

54th GEF Council Meeting
June 24 – 26, 2018
Da Nang, Vietnam

Agenda Item 18

**GEF SMALL GRANTS PROGRAMME:
IMPLEMENTATION ARRANGEMENTS FOR GEF-7**

Recommended Council Decision

The Council, having reviewed document GEF/C.54/05/Rev.01, *GEF Small Grants Programme: Implementation Arrangements for GEF-7*, takes note of the implementation arrangements and approves the proposed financing structure for the GEF-7 Small Grants Programme (SGP).

The Council requests the Secretariat and UNDP, in collaboration with relevant stakeholders, to keep under review the criteria for eligibility to core funds, and to propose any changes for Council consideration with a view to ensuring an equitable deployment of SGP support over time.

In addition, the Council requests UNDP, in consultation with the Secretariat, to prepare a paper for Council information at its 55th meeting in the Fall of 2018, describing:

- (a) the approach and the criteria for the retained allocation of core funds to countries; and
- (b) the results framework for the GEF-7 SGP and associated targets for global environmental benefits, aligned with the overall GEF-7 results architecture.

ABBREVIATIONS

CBO	community-based organization
COMDEKS Initiative	Community Development and Knowledge Management for the <i>Satoyama</i>
CPMT	Central Programme Management Team
CPS	Country Programme Strategy
CSO	Civil Society Organization
FSP	Full-Sized Project
GEF	Global Environment Facility
IEO	Independent Evaluation Office
LDC	Least Developed Countries
M&E	monitoring and evaluation
NGO	non-governmental organization
NSC	National Steering Committee
RAF	Resource Allocation Framework
SIDS	Small Island Developing State
SPG	GEF Small Grants Programme
STAR	System for Transparent Allocation of Resources
UCP	Upgraded Country Programme

EXECUTIVE SUMMARY

1. This document presents an update of the Small Grants Programme (SGP) of the Global Environment Facility (GEF), laying out its strategic and operational directions under the seventh phase of the GEF Replenishment (GEF-7). It also identifies key implementation arrangements for the overall operation of the Programme, as well as the continuation of Upgraded SGP Country Programmes in GEF-7. Marking the 25th anniversary of the SGP, this paper also provides the Programme's revised vision and strategy moving forward.
2. This paper addresses the conclusions and recommendations of the Joint Evaluation of the Small Grants Programme, carried out by the Independent Evaluation Office of the GEF and that of the United Nations Development Programme in 2015 and the Sixth Comprehensive Review of the GEF (OPS6). It takes into account the evaluations of indigenous peoples, civil society, and gender equality, all of which highlighted SGP as the key mechanism of the GEF—in terms of issues relating to the global environment—to engage with civil society organizations (CSO) and local communities, as well as to promote social inclusion.
3. The Replenishment negotiations for GEF-7 which concluded in April 2018, demonstrated the continued support for the SGP, through the commitment to funding the next phase of the Programme. This support recognizes the value of the Programme in contributing to the overall mission of the GEF to safeguard the global environment.
4. Under GEF-7, the SGP will focus more on promoting and supporting innovative and scalable initiatives at the local level to tackle global environmental issues in priority landscapes and seascapes. It will support projects that serve as incubators of innovation, potentially broadening the replication of best practice approaches through larger projects that are supported by the GEF and/or other partners. In this context, the SGP will strengthen its partnerships as a multistakeholder platform that is led by CSOs working closely with the private sector and government. SGP grantees and partners will act as an effective and essential force to mobilize civil society for systemic change from the bottom up with the aim of promoting environmentally sound and sustainable development at the national, regional, and global levels.
5. Under GEF-7, the SGP will grant priority to the following strategic initiatives to promote integrated approaches to key global environmental issues, as well as complement the Focal Area and proposed Impact Programs at the community level: (a) Sustainable Agriculture and Fisheries; (b) Low-Carbon Energy Access Benefits; (c) Community-Based Threatened Ecosystems and Species Conservation: Land and Water; (d) Local to Global Coalitions in Chemicals and Waste Management; and (e) Catalyzing Sustainable Urban Development.
6. The SGP Country Programme Strategy will prioritize critical landscapes and seascapes to focus on globally recognized ecosystems (including Key Biodiversity Areas) that are significant. It will continue to seek synergies; implement multisectoral approaches by involving communities at the landscape and seascape levels; and facilitate the innovative actions of

communities and knowledge sharing to manage effectively the complex mosaic landscapes/seascapes.

7. The SGP will finance strategic services to CSOs and community organizations to enhance their institutional, technical, and financial capacities. These include such initiatives as accessing technical and financial resources at the regional and national levels and developing partnerships for the building and scaling up of knowledge and learning platforms.

8. The GEF-7 Small Grants Programme (SGP) is financed from the following sources: (a) a global resource allocation agreed by the Participants to the seventh replenishment of the GEF Trust Fund (GEF-7) (“core funds”); (b) countries’ allocations under the System for Transparent Allocation of Resources (STAR); and (c) co-financing from sources other than the GEF, consistent with the Co-Financing Policy.

9. Core funds are used to support the SGP Global Programme, including Country Programmes in interested and eligible GEF recipient countries. Core funds also cover global coordination, monitoring and evaluation, and knowledge sharing activities. In GEF-7, countries are eligible for core funds if, as of July 1, 2018, (a) they are least developed countries (LDC) or small island developing states (SIDS), (b) they have not had an SGP Country Programme in operation for 15 years or longer, (c) their cumulative SGP grants amount to less than US\$6 million, or (d) their GEF-7 STAR country allocation does not exceed US\$10 million. Other countries (“upgraded countries”) may participate in the GEF-7 SGP through Upgraded Country Programmes, provided that they have a STAR country allocation and that the Implementing Agency can determine that they: (a) commit to the approach and programming directions of the program; and (b) have a strong and mature civil society.

