanding and serving new countries without concomitant growth in core funding. These countries are funded through full- or medium-size projects⁴ from the STAR funds of their respective countries.

9. The strategic focus of the SGP has evolved considerably since GEF-5. Under GEF-7 (2018–2022), the SGP aims to place greater emphasis on promoting strategic and results-based investments at the local level, in alignment with focal area strategies and impact programmes under GEF-7.⁵ The SGP intends to focus more on supporting innovation and scalable initiatives at the local level to tackle global environmental issues in priority landscapes and seascapes. To improve effectiveness, the SGP is adopting and strengthening key approaches, including: empowering local communities; targeting support to LDCs and small island developing States; supporting community innovation on emerging issues; promoting partnerships and broader adoption⁶ of results; and serving as a dependable global community-based grant mechanism and platform for the environment. Five strategic initiatives are designed to promote alignment with GEF integrated approaches to key global environmental issues and complementarity to focal areas and impact programmes at the community level. These five strategic initiatives include: sustainable agriculture and fisheries; access to the benefits of low-carbon energy; threatened community-based ecosystems and species conservation on land and in the water; local-to global coalitions in chemicals and waste management; and catalysing sustainable urban development.

III. Evaluation findings

Strategic relevance of the Small Grants Programme

10. The SGP continues to deliver highly relevant environmental, social, economic and institutional benefits at both local and global levels. The activities supported through small grants are well aligned with the GEF priorities for the different focal areas. The support of other donors to and through the SGP has led to a broadening of scope to address complementary issues such as adaptation to climate change and conservation areas managed by indigenous peoples.

11. There continues to be a high degree of convergence between the SGP and the overarching mandate of UNDP to promote sustainable development. However, the local synergies between UNDP and the SGP have not been fully optimized. This degree of convergence is well documented in SGP programme and project documents and country programme strategies. Further analysis shows that in many cases, although the links are present at the country programme concept stage and in the

³ The System for Transparent Allocation of Resources (STAR) is the GEF performance-based framework for the allocation of resources from the GEF Trust Fund to countries over a replenishment period.

⁴ UNDP is the GEF implementing agency for these full-/medium-sized projects. UNOPS or a qualified non-governmental organization can serve as the executing agency.

⁵ Global Environment Facility. 2018. "GEF Small Grants Programme: Implementation Arrangements for GEF-7." GEF/C.54/05/Rev.01. GEF, Washington, DC.

⁶ Broader adption includes sustaining, mainstreaming, replication, scaling up and market change.

documentation, at the local level some linkages between UNDP and the SGP are weak. While most UNDP country offices support the administration and operation of the SGP, programme synergies can be improved. Evidence collected during the evaluation showed that support is primarily operational in nature rather than actionable programmatic synergies.

12. Of particular relevance is the SGP drive towards increasing inclusiveness of marginalized communities and groups, and in creating conditions whereby small organizations can begin to access development funding for the first time, often in difficult conditions. The SGP has been praised by stakeholders and recognized by numerous organizations for its work to promote the inclusion of segments of society that otherwise would not have had the opportunity to participate in environmental sustainability efforts.

13. At the global level, there is no clear consensus on the long-term vision of the SGP, leading to sometimes competing perceptions of what the SGP can accomplish and how it should operate. The first recommendation of the [2015 evaluation](#) was that the SGP steering committee should be revitalized “to support high-level strategic thinking in developing a long-term vision for the SGP.” This exercise has not been completed, although a number of steps were reported by both UNDP and the GEF in the years following the 2015 evaluation. The variety of statements about the vision, mission and mandate of the SGP, expressed in different policy and programming documents, shows that the SGP takes on different meanings and values by different people at different times. Each iteration—including those detailed in successive SGP-related documents, GEF Council documents and publications—expresses, adds or removes different elements and appears to indicate subsidiarity of purpose or a hierarchy of goals, means and ends. Simultaneously, the different statements all refer to similar elements and principles that seem permanent (e.g., local action, community-based organizations, environmental and developmental objectives). These differences and similarities impact the operational deployment of the SGP from the global to the local level.

14. The lack of an encompassing vision statement has an impact on decision-making at high levels within the SGP, because each way of envisioning the SGP also comes with an underlying assumption about what the SGP should support, and appropriate pathways to achieve its intended objectives. A case in point has been the ongoing discussion between the GEF and UNDP about the costs incurred by the SGP for programmatic-level activities and management costs, and the categorization by the GEF secretariat of SGP expenditures as ‘grant’ or ‘non-grant’ elements which, far from being limited to a question of accounting, in effect illustrates a lack of consensus on the overall long-term vision of the SGP.

Effectiveness

15. The SGP is effective in delivering environmental and socioeconomic results on the ground. The results of the SGP are as much a factor of ‘what’ the SGP does as of ‘how’ it is done. From the analysis of activities on the ground, the SGP has either led directly to or influenced significant results, in terms of both global environmental benefits and socioeconomic benefits. The volume of small grants disbursed also points to a trend of an increasing volume of environmental and socioeconomic benefits generated by the SGP. Overall, the level of resources provided to the SGP has increased, although there have been fluctuations over the years.

16. The number of small grants awarded by the SGP has grown considerably over the successive phases. From the pilot phase, 1992 to 1996, when only 33 countries expended a total of \$10 million, to the latest operational phase (the sixth), when 125 countries expended over \$96 million in small grants, there has been an almost fivefold increase in the number of small grants implemented. The number of participating LDCs, small island developing States and countries with fragile situations increased from 37 in 2007 to 85 in 2020. Biodiversity remains the most-funded focal area in the SGP, followed by climate change and land degradation. In 2020, there were 2,812 small grants under implementation, “25,117 projects (...) with total GEF and other donor funds of \$684.8 million. In addition, over \$837.2 million have been mobilized to cofinance these community-based SGP projects at the country level. Of these, cash cofinancing constituted a total of \$377.2 million and was

mobilized from multilateral and bilateral donors, foundations, NGOs and other partners at the country level. (...).”⁷

17. The SGP report card and annual monitoring reports, which compile programme-level results for the various periods, noted the following key results:

- (a) In the biodiversity focal area, the SGP reports an average of 1,046 significant species conserved annually from 2014 to 2019. This is combined with work on more than 2,200 protected areas and integrated climate change adaptation strategies since 2014. In 2017–2018, the SGP reported 7.1 million hectares of landscapes and seascapes under sustainable use;
- (b) In terms of climate change, according to the SGP 2019–2020 annual monitoring report, the largest part of the SGP portfolio focuses on renewable energy and energy efficiency (more than 68 per cent), and the rest focuses on conservation and enhancement of carbon stocks. The report mentions that 44,106 households benefited from energy access thanks to SGP interventions in 2019-2020, an increase from 36,000 in 2018-2019);
- (c) Under the land degradation focal area, in 2019-2020 the SGP completed a total of 2,000 small grants, reaching more than 1.6 million people with the demonstration of sustainable land and forest management practices. In 2017-2018, 56,000 hectares of land were brought under sustainable management, adding another 180,000 hectares of land the following year, and in 2019–2020, a further 41,238 hectares of forests and non-forest lands were restored;
- (d) The use of the landscape and seascape approach has also led to the protection of 5,713 hectares of seascapes under sustainable management in 2019-2020 and 107,297 hectares of coastal areas under sustainable land management in 60 seascapes. Finally, over the period 2014-2019, the SGP eliminated 7,640 tons of land-based pollution in marine ecosystems, as well as 56,819 tons of solid wastes ‘avoided from open burning’;
- (e) Twelve completed full-/medium-sized projects under the upgraded country programme modality reported positive environmental outcomes in terminal evaluations in the form of increased area of landscape under improved management, totalling 2.2 million hectares. Six projects reported mitigation of 33.8 million metric tons of greenhouse gas emissions. Five projects contributed to forest restoration and increased vegetation cover, reaching 15,500 hectares. Other environmental benefits include improved management of protected areas, species conservation, increased area under marine conservation and reduced soil erosion. Nine ongoing projects in GEF-6 and eight approved in GEF-7⁸ aim to bring 1.2 million hectares of land under improved management. In addition, 10 projects set the target to restore 228,390 hectares of land in total, and six are working on improving the management of 56,837 hectares of marine habitats. Concerning climate change mitigation, 15 out of 17 ongoing projects aim to mitigate 7.7 million tons of greenhouse gas emissions;

18. The scope of results of the SGP is broad, and neither the GEF nor the Central Programme Management Team’s monitoring and evaluation framework are fully equipped to adequately render the complexity of the work implemented. In characterizing the results that have been delivered by the SGP as a whole, it should be remembered that SGP country programmes report results as an aggregation of grant-level results. It should also be noted that, given the small and short scope of interventions, many of the results are of an indirect nature, where SGP stakeholders ‘influence’ a set of outcomes. Each individual small grant yields a small level of results, and it is only in the geographic and timescale aggregation that one begins to see the extent to which the SGP is effective in its intended purpose. As was noted in the evaluation’s country case studies, the results of the SGP

⁷ United Nations Development Programme. 2020. “GEF Small Grants Programme Annual Monitoring Report, Results Highlights, Reporting Year 2019 – 2020.” UNDP, New York

⁸ Five full-size and medium-size projects in the upgraded country programme portfolio that were approved between May and December 2020 are not included in this analysis.

can be measured in “tangible” indicators as well as in “intangible benefits,” such as the creation of trust, dialogue, ethos or communities of practice and knowledge.