10. Eligible and interested GEF recipient countries that have a STAR country allocation may use such allocations to participate in the GEF-7 SGP Global Programme consistent with the rules applied in GEF-6.

11. It is proposed that the criteria for eligibility to core funds be kept under review with a view to ensuring an equitable deployment of SGP support over time; and that UNDP, in consultation with the Secretariat, elaborate further the criteria for the allocation of core funds to countries for Council information at its 55th meeting in the Fall of 2018.

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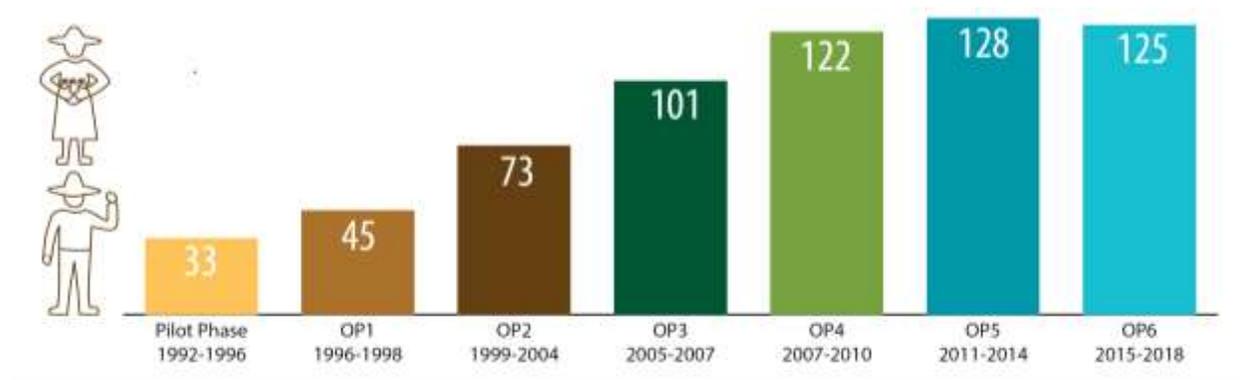
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BACKGROUND

1. Launched in 1992, the Small Grants Programme (SGP) of the Global Environment Facility (GEF), implemented by the United Nations Development Programme (UNDP) on behalf of the GEF Partnership, is a GEF Corporate Program that finances community-led initiatives to address global environmental and sustainable development issues. It is specifically designed to generate local action by empowering civil society organizations (CSO) and poor and vulnerable communities, including indigenous peoples and women.

2. The SGP remains one of GEF's most salient initiatives, supporting communities to implement effective and efficient projects that aim to achieve global environmental benefits while improving livelihoods and reducing poverty, as well as promoting gender equality and empowerment of women (GEF and UNDP, 2015). The SGP has a decentralized national-level delivery mechanism, responsible for the implementation of more than 21,600 projects in 125 countries, with a total of US\$542 million in grants. During the past 25 years, participating countries to the SGP have increased steadily from the initial 11 countries to a recent count of 125 (Figure 1). From the countries in the SGP, 69 are considered Least Developed Countries (LDCs) and Small Island Development States (SIDS), with several in post-conflict or crisis status.

Figure 1: Number of Participating Countries by Operational Phase (1992–2018)¹



3. The SGP funds small grants up to maximum of US\$50,000 although, in practice, the average grant amount is approximately US\$25,000. A strategic project window has been added for grantmaking to a limit of US\$150,000 to enable scale up; support initiatives that cover a larger number of communities within a critical landscape or seascape; and further develop the capacity of community-based organizations (CBOs) and CSOs. Small grants are available to local communities and CSOs, particularly the poor and vulnerable. Grants assist such communities in capacity building, enabling the program to undertake measured risks in piloting new methods and technologies and to innovate at the local level. Each SGP Country Programme has a volunteer multisectoral National Steering Committee (NSC) to ensure a country-driven

¹ Source: Small Grants Programme Database; SGP Annual Monitoring Reports

approach to SGP implementation, while integrating civil society leadership and capacity development in program management.

4. The Joint Evaluation of the SGP, carried out by the GEF and UNDP Independent Evaluation Offices in 2015 (hereafter, the 2015 Joint Evaluation), concludes that “the SGP continues to play a key role in promoting the GEF’s objectives”. It specifically noted that “the SGP supports projects that are relevant, effective and efficient in achieving global environmental benefits, while addressing issues of livelihoods, poverty, gender equality and women’s empowerment.” The evaluation also reported evidence of strong replication, scaling-up, sustainability, and mainstreaming of SGP activities.

5. The SGP also plays an essential role in meeting Multilateral Environmental Agreement (MEA) objectives, served by the GEF as a financial mechanism. The Conference of the Parties to the Convention on Biological Diversity, in particular, has provided specific guidance to the SGP in further strengthening and expanding its support to local communities in developing countries, including LDCs and SIDS. In each participating country, the SGP facilitates close linkages and synergies with MEA-related policies and strategies, such as National Biodiversity Strategies and Action Plans, National Action Plans, Nationally Determined Contributions, among others. The SGP’s strategic significance and relevance is further recognized, particularly in terms of adopting the Sustainable Development Goals and acknowledging socially inclusive sustainable development.

HIGHLIGHTS AND ACHIEVEMENTS OF GEF-6 IMPLEMENTATION

6. Under GEF-6, the SGP introduced a three-pronged strategic approach to (i) focus its work on globally recognized critical ecosystems; (ii) establish innovative institutional and financial support mechanisms to expand the value and impact of projects, nationally and globally; and (iii) systematically develop the capacity of local and national civil society stakeholders as a key factor for environmental sustainability.

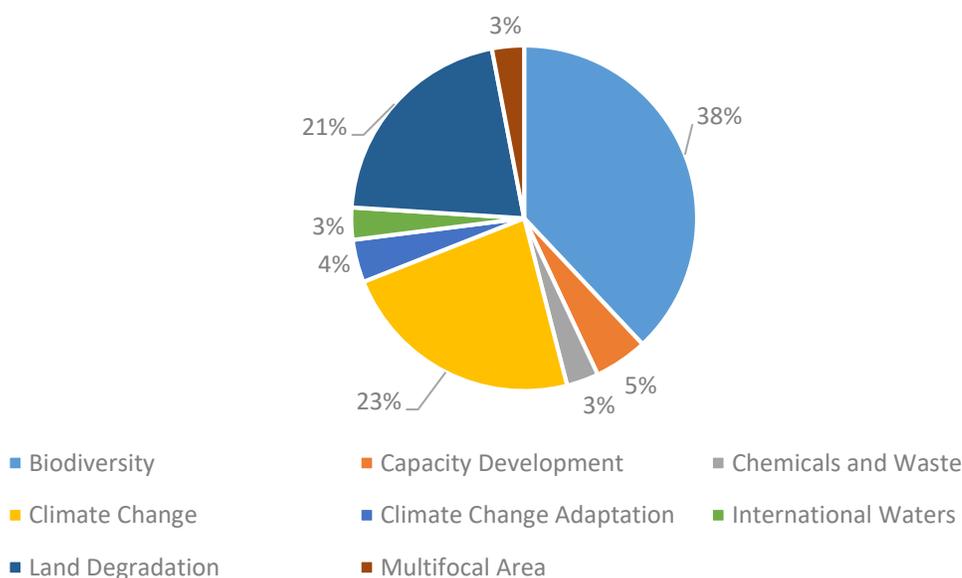
7. The SGP adopted a new landscape and seascape approach to cluster its project interventions into priority landscapes and seascapes, as well as carry out an integrated approach to its investments by introducing four strategic initiatives to serve as multiple focal area platforms. These include community landscape and seascape conservation, climate-smart innovative agro-ecology, low-carbon energy access co-benefits, and local to global chemical and waste management coalitions. It also promoted strategic investments at the country level by developing and implementing a Country Programme Strategy (CPS) in each of the participating countries, resulting from wide consultations with stakeholders, with the aim of identifying priority landscapes/seascapes and opportunities for SGP intervention in alignment with national priorities and relevant programs. A total of 104 Country Programme Strategies were approved and are now under implementation.

8. The SGP’s country coverage is wide, represented by 125 participating countries. Among these, 69 countries are LDCs and SIDS, responsible for approximately 53 percent of the total grants. No additional countries joined the SGP under GEF-6, despite expressed interest by some

countries in opening a programme. In order to ensure an equitable deployment of SGP support over time, including in countries that have not yet developed a Country Programme, this document introduces further adjustments in terms of the financing structure (see paragraphs 59–72), and proposes that these features be kept under review going forward. In addition, it proposed that UNDP, in consultation with the Secretariat, elaborate further the criteria for the allocation of core funds.

9. Figure 2 shows the SGP portfolio distribution by GEF Focal Area. Projects related to climate change adaptation were also supported, with particular focus on SIDS through the cofinancing of resources provided by the Government of Australia.

Figure 2: Portfolio Distribution by Focal Area²



Global Environmental Benefits

10. SGP projects are designed to produce global and local environmental benefits through a bottom-up and community-based approach. The 2015 Joint Evaluation concluded that: “With respect to results, evidence collected in the countries ... indicates that SGP grants continue to support projects that have high levels of success in securing global environmental benefits in both mature and newer program countries... The SGP results are nevertheless impressive, given the high number of small scale projects, the emphasis on innovation and piloting, the wide

² Source: Small Grants Programme Database; SGP Annual Monitoring Reports

variety of intended outcomes and the wide range of competencies of local project managers “(GEF and UNDP, 2015: page 5).

11. During GEF-6, SGP achieved significant global environmental benefits through its 3,182 projects, all of which were completed during the period. Below are a sample of the aggregated results and achievements:³

- (a) **Biodiversity:** Positively influenced the sustainability of 1,388 protected areas and Indigenous and Community Conserved Areas, covering approximately 25 million hectares.
- (b) **Climate Change Mitigation:** The SGP portfolio targeted the application of low-carbon technologies, with 43 percent of the portfolio concentrated on renewable energy, 27 percent on energy efficiency solutions, and 24 percent on conservation and the enhancement of carbon stocks. These projects have supported 23,907 households in efforts to achieve energy access co-benefits, including increased income, health benefits and improved environmental services.
- (c) **Land Degradation:** One and a half million hectares of land were brought under improved management practices, including forests, agricultural land, and water courses. Furthermore, 818,006 community members were able to improve agricultural land and forest management practices; 144,302 were able to upgrade their actions and practices to reduce the negative impacts on land use; and 1,009 farmer organizations and networks disseminated enhanced climate-smart agro-ecological practices.
- (d) **International Waters:** The prevention of 55,015 tons of land-based pollution from entering water bodies has been achieved. This includes solid waste, sewage, waste water, and agricultural waste, as well as waste subject to open burning.
- (e) **Chemicals and Waste Management:** Ninety-two tons of pesticides have been appropriately disposed of. Support also has established and strengthened 23 national coalitions and networks on chemicals and waste management during the last year.
- (f) **Capacity Development:** The SGP has strengthened the capacities of 2,918 CSOs and 1,912 CBOs, comprising over 82,000 people, to address challenges.