19. Key factors in the effectiveness of the SGP on the ground were linked to innovativeness, inclusion and strong buy-in and dedication from national teams, as well as the strength and sustainability of civil society in a country. The use of the landscape and seascape approach has led to more significant concentration and visibility of impacts at the local level. Most of the small grants projects reviewed for this evaluation had satisfactory outcome ratings, as well as high ratings for efficiency and effectiveness in their terminal evaluations.

20. In addition to supporting local organizations in developing environmental solutions, the SGP has engaged in what it terms since operational phase 6 ‘Grantmaker Plus’ activities, a set of activities designed to “enhance the overall effectiveness of the SGP portfolio.” These include activities that support the creation of policy dialogues between government and CSOs, promote social inclusion and increase the reach of knowledge. Some Grantmaker Plus activities were previously included in the SGP, albeit under different terminologies such as social inclusion (indigenous peoples, people living with disabilities, gender). As noted in the project document for operational phase 6, the term Grantmaker Plus was coined to reflect “the formalization and more organized implementation of previously more ad hoc support activities into a ... set of roles designed to support scaling up, mainstreaming and replication that will provide higher-level capacity development (i.e., fellowships for International Professional staff), networking and institutional support, knowledge-sharing (i.e., South-South technology exchange platform), advocacy mechanisms at national levels (i.e., CSO-government dialogue platforms) and where relevant, extension to regional and global levels”.⁹ These initiatives are implemented through regular grants and country operational budgets by the national coordinators at the country level and not by global-level expenditures.

21. Over the years, the SGP has gradually added several themes, initiatives and special interest programmes to its programming framework. In operational phase 6, the landscape and seascape approach was part of four ‘integrated focal area strategies’ (also designated as ‘strategic initiatives’ or ‘multifocal platforms’ in various documents). The SGP also designed a series of ‘innovation programmes’ to address emerging issues related to strategic initiatives in a number of selected countries. These were also implemented through the regular SGP grant modality and included: artisanal and small-scale gold mining; women-led enterprises; persons with disabilities and responsive development; indigenous peoples and energy access; youth and climate change; big cat conservation; sustainable land management in the Sahel region; mountain products and value-chain development; and South-South cooperation. Finally, the SGP implements a set of global initiatives such as the Global Support Initiative for Indigenous Peoples and Community-Conserved Territories and Areas, which are supported from non-GEF financing but make use of the SGP grant modality at the national level.

22. The purpose of this repackaging or relabelling of the SGP programming framework over the years is unclear. An examination of the portfolio shows that the fundamental aspects of the SGP and its work have not changed much and in fact, that all the SGP country programmes make use of the traditional grant modality at the local level, except for the activities delivered at the global level by the Central Programm Management Team. The core philosophy and ethos of the SGP (inclusion, participation, civil society empowerment) have also remained stable. It may be that these successive revisions to the programming framework are designed to help keep pace with the trends of the day and to align with broader international and GEF policies and programming frameworks, both legitimate purposes. Still, they also come with a cost in terms of complexity and reporting. The evaluation found value in these activities, but also that the reclassification of activities, the increasing complexity of programmatic options and the terminology can lead to some confusion.

⁹ Global Environment Facility Independent Evaluation Office (formerly GEF Evaluation Office; GEF Office of Monitoring and Evaluation). 2018. Operational phase 6 Final Report: The GEF in the Changing Environmental Finance Landscape. Washington, DC: GEF IEO.

Small Grants Programme policies

23. One key policy challenge has been the upgrading process, which has not yet fully met its intended objectives. An upgraded country programme has three main features. First, upgraded country programmes funding levels are decided by the government, which allocates funds from the country's STAR allocation. This is in contrast to the countries under the global country programme, which receive annual allocations from the SGP core fund, based on the agreed rules set forth by the GEF Council through the SGP implementation arrangement document for the given operational phase. Secondly, an upgraded country programme operates as a full-/medium-size GEF project, which is different to a global country programme on a rolling modality. An upgraded country programme, as a full-/medium-size project, has more strictly controlled operations, budget reporting and different GEF-related monitoring and evaluation requirements than the global country programme. Lastly, upgraded country programmes supported by small grants put more emphasis on upscaling and replication of interventions, which is a shift from small grants supporting pilot and demonstration projects.