Grantmaker Plus: Results

12. Under GEF-6, the SGP employed a strategy to expand its role beyond that of grantmaking. Grantmaker Plus enhances the overall effectiveness of the GEF-6 portfolio by

³ These are aggregated results from 2014–2017, based on SGP Annual Monitoring Reporting by participating countries. Results from the last GEF-6 year, 2017–2018, will be compiled, analyzed, and presented in Fall 2018.

engaging in knowledge platforms, policy dialogues, and social inclusion. During the GEF-6 period, Grantmaker Plus initiatives have yielded the following key results:

- (a) **Knowledge Sharing and Capacity Development:** SGP supported peer-to-peer exchanges; training sessions on varied themes relating to global environment and project management; strengthened grantee networks; connected grantees with enabling NGOs; and connected grantees with government extension services. In addition, SGP supported the knowledge flow and technology transfer among countries and regions in the South by facilitating South-South exchanges each year.
- (b) **CSO-Government Dialogue:** SGP policy dialogue platforms have leveraged existing and potential partnerships, as well as built trust and fostered joint working relationships between civil society and government partners on national policies, strategies, and development plans. During 2016–17, 170 such dialogue platforms were initiated, involving 5,595 CSO/CBO-represented dialogues relating to policy and development planning.
- (c) **Social Inclusion:** The SGP continues to support and increase integration of marginalized groups into social inclusion, including women, indigenous peoples, youth, and people with disabilities. The improvement of livelihoods remains a key strategy of the SGP, since the sustainable management of land, biodiversity, and other ecosystem resources directly affects the generation of global environmental benefits that contribute to the wellbeing of local communities.

Broader Adoption: Scale Up and Replication

13. Broader adoption of SGP project results and approaches, including their scale up, replication, and mainstreaming continued to be a core objective of GEF-6 SGP programming. Under GEF-6, 469 completed projects were reported to have been replicated or scaled up through CSOs/CBOs and governments, and 287 projects had influenced policy, representing an average of 15 percent and 9 percent, respectively, of annually closed portfolio. The Sixth Comprehensive Evaluation of the GEF (OPS6), conducted by the GEF Independent Evaluation Office (IEO) also highlighted the upscale and replication impacts of the SGP.

Partnership Development

14. The SGP pursues a partnership approach, with strategic collaboration and cofinancing arrangements with a range of different actors, enabling the program to influence and support emerging areas of work. These partnerships and cofinancing arrangements include the Small Island Developing States Community-Based Adaptation Programme, supported by the Government of Australia; Community Development and Knowledge Management for the *Satoyama* Initiative (COMDEKS) under the Secretariat of the Convention on Biological Diversity, Government of Japan, and the United Nations University Institute for the Advanced Study of Sustainability; a Community-Based REDD+ partnership with the Government of Norway, under the UN-REDD Programme; the EU-NGOs Project, Strengthening Environmental Governance by

Building the Capacity of Non-Government Organization, funded by the European Union; and the Global Support Initiative for Indigenous Peoples and Community-Conserved Territories and Areas, funded by the Government of Germany.

GEF-7 STRATEGIC DIRECTION

15. The strategic direction of the SGP under GEF-7 has been presented and finalized as part of the documentation for the replenishment negotiations. For further elaboration, this section of the paper offers additional information on the approaches and strategic initiatives of the SGP under GEF-7. Building on its past successes and experiences, and based on broad consultations with stakeholders, including CSOs, governments, Convention focal points, and the private sector, the SGP will place greater emphasis on promoting strategic and results-based investments at the local level, in alignment with GEF-7 Focal Area Strategies and Impact Programs.

16. SGP financed projects will give more attention to the promotion and support of innovative and scalable initiatives at the local level to address global environment issues in priority landscapes and seascapes. It also will support those projects that could serve as incubators of innovation, with the potential for broader replication of successful approaches through larger projects supported by the GEF and/or other partners. In this context, the SGP will strengthen its partnership approach as a CSO-led multistakeholder platform by working closely with the private sector and with governments.

GEF-7 Key Approaches

17. The SGP will adopt and strengthen the following approaches to increase the effectiveness of program implementation under GEF-7:

(a) Empowering local communities

18. The SGP will increasingly strengthen social inclusion by effectively reaching out to local communities with a focus on women, indigenous peoples, youth, and persons with disabilities. A majority of the grants is provided directly to the beneficiaries while, at the same time, supporting those CSOs that act as facilitators and intermediaries. Communities targeted by SGP are often the poorest and most vulnerable; they typically have low levels of personal and institutional capacity to adequately address global environmental problems.

(b) Targeting support to LDCs and SIDS

19. Under GEF-7, the SGP will further strengthen its support to LDCs and SIDS by providing (i) priority access to funding and support; (ii) capacity development and training; and (iii) learning, sharing, and networking. Approaches and tools promoted through SGP projects are considered particularly relevant to LDCs and SIDS, where the capacity of CSOs and local communities remains limited. The SGP is currently operational in 69 LDCs and SIDS that are eligible for GEF funding.

(c) Supporting community innovation on emerging issues

20. The SGP seeks to maximize local knowledge and capacity by providing greater flexibility and enhancing project adaptability. Communities are thus empowered to seek solutions and make decisions through SGP project support. Such a demand-driven approach, combined with flexibility, accessibility, and risk taking constitute the SGP as an incubator of innovation. To encourage Country Programmes and communities to adopt innovative solutions, the SGP proposes to launch several programs under GEF-7 to identify and support emerging new themes under its strategic initiatives.

21. The SGP will combine its usual country-driven approach in terms of project identification and selection, with greater global strategic guidance, capacity development, and knowledge sharing on emerging issues. By closely coordinating with other GEF programs and projects, the SGP plans initially to support various emerging issues, such as community-based, artisanal, small-scale gold mining and mercury management; sustainable dryland management in the Sahel; community-based conservation of big cats; and women and eco-entrepreneurship.

(d) Promoting partnerships and broader adoption: scaling up and replication results

22. Building on its mission, *Local Actions, Global Impact*, the SGP provides a network of local ideas and approaches that contribute to and influence policies and strategies at all levels. Adoption of successful initiatives will continue to increase through the SGP's CSO-Government-Private Sector Dialogue Platform and its Global Knowledge Platform (e.g., South-South cooperation, digital library, knowledge fairs), as well as by the creation of spaces for CSOs/CBOs to engage in policy and program development at the national and subnational levels. The SGP also will seek active partnership with relevant institutions to leverage resources and scale up its initiatives for more wide-reaching results and impacts.

(e) Serving as a dependable global community-based grant mechanism and platform for the environment

23. The SGP aims to strengthen its partnership and synergies with organizations and initiatives to effectively benefit CSOs and local communities at the global, regional, and local levels. The SGP also will liaise closely with the GEF Secretariat and GEF agencies on relevant programs and projects, including its Impact Programs and Programmatic Approaches, as well as Full-sized and Medium-sized projects, particularly in relation to community issues.

GEF-7 Strategic Initiatives

24. In alignment with overall GEF-7 programming, the SGP strategy will include the adoption and strengthening of its landscapes and seascapes approach and concentrate programming on globally recognized important ecosystems in addition to Key Biodiversity Areas. The SGP will seek participation in further conceptualizing Impact Programs and relevant focal area programs and projects, at the same time welcoming local community perspectives.

25. Country Programmes may focus on only one or a few of the following five strategic initiatives to further sharpen the scope of SGP grantmaking and to achieve greater strategic impact. This will depend on the priorities at the country and stakeholder levels of the updated SGP Country Programme Strategy under GEF-7.

(a) Sustainable agriculture and fisheries, and food security

26. The SGP will implement its initiatives on sustainable agriculture, fisheries, and food security in close alignment with related GEF-7 focal area strategies and Impact Programs. Focus will be placed on working with local farmers and fishers to promote and shift practices to sustainable agricultural and fisheries production. Initiatives also will contribute to increased ecological connectivity, reduced carbon emission, reduced forest fragmentation, and improved management of biodiversity at the landscape level. The initiative also aims to promote diversification and improve livelihoods through water harvesting; post-harvest management; business skills development to empower communities to better manage their natural resources, thus leading the way toward global environment benefits. This SGP strategic initiative will seek to coordinate and provide community-level inputs to the Impact Program on Food, Land Use, and Restoration, particularly with regard to drylands as noted in the proposed GEF-7 Programming Directions and Policy Agenda.

(b) Low-carbon energy access co-benefits

27. The SGP will center on market-based energy efficiency and renewable energy solutions to sustainably assist in meeting increasing energy demands. The SGP's approach under this initiative aims to provide access to affordable modern energy services, as well as access to finance for small- and medium-size enterprises—essential for promoting renewable energy and energy efficient development—while safeguarding environmental and social benefits. The Programme also aims to provide bottom-up, inexpensive, and innovative energy solutions to reduce the carbon footprint.

(c) Community-based conservation of threatened ecosystems and species

28. SGP grants for biodiversity and natural resources will concentrate on conservation and sustainable use. With the active involvement of communities (e.g., Indigenous Peoples and Community Conserved Areas and Territories, as well as private protected areas), this will relate to such issues as the management of protected areas and corridors, integrated river-basin management, and large marine ecosystems, in addition to the mainstreaming of biodiversity in key production sectors (e.g., agriculture, forestry, fisheries, and infrastructure). Moreover, the program will address human-wildlife conflict by implementing innovative solutions at the local level in relevant countries. Approaches will be implemented and closely aligned with relevant GEF-7 focal area strategies and Impact Programs.

(d) Local to global coalitions for chemicals and waste management

29. The SGP will support communities in the forefront of threats from chemicals and waste, either as users or as consumers. Innovative, affordable, and practical solutions to chemicals and waste management will be supported in collaboration with partners including government agencies, research institutions, international development agencies, and the private sector. The Programme aims to establish systems of local producer and/or product certification as an initial step toward expanding to producer-consumer agreements and policy change at the subnational and national levels. Under GEF-7, the SGP will consolidate its work, especially in the areas of pesticide management, waste management, and mercury, and work with partners to promote local to global coalitions and networks to effectively bring about local knowledge and experiences to policy dialogue and vice versa. The SGP will build on its success, under GEF-6, of its community-level, artisanal, and small-scale gold mining project in the effort to reduce/eliminate the use of mercury, and it will coordinate with GEF programs to increase project replication and scale up.

(e) Catalyzing sustainable urban solutions

30. In close coordination with the Impact Program on Sustainable Cities, the SGP will pilot activities targeting vulnerable people and communities in the urban context. During rapid urbanization, the traditional connections, linkages, and networks of local communities are often disrupted and lost, making the governance of urban environments more challenging. The SGP promotes an integrated management approach to address the challenges faced by people migrating as a result of this transition. Under GEF-7, the SGP will build on best practices by taking into account poor urban communities (including refugees, orphans, the internally displaced, and the urban poor) in terms of energy efficiency and renewable energy with interventions that are aligned with national and city plans, in close partnership with the private sector.

(f) Beyond grantmaking: Grantmakers Plus Initiatives

31. The SGP's role goes far beyond grantmaking at the country level. SGP plays a crucial role in providing strategic services to CSOs and CBOs in 125 countries by enhancing their institutional, technical, and financial capacities; developing platforms and networks; assisting communities and local CSOs to develop relevant proposals; and expanding partnerships and resource mobilization for scaling up. Through the Grantmakers Plus initiative, the SGP will promote an enabling environment to scale up the impacts of SGP Strategic Initiatives, nationally and globally, through networking and knowledge exchange. In this way, what begins at the local level eventually will reach global-level discourse and action, hence paving the way for the SGP to contribute more fully to global environmental benefits and to systemic and transformational change to safeguard the global environment. The Grantmakers Plus includes the following three initiatives:

a. Dialogue platforms for civil society organizations, government, and the private sector

32. In many countries, the SGP acts as a convener for dialogue between civil society, government, and the private sector on key environmental issues that contribute to good governance and transparent decision making. Under GEF-7, the SGP will expand its innovative CSO-Government Dialogue Platform toward greater engagement of the private sector to leverage its potential to invest and support sustainability at the local level, including businesses relating to tourism, agriculture, forest and other relevant sectors. These platforms will provide opportunities to discuss possible shifts in relevant policies and practices to promote sustainability.

b. Enhancing social inclusion

33. The SGP is well recognized for its approach to promote social inclusion and equity by working and engaging with women, youth, indigenous peoples, and persons with disabilities. Under GEF-7, it will continue to champion and advocate for the involvement and active participation of vulnerable groups as key stakeholders for environmental action and advocacy.