24. The upgrading process, which started in GEF-5 through the upgrading policy, is a result of financial constraints placed on the SGP by the GEF replenishment process. The three objectives of upgrading were spelled out in GEF-7, which include: (a) to enable the SGP to continue to expand and serve low-income nations without concomitant growth in core funding; (b) to make better use of the capacities of mature country programmes to enrich the younger, less experienced ones; and (c) to enable mature country programmes to access greater financial resources and exercise more programmatic freedom in light of their greater internal capacity.¹⁰ The evaluation found that upgrading meets the first and third objectives and has led, in many cases, to countries accessing greater financial resources for their own small grant programmes, but that this has been done by transferring risks and operational burdens to countries with upgraded country programmes, blurring lines of accountability, and at the expense of decreasing 'fiscal space' within the GEF Trust Fund allocations to each country.

25. The second objective has not been fully realized by the SGP. The objective is vague in terms of its operationalization and measurability: it is not clear who the different stakeholders are and what are the pathways of their interaction, nor is the term 'enrich', which can be interpreted broadly. The objective implies a transfer of capacity from one group to another, which is difficult to measure based on available evidence. Many efforts have been made to ensure linkages and knowledge exchange among participating countries. However, they fall short of providing evidence of the implied 'capacity transfer' indicated in the objective statement.

26. The evaluation finds that the upgrading policy is based on unverified assumptions that upgrading results in more global environmental benefits. Also, the upgrading process carries risks such as the need for high levels of civil society capacity and maturity to successfully negotiate SGP funding and governments' willingness to allocate their limited STAR resources to SGP, which have, in some cases, failed to materialize.

27. Higher transaction costs and more challenging resource allocation discussions with national governments lead to operational hurdles for many countries when they first upgrade. In some cases, this has led to interruption or closure of the SGP, and there is always a risk that an SGP country programme may not be able to secure financing. The evaluation found weak evidence that the upgrading process led to more benefits, whether to the global environment, to the country upgrading or to the countries that remain in the global country programme.

Inclusion

28. The success of the SGP in promoting inclusion and the participation of marginalized voices in the development landscape is cause for celebration. Many CSOs begin their journey with support

¹⁰ In the original operational phase 5 document, no objectives were explicitly listed, but the rationale and process were set forth. The objectives were listed in the document "GEF Small Grants Programme: Implementation Arrangements for GEF-7" with the addition of the mention of low-income countries.

from the SGP, and quite a few continue advancing on the spectrum of development organizations. This inclusiveness has contributed to the high levels of social capital and positive reputation of the SGP worldwide.

29. There has been an improvement in the inclusion of gender-sensitive standards. There is a perceived difference in how the SGP at the country level and UNDP country offices each approach and implement gender-related activities. In the case studies, only 30 per cent of small grants (out of 93 sampled) were said to fully integrate gender consideration throughout the project cycle and to bring about noticeable advances in gender equality.

30. The inclusion of indigenous peoples as leaders has continuously improved, and progress is being made in integrating groups representing persons with disabilities. Social inclusion has been recognized by many evaluation participants as both a key factor of success and a part of the innovativeness of the SGP. This encompasses the inclusion of community groups and peoples traditionally marginalized from the mainstream of development and environment cooperation. This entails a specific effort to reach outward. The case studies show that around 57 per cent of 93 small grants sampled explicitly intended to target or benefit the poor, marginalized, vulnerable groups, indigenous peoples and persons with disabilities. However, as with the gender aspects, the effectiveness and the contribution of SGP grants in addressing social inclusion and poverty reduction scored the lowest in the global survey (4.69 and 4.61 respectively)¹¹ though it was slightly higher from the midpoint and an increase from the 2015 survey.

Innovation and sustainability

31. There continue to be challenges to the long-term sustainability of SGP projects. The 2015 evaluation noted a number of challenges to the long-term sustainability of small grant projects, highlighting the low capacity of participants in small grant projects and the limited duration of the grants. The other key challenge noted at that time was the difficulty that many grantees face in securing long-term funding to continue SGP activities. In some cases, the introduction of larger strategic grants were used to replicate and scale up previous work. However, this has yet to be systematized. This finding is repeated in this evaluation because the conditions in which the programme is being delivered have not changed.

32. The avenues for securing long-term sustainability are closely linked to opportunities for broader adoption. Many interviewees stressed that repetition of grants and larger amounts of financing, coupled with additional opportunities to build the core capacities of grantees, can lead to broader replication and upscaling of techniques and additional environmental and other benefits.

33. Often, the SGP is the first financing partner for initiatives that are considered new at the local level and for piloting different approaches, including different ways of working inclusively. Successful innovative small grant projects that have benefited from support through the SGP can then be replicated or scaled up by the government and other donors, who are usually risk-averse and prefer to implement projects with a 'proof of concept'. As agreed by several interviewees, the SGP is a programme that can break down a large fund into small implementable units (grants), which has high implementation success because the proponents and implementers are also the beneficiaries.