34. SGP Country Programmes will actively support actions to promote the role of women in project implementation, particularly relating to gender equality and women's empowerment, relevant to the local context. This will be in line with the recently approved GEF Policy on Gender Equality.

35. Regarding indigenous peoples, the SGP will closely coordinate with relevant GEF programs to enhance and strengthen the organizational capacity and leadership of indigenous peoples on global environmental issues. The Programme will build upon and expand the GEF Indigenous Peoples' Fellowship Program, designed to support the capacity of emerging indigenous peoples' leaders at the national and global levels.

36. To increase the resilience of communities, it is also necessary to ensure that persons with disabilities are part of decision-making processes in determining how their communities should prepare and respond. Under GEF-7, the work relating to persons with disabilities will incorporate a twin-track approach to not only accommodate particular functional needs but also to mainstream disability inclusion.

c. Citizen-based global knowledge platforms

37. Under GEF-7, the SGP will expand and promote knowledge and innovation through its knowledge platforms, the Digital Library of Community Innovations and the South-South Community Innovation and Exchange Initiative. The digital library is an effort to document and curate the innovative solutions developed by indigenous peoples and local communities relating to environment and sustainable development challenges. The South-South Community Innovation and Exchange initiative will continue to support knowledge transfer and exchange across countries and regions, encouraging replication of good practices supported by the portfolio. These initiatives produce high impact and scale up innovations and practices developed by SGP grantees, as well as other CSOs at the regional level.

Results-based management and evaluation

38. Under GEF-7, the SGP will revamp entirely its results-based management system as well as its monitoring and evaluation (M&E) strategy. The SGP will continue to build its capacity and system to support the measurement of environmental and socioeconomic results, providing evidence-based and results-based management. Building on the recommendations of the 2015 Joint Evaluation, efforts are being made to improve existing M&E and to design more streamlined and community-based M&E tools and activities that balance the need and capacity of local communities in monitoring project activities. An actionable M&E system is envisioned by (i) strengthening tracking progress and assessing change; (ii) informing evidence-based strategies across technical and Grantmaker Plus initiative pillars, and (iii) contributing to thought leadership by providing insight on what works and why in communities served by GEF, thereby generating evidential bases for innovation, scale up, replication, and policy influence of SGP interventions.

UPGRADED COUNTRY PROGRAMMES

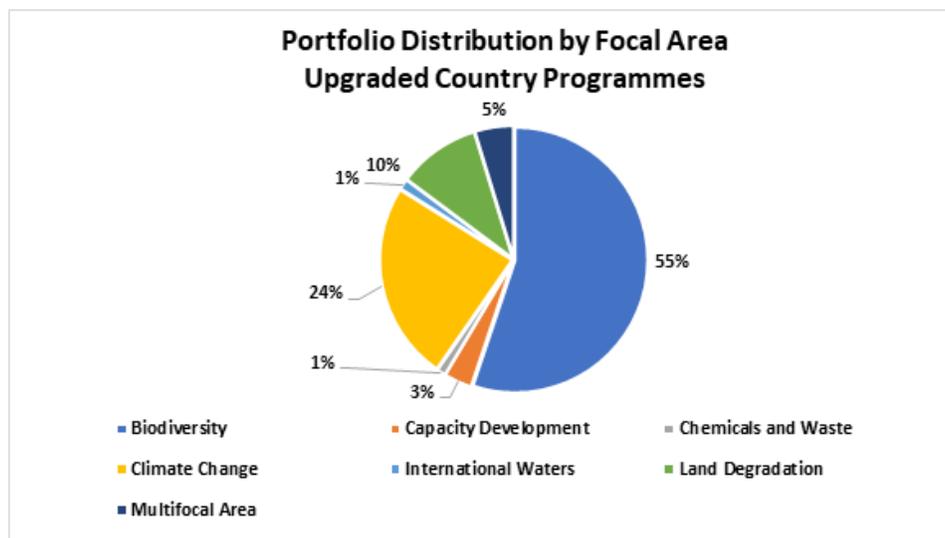
39. The term “upgrading” refers to the transition of the longest standing and most mature of SGP Country Programmes to a new funding regime that will enable more budgetary control by Country Programmes and the opportunity to raise increased funding on their own.

40. Upgrading became operational under GEF-5, with the following objectives: (i) to enable the SGP to continue to expand and serve low-income nations without concomitant growth in core funding; (ii) to make better use of the capacities of mature Country Programmes to enrich the younger, less experienced ones; and (iii) to enable mature Country Programmes to access greater financial resources and exercise more programmatic freedom in light of their greater internal capacity.

41. Together, the 15 Upgraded Country Programmes (UCP)⁴ represent a dynamic portfolio in which new strategies are being implemented to build socially and ecologically resilient landscapes by supporting CSOs and CBOs, while building on the strong foundation of mature SGP Country Programmes. Figure 5 illustrates the UCP portfolio distribution by GEF focal area.

⁴ Bolivia, Brazil, Costa Rica, Ecuador, Egypt, India, Indonesia, Kazakhstan, Kenya, Mexico, Pakistan, Peru, the Philippines, Sri Lanka, and Thailand.

Figure 3. Global Environment Facility: Portfolio Distribution by Focal Area—Upgraded Country Programmes



Source: Small Grants Programme Database; SGP Annual Monitoring Reports.

42. While UCPs are supported with STAR financing through a standalone PIF, and they no longer receive SGP core funding, they are aligned with overall SGP Strategic Directions and operational modalities; they also share a unified approach to civil society engagement, branding, strategic initiatives, knowledge management, communication, and the centrality of community-driven project planning and implementation. UCPs are implemented following the same SGP Operational Guidelines. In line with GEF policy and upgrading criteria, they also record grant project information in the SGP database and contribute to the overall SGP annual monitoring report to generate a coherent global outlook on SGP progress and performance.

43. While GEF-5 was essentially an exploratory period for SGP UCPs, representing a programmatic continuation of previous phases, GEF-6 was marked by some significant shifts in concept and practice among UCPs, which will be further strengthened during GEF-7. These shifts in emphasis relate to the programmatic focus on the landscape approach; that is, toward effective management and governance and resilient landscapes; toward enhanced community consultation and participatory landscape planning (including the use of Resilience Indicators); and toward greater use of Strategic Projects to address systemic challenges.

44. Under GEF-7, UCPs will enhance further community consultation and participatory landscape planning and community-based M&E tools, including the use of Indicators of Resilience in Socio-Ecological Production Landscapes and Seascapes.⁵ A crucial element will be

⁵ The Resilience Indicator set was adopted by the Community Development and Knowledge Management for the *Satoyama* Initiative (COMDEKS) in 2012 as a central feature of its community consultation process. COMDEKS is a flagship effort of the *Satoyama* Initiative, framed around community efforts to build landscape resilience. It is implemented by the UNDP, in partnership with the Ministry of the Environment of Japan, the Secretariat of the

the attention to governance platforms that can facilitate management of the range of land uses in the target landscape in an integrated and multisectoral manner.

45. Under the integrated landscape approach, more systematic, purposeful innovation will be encouraged, whereby CBOs will be able to identify potential innovations (as projects) in relation to landscape outcomes, as well as consciously identify the indicators of success regarding the innovation. The experience will be evaluated by the CBO and the results presented to the community and disseminated through landscape networks and the SGP global network.

46. Connectivity and synergy among projects across the landscape also will be further promoted. One of the benefits of potentially greater budgetary resources is that UCPs will be able to make better use of the larger grant window, referred to as Strategic Projects (funding up to US\$150,000) to finance cross-cutting interventions that address broader barriers to landscape resilience and scale up some of the successful approaches. These projects can become primary tools to address market barriers; to upscale appropriate technologies or specific successful lines of work; to advance needed policy changes; or to provide capacity development services to improve grantee performance in a number of areas such as M&E. Given their experience with upscaling their local programs within the FSP modality in OP5 and OP6, UCPs are a premier resource for other FSPs to model effective upscaling strategies in GEF-7 Impact Programs.

47. Based on an assessment of execution modalities applied under GEF-5 and GEF-6, two execution options will be used under GEF-7: (i) execution by UNOPS in the absence of NGOs with sufficient execution capacities, thus providing an already familiar set of procedures and instruments to National Coordinators and UNDP Country Offices and guaranteeing a reasonable rate of project delivery without additional investment in time and resources; and (ii) execution by NGO(s), where practical and strategic conditions warrant its use and the proposed executing agency (NGO) fulfills criteria and standards relating to fiduciary and small grants management and respective reporting. In its role as GEF Implementing Agency, UNDP shall provide project cycle management services as defined by the GEF Council.

INSTITUTIONAL ARRANGEMENTS FOR SMALL GRANTS PROGRAMME

Global level

48. As a GEF Corporate Program, the SGP is guided by a Steering Committee. The Steering Committee was established in 2006 to provide overall strategic guidance to the SGP and improve engagement across GEF Agencies.

49. Following the recommendations from the 2015 Joint Evaluation, the Steering Committee was revitalized in 2016 and it has been meeting twice a year to provide overall

Convention on Biological Diversity, and the United Nations University Institute for the Advanced Study of Sustainability. It is delivered through the GEF SGP.

strategic guidance for and support of the GEF Small Grants Programme. The GEF SGP Steering Committee is chaired by the GEF Secretariat. Its members comprise representatives of the GEF Secretariat, UNDP, and the GEF CSO Network.

50. Given broad country presence, UNDP will continue to implement the SGP. The executing agency of the Programme will continue to be UNOPS, as has been the case since inception.

51. UNDP Country Offices, located in more than 170 countries also will play a key role in providing the necessary support at the country level. UNDP provides oversight functions of the program at the global and national levels. In particular, with UNDP's nearly universal presence in countries, its Country Offices have supported the start-up of SGP Country Programmes, recruitment of national coordinators, local supervisions, and resource mobilization.

52. Other GEF Agencies, particularly international NGOs, including Conservation International, International Union for Conservation of Nature, and World Wildlife Fund, have been involved closely with SGP operations in many countries. Representatives of international NGO country offices are frequently involved as NSC members. Local CSO partners of these GEF Agencies have been mobilized to apply for and access SGP grants. These GEF Agencies are often engaged in cofinancing SGP projects, knowledge sharing, and collaboration on related events and workshops at the country level.

53. Under GEF-7, the SGP will continue to proactively pursue collaboration with other GEF Agencies for relevant activities and events to enable mutual learning and knowledge exchange, as well as explore strategic partnerships at the global and country levels. There also is a potential of a SGP Country Programme to act as a community-based granting mechanism for GEF and non-GEF funded projects of GEF Agencies, as has taken place for several projects with UN Environment.

54. The SGP Central Programme Management Team (CPMT) at UNDP manages the SGP Global Programme, and has overall responsibility for monitoring and supervising Country Programme performance and for the technical and substantive quality of SGP country portfolios. CPMT develops global guidelines and standards in the development of SGP projects with the objective of ensuring quality, while also facilitating the design of proposals. CPMT also supervises SGP National Coordinators and facilitates the start-up of new Country Programmes. CPMT is supported by and coordinates the work of UNOPS, which provides execution services.