34. Policies for incentivizing innovation and fostering sustainability are not fully adapted to the SGP modality of work. The two aspects are linked in that many highly innovative projects are intended as pilots or local tests, and therefore may not exhibit the full requirements for sustainability. The SGP is a unique mechanism in its ability to allow organizations to take calculated risks and innovate locally. Still, the traditional measure of sustainability at the level of the small grant is insufficient. Additionally, it is not well tailored to measuring the long-term impacts of the intangible benefits generated by SGP work, such as trust, open dialogue, inclusiveness and participation.

35. The limited ability of the SGP to incentivize innovation could also be attributed to the lack of consideration given to exit strategies for small grant projects, and to its inability to apply a business-

¹¹ The global survey received 925 responses for these questions. Data are for average responses on a scale of 1 (not at all) to 6 (to a great extent).

like model to fostering sustainability. In the 2015 evaluation, it was noted that some small grant projects, though innovative, were quick to disappear because of a lack of sustainability mechanisms. This evaluation saw evidence of the same experience. The evaluation finds that the pathway to broader adoption, where private sector-type business models are developed for small grant projects, carries the most significant promise. The social economy model also provides useful avenues for the SGP to promote inclusion and technical and institutional innovation while creating financially sustainable microenterprises.

Efficiency, management and operations

36. At the global level, SGP governance is not delivering its full potential due to miscommunications and ambiguous responsibilities between the SGP steering committee, GEF secretariat and Central Programme Management Team. Examples of such issues include the lack of consensus on the vision of SGP exemplified by the grant versus non-grant debate. There is an ongoing debate between two different perceptions of the SGP: one in which the SGP is a UNDP programme financed by the GEF among other donors; and one in which the SGP is (exclusively) a GEF corporate programme implemented by UNDP with cofinancing from other donors. This evaluation suggests that SGP should be considered an asset for the broader GEF partnership that would benefit from new and expanded implementation modalities, including more extensive mainstreaming within UNDP. The evaluation notes that regardless of the programme status of a country, the linkages and coordination between the SGP and other UNDP programming needs to be reviewed and may require reformulation, so as to better situate the SGP within the scope of UNDP country programming. The SGP provides a useful model for small grant-making that could offer valuable lessons to other UNDP work areas.

37. There is a high level of satisfaction among national SGP stakeholders with the support and guidance received from the Central Programme Management Team, as well as with the national governance structure. Countries find there is added value from the team's guidance and technical guidelines. In the global survey, the guidance of the teams and the upgraded country programme coordinator is listed as the fourth (out of eight) most important factor contributing to the success of the SGP. There appears to be a good level of satisfaction among national stakeholders regarding the SGP governance mechanisms at the local level (national steering committees), as evidenced by the high number of respondents who attribute the success of the SGP to the national steering committee and the national coordinator.

38. This evaluation did not undertake a full assessment of the management and oversight practices of UNDP or UNOPS. However, in relation to the grant versus non-grant debate, the evaluation analysed evidence related to the distribution of costs between management costs, programmatic costs and small grants.

39. The evaluation found that the classification of SGP expenditures did not make use of the commonly accepted GEF definition of management costs and standards, leading to confusion and misperceptions among some stakeholders and donors. GEF projects usually include 'capacity development and workshops, knowledge management and communication, technical assistance' as part of full-/medium-size projects supported by GEF. The GEF programmatic approaches also consider such costs as part of the programme's overall cohesiveness and necessary to internal coherence. The classification of SGP expenditures into two categories (grant and non-grant) has created an artificial hierarchy of expenditures and activities that can be misleading, in which non-grant elements are perceived as less legitimate. All expenditures, outside of the management cost and the fees, contribute to generating global environmental benefits and to the impact of the SGP.

40. Overall, available data show that management costs have remained relatively stable over the past several operational phases, and that programmatic costs have remained at 25 per cent of the total envelope, even as demand has grown for technical assistance, capacity development and knowledge-sharing. The evaluation also notes that the requirements placed on the SGP by the GEF Council—such as expansion to new countries, refinement of monitoring and evaluation systems, creation of mechanisms for influencing policy and broader adoption, or adoption of new GEF-like programmatic approaches—have increased, while the funding envelope has not followed similar trends.

41. Based on the global survey and case studies, most small grant projects are rated within the satisfactory range for efficiency, but a number of improvements could be made in reducing transaction costs. First, at the global level, there is a need to submit multiple project identification forms for the global country programme, depending on the proportion of core and STAR funds allocated and mobilized. These must also be followed by multiple funding proposals. For operational phase 6, the SGP submitted four funding requests for the global country programme and also coordinated funding requests for at least 12 full-/medium-sized projects for the upgraded country programme. Many upgraded country programme projects have reported difficulties in managing the project cycle; they have experienced significant delays and interruptions in programme implementation and report difficulties in managing the requirements for planning, financial management, reporting or monitoring and evaluation. Despite these difficulties with project cycle management, analysis of available terminal evaluations showed that 100 per cent of the completed upgraded country programme projects were rated in the satisfactory range for efficiency.

42. The SGP has benefited from a long-term partnership with UNOPS that has remained stable for more than 25 years even as each of the SGP partners – UNDP, UNOPS, the GEF and SGP – have evolved. The fact that the majority of countries under the upgraded country programme have systematically elected UNOPS as an executing agency reflects their high regard for this arrangement. In operational phases 5 and 6, seven out of nine completed projects under the upgraded country programme executed by UNOPS were been rated in the satisfactory range for the quality of execution in the terminal evaluations. Four projects opted for execution by a non-governmental organization (NGO) upon upgrading (Brazil, India, Indonesia, the Philippines). In all four cases, the executing NGOs were known for their credibility and experience in the day-to-day management and implementation of project activities.

IV. Conclusions

43. **Conclusion 1. The SGP continues to be highly relevant to evolving environmental priorities at all levels.** This relevance is a result of the type of activities being implemented with SGP support, as well as the way in which activities are implemented. In addition, the combination of environmental, social and economic benefits contributes greatly to maintaining local relevance and boosting effectiveness. As a programme, the SGP has continuously adapted to the changing policy context.

44. **Conclusion 2. The SGP shows high levels of coherence with the GEF programmatic framework and UNDP mandate, and demonstrates that it is possible to maintain internal programmatic coherence across 126 countries.** There is consensus that the work of the SGP should continue to expand, though the means for such an expansion are not fully clear to everyone involved.

45. **Conclusion 3. Different stakeholders hold diverging and sometimes competing visions of the SGP, which has an impact on its overall governance, policies and future directions.** The lack of a unified vision leads to policy and operational ambiguities, particularly regarding the challenges involved in implementing the upgrading process, defining acceptable programmatic costs and adapting the rolling modality to the GEF context. Although attempts were made to revitalize the SGP vision, and despite its agility over the years, the overall direction has been adversely affected by leadership changes, operational considerations, fluctuations in the financial envelope and changing local circumstances.

46. **Conclusion 4. The disadvantages and risks of the upgrading process outweigh its short-term financial advantages.** Despite efforts by the Central Programme Management Team to inform country stakeholders upon upgrading, the potential disadvantages and risks of upgrading are not yet fully understood. There is a high risk of programming gaps, interruptions or even closure, which could lead to the loss of a unique GEF funding window that is dedicated to CSOs and small grants in developing countries. The decisive factor in adopting an upgrading policy in operational phase 5 was the inability (or unwillingness) of the GEF replenishment to provide

increased resources to the SGP that would align with requirements for expansion and programmatic development. In order to bring in more countries to the SGP and enable continuous membership increases, the upgrading process transfers the funding pressure from the corporate level to the individual countries' STAR allocations. Additionally, the upgrading policy and the related discourse have tended to be based on assumptions about the capacity of civil society and the ability of countries to generate global environmental benefits aligned with their upgraded status, which do not always materialize. Country stakeholders view the upgrading process in a less positive light as the possibility approaches.

47. **Conclusion 5. The SGP has been consistent in its delivery of environmental results at local, national and global levels and in generating economic and social benefits.** The evaluation found that the pace of achievement of environmental results is stable compared to the 2015 analysis of country-level results. The inclusiveness, demand-driven nature and innovativeness of the SGP all contribute to its effectiveness at the local level. Importantly, the SGP benefits from high levels of ownership, visibility and credibility—a form of social capital that can be both celebrated and built upon.

48. **Conclusion 6. The pace at which the SGP repackages its programming framework in response to changing programming trends is not effective, because it adds complexity and the impact of new programmatic frameworks is not always felt at the local level.** Changing programmatic frameworks too frequently dilutes the focus of the SGP without leading to improved results at the national level, and the plethora of programmatic options (strategic initiatives, focal area results, innovation programmes and Grantmaker Plus initiatives) is confusing. For many of these special initiatives to take root, many years would have to pass to see a trickle-down effect. At the moment, outside of the landscape/seascape approach and the Global Support Initiative for Indigenous Peoples and Community-Conserved Territories and Areas partnership, few other special SGP initiatives have had much uptake.

49. **Conclusion 7. As a unique mechanism that channels funds to CSOs, many of which are new to development work, the SGP promotes new ways of working that are flexible enough to adapt to local circumstances.** Because it is demand-driven and because it allows for controlled risk-taking by organizations which have little capacity or have been excluded for other reasons, the SGP is uniquely placed to act as a promoter of technical, institutional and social innovation. In many regards, the SGP has acted as the GEF 'CSO-focused (green) venture capital mechanism.' The development of different models for fostering broader adoption and sustainability could help to create even stronger incentives for such innovation. The experience of the SGP over the past decades can be leveraged as a unique mechanism for delivery of small grants, particularly at a time when many donors feel less confident about small grant mechanisms, and when the quest for operational efficiencies through large programmatic approaches leads to the exclusion of small local voices. This uniqueness could be leveraged on a bigger scale, within UNDP, the broader GEF partnership and beyond.