55. The Upgraded Country Programme portfolio of the SGP Country Programmes is managed by a UNDP-GEF Global Coordinator, who provides oversight by supporting and monitoring implementation and promoting the sharing of lessons learned and best practice among UCPs and between UCPs and the Global Programme.

Country level

56. The SGP NSC in each country is composed of government representatives and a majority of nongovernmental membership to reflect the program's mandated focus for CSO capacity

building. The NSC will provide overall country guidance and provide direct linkages to national policymaking, development planning, knowledge dissemination, and leveraging of SGP's catalytic role. The NSC is responsible for selecting and approving projects, and for ensuring their technical and substantive quality with support from a Technical Advisory Group. In addition, NSC members are expected to support the Country Programme in resource mobilization and in mainstreaming SGP lessons learned and successes in other national contexts. The primary functions of the SGP Country Programme Office and NSC are the identification, review, and approval of qualified grant proposals that support priorities.

57. The SGP Country Programme Office consists of a National Coordinator (and program assistant in most countries). Most SGP Country Programme Offices are hosted by the UNDP Country Office, providing required local supervision and oversight of the program. In a limited number of countries, a National Host Institution is selected among the national NGOs with necessary capacity.

58. The SGP Country Programme Strategy is developed in each country that guides the SGP operation within country, enabling strategic use of resources and articulating how the SGP supports national and GEF strategic priorities. SGP Country Programme Office is responsible for all aspects of SGP management in the country, in particular with the work of the NSC, while also facilitating global coherence in SGP implementation through its reporting links to the SGP CPMT.

FINANCING THE GEF-7 SMALL GRANTS PROGRAMME

59. Since GEF-4, the Small Grants Programme (SGP) has been financed from the following sources:

- (a) a global resource allocation agreed by the Participants to the replenishment of the GEF Trust Fund (hereafter: "core funds");
- (b) countries' allocations under the Resource Allocation Framework (RAF) in GEF-4 and the System for Transparent Allocation of Resources (STAR) since GEF-5; and
- (c) co-financing from sources other than the GEF, consistent with the Co-Financing Policy⁶.

60. In GEF-6, 110 countries benefited from SGP core funds in support of their Country Programmes. In addition, out of 15 upgraded countries, 12 had Upgraded Country Programmes. In total, the GEF-6 SGP was financed with US\$140 million in core funds, an additional US\$78 million in STAR country allocations (US\$38 million from countries under the Global Programme and US\$40 million from upgraded countries), as well as US\$252 million in co-financing.

⁶FI/PL/01, *Co-Financing Policy* (http://www.thegef.org/sites/default/files/documents/Co-financing_Policy-2014_0.pdf). An updated co-financing policy is presented for Council review and approval in document GEF/C.54/10. The updated policy, if approved, would not significantly change the co-financing requirements for the GEF-7 SGP.

61. Core funds under the GEF-6 SGP were not available to 15 upgraded countries that met the following criteria: (a) were not least developed countries or small island developing states; (b) had had an SGP Country Programme in operation for 15 years or longer; (c) had cumulative SGP grants exceeding US\$6 million; and (d) had a STAR country allocation exceeding US\$10 million.

62. Countries use of their GEF-6 STAR allocations was subject to the following restrictions: (a) countries that received core funds could use up to 10% of their STAR country allocations, and up to US\$2 if their allocations exceed US\$15 million; and (b) upgraded countries could use up to US\$5 million from their STAR country allocations.

63. Drawing on experience and lessons from previous phases, the GEF-7 SGP will follow the same basic financing structure.

Access to Core Funds

64. In GEF-7, core funds amounting to US\$128 million are used to support the SGP Global Programme, including Country Programmes in interested and eligible GEF recipient countries.

65. Consistent with the criteria applied in GEF-6 (Paragraph 61), countries are eligible for core funds if, as of July 1, 2018, they are

- (a) least developed countries (LDC) or small island developing states (SIDS);
- (b) they have had an SGP Country Programme in operation for less than 15 years;
- (c) their cumulative SGP grants amount to less than US\$6 million; or
- (d) their GEF-7 STAR country allocation does not exceed US\$10 million.

66. The GEF-7 SGP aims to allocate core funds to all eligible countries that express an interest in participating in the program and commit to the SGP approach and programming directions. Access to core funds is not guaranteed for all eligible countries, however.

67. For eligible and interested countries, use of STAR country allocations is not a prerequisite for access to core funds.

68. It is proposed that the criteria for eligibility to core funds be kept under review with a view to ensuring an equitable deployment of SGP support over time; and that UNDP, in consultation with the Secretariat, elaborate further the approach and criteria for the allocation of core funds to countries for Council information at its 55th meeting in the Fall of 2018.

Use of STAR Country Allocations

69. Eligible and interested GEF recipient countries that have a STAR country allocation may use such allocations to participate in the GEF-7 SGP. Countries that are not eligible for core

funds as described in Paragraph 65 above (“upgraded countries”), may use their STAR country allocations to participate in the GEF-7 SGP through Upgraded Country Programmes, provided that the Implementing Agency can determine that they: (a) commit to the approach and programming directions of the program; and (b) have a strong and mature civil society. Countries’ use of their STAR allocations for the SGP is subject to the same rules as applied in GEF-6 (see Paragraph 62 above).”

Co-Financing

70. The GEF-7 SGP is subject to the GEF’s Co-Financing Policy⁷. Accordingly, for projects and programs submitted for GEF financing under the GEF-7 SGP, the Implementing Agency is required to mobilize, document and report on expected and actual co-financing throughout the project cycle. The Secretariat does not impose minimum thresholds and/or specific sources or types of co-financing in its review of such projects and programs.

Eligible Activities

71. The GEF resources provided for the GEF-7 SGP cover GEF project financing, project preparation grants, and Agency fees, consistent with relevant GEF policies and guidelines. The Implementing Agency may set additional criteria for eligible activities, consistent with the agreed programming directions for the GEF-7 SGP.

⁷ Ibid.

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