50. **Conclusion 8. The governance structure of the SGP is complex, and the upgrading process has complicated the lines of accountabilities even further.** Some of the strongest assets of the SGP are the national-level steering committee and coordinators, who act as engines for the programme's progress at local level. National steering committees and national coordinators have insufficient support to enable the SGP to tap into more of its current social capital and leverage additional partnerships at the national level to support broader adoption. This support would include a stronger partnership with UNDP national development programmes, which may be facilitated through more efficient knowledge-sharing across UNDP country offices and the SGP. At the global level, the relationship between UNDP, GEF, the Central Programme Management Team and UNOPS, as well as responsibilities and accountabilities among these key stakeholders, remain rather ambiguous.

51. **Conclusion 9. The improvements in efficiency at the global programme level have been weakened by challenges in upgrading countries.** There has been improved management of the project cycle for both the global programme and upgraded countries. However, these increases in efficiencies have trade-offs which are especially evident when a country transitions from a global

to an upgraded programme. In addition, the upgrading process has transferred a larger number of operational risks and transaction costs to developing countries, which have led to delays, suboptimal monitoring and evaluation, dissatisfaction with the operational challenges and sometimes, competition or conflicts related to priorities for resource allocation.

52. Conclusion 10. The improvements made to the overall monitoring and evaluation framework of the SGP have been significant, and more could be done to leverage the benefits of monitoring and evaluation in the future. The system has been enhanced by the adoption of a new strategy along with guidelines, indicators and a data monitoring system, and continued investment is important. Currently the monitoring and evaluation system does not provide sufficient granularity in the tracking of grants and grantees to support targeting of beneficiaries and to measure the capacity and maturity of CSOs. Monitoring and evaluation protocols and processes related to the global programme and upgraded country programmes, and the inherent complexities of the rolling modality, are not yet fully harmonized with GEF monitoring requirements.

53. Conclusion 11. The measurement of sustainability in the SGP is not sufficiently nuanced to capture the nature of the work. In the cases where the SGP is offering first proof-of-concept financing, or working with newly constituted organizations, sustainability expressed in the strict terms of continued outcomes is insufficient. If the success of the SGP is as much a factor of ‘what’ is done (e.g., environmental technologies) as of ‘how’ it is done (e.g., innovation, partnerships, inclusiveness), then sustainability in the SGP requires an additional layer related to its intangible benefits.

54. Conclusion 12. The nature of interventions supported by the SGP entails that the pathways to sustainability of results of individual grants require additional investment. Far from being a flaw in the design, this could be leveraged to design strategies for identifying promising initiatives and for incentivizing sustainability. For example, the social economy model may provide avenues for including a broader cross section of CSOs in the SGP while ensuring that initiatives remain financially viable after the initial grant is spent.

55. Conclusion 13. The innovativeness of the SGP lies in the way it works with local partners, more than in the technologies or approaches it promotes. In a large number of cases, it is the former that takes on the most significance in a country. By building trust, reducing the risk in testing innovations and fostering collaboration and dialogue, the SGP creates new conditions upon which the future of the sustainable development and conservation movement can take root. In many countries, that is the real innovation.

V. Recommendations

56. These recommendations repeat some that were made by the 2015 joint evaluation, but that have not yet been completed despite the commitments made in the management response. This evaluation reiterates their relevance and importance to the SGP today and in the future.

57. Recommendation 1 (to the GEF and UNDP). As recommended in the 2015 evaluation, the SGP should conduct a consultative process towards the formulation of an updated long-term vision for the SGP. This process should begin by taking stock of the past 25+ years of programming and should serve to inform future replenishment discussions. The process should be inclusive of upgraded countries, countries participating in the SGP global programme, GEF Council and UNDP, and the final vision should be adopted by the GEF Council/Assembly. The purpose would be to ensure that the vision, mission and mandate of the SGP are clear and consensual, and serve as a guiding framework for policy decisions through future GEF periods.

58. Recommendation 2 (to the GEF). In developing the implementation arrangements for SGP, the GEF secretariat, in collaboration with UNDP, should provide the Council and the next replenishment with a detailed analysis of the impacts of a shrinking funding envelope on the operations of the SGP, the pressures placed on STAR allocations, demands to add new countries to the global programme without concomitant growth in core funding, and the risk

of losing the goodwill and social capital the SGP brings to the GEF as a whole. Going forward, the level of resources provided to the SGP must be considered in proportion with the requirements for expansion and ‘universal access’, and the upgrading policy could be designed so as to maximize benefits rather than primarily as a means for creating ‘fiscal space’.

59. Recommendation 3 (to the GEF and UNDP). The SGP should reconsider whether it needs a continued upgrading policy. If upgrading is maintained, the SGP should rethink the means for its implementation in order to reduce the risks borne by countries and CSOs. This applies to all stakeholders involved in policymaking for the SGP. This would include a revision of the upgrading criteria, as recommended in the 2015 evaluation, as well as implementation arrangements and operational modalities. The two cycles of upgrading have brought to light significant challenges that need to be taken into consideration if and when continuing to upgrade countries. The revised policy should be focused on CSO capacity and potential for global environmental benefits; consider the effects of upgrading on transaction costs, operational considerations and risks in all fiscal contexts; and also consider the risks in having small community initiatives go unfunded. To conserve the high levels of efficiency when transitioning from global programme to upgraded status, assumptions about civil society capacity and the CSO-government relationship need to be examined on a case-by-case basis.

60. Recommendation 4 (to the Central Programme Management Team). The ways that SGP interventions are packaged, such as strategic initiatives, focal area results, innovation programmes and Grantmakers Plus initiatives, should be simplified. A small number of thematic frameworks (e.g., landscape/seascape approach) may be adopted to steer or shape programming, incentivize innovation or address urgent and emerging issues, but the pace of change should be slow enough to allow for local adoption and internalization by local communities.

61. Recommendation 5 (to the SGP Global Steering Committee and the Central Programme Management Team). As recommended in the 2015 joint evaluation, the SGP should review and re-energize its governance at the global and national levels. This will help to avoid misunderstandings and strengthen the relationship, through revised terms of reference, improved communication, agreed operational language or more frequent meetings. At the national level, the terms of reference of the national steering committee should be reviewed with emphasis on building synergies with the national UNDP programmes and creating spaces for new committee members that could help in increasing the broader adoption of SGP small grant projects (such as including members with expertise in building business models or inclusion of private sector representatives).

62. Recommendation 6 (to the Central Programme Management Team). The SGP should test new ways to track and aggregate the intangible results generated by countries benefiting from SGP inputs such as the benefits received from its capacity-building activities, monitoring and evaluation, communications and knowledge management. There should be a systematic process in which the global programme countries benefit from the experiences of the upgraded countries and vice versa. At the country level, the SGP should be able to track the evolution of the grantees they support and the broader adoption of activities that have been implemented, to maximize the space for innovation and support the evolution of its grantees. The team should continue to ensure that adequate knowledge management strategies are in place with related capacity to implement these strategies, so as to allow the maximization of broader adoption opportunities stemming from SGP initiatives.

63. Recommendation 7 (to the Central Programme Management Team, UNDP and the GEF). The approach to and measurement of sustainability in the SGP should be improved to capture the tangible and intangible benefits of the programme. A first layer of sustainability could be measured at the level of small grant projects, while another could be measured at the level of grantees. A measure of sustainability in this context may be whether the organizations continue to operate in the environmental space after the SGP grant is concluded. A scale of CSO capacity could be devised that would allow for long-term tracking of SGP grantees and their progression along the development continuum, especially for those who receive repeat funding or whose activities are replicated or upscaled through new initiatives.

64. Recommendation 8 (to the Central Programme Management Team). The team should create operational mechanisms to improve and incentivize innovation and business-oriented approaches in country programmes. These mechanisms would maximize the potential for environmental benefits and social inclusion while creating opportunities for long-term viability of SGP small grants. The social economy model provides a useful avenue for the SGP to expand to new beneficiaries and to optimize the sustainability of its results. Enhanced and more systematic synergies between UNDP and the SGP at the country level could facilitate this process. Examples include priority selection of innovative project ideas, varied scales of financing for business-oriented initiatives and the broader adoption of SGP small grant projects into UNDP programming.

65. Recommendation 9 (to the GEF). The GEF secretariat should apply the explicit, accepted accounting standards that are applied to the rest of the GEF portfolio when assessing SGP management costs. The appropriateness of the level of management expenditures should be a factor of the level of management activities that are required. Programmatic activities related to CSO capacity-building, monitoring, knowledge, technical assistance and communication should not be considered part of the management costs even if they are expenditures incurred by UNDP and UNOPS in their respective capacities as implementing agency and executing agency. Further discussion on this matter between the GEF and UNDP should take place on the basis of clarification as to the future vision of the SGP. The next GEF replenishment may wish to consider setting benchmarks for programmatic costs in relation to the demands placed on and resources provided to the SGP.
