

Joint Evaluation of the Small Grants Programme



Photo: Raúl Murguía

The Small Grants Programme (SGP) is a cost-effective instrument of the Global Environment Facility (GEF) that has helped beneficiary countries produce global environmental benefits while dealing with the livelihood needs of local populations.

The Evaluation Offices of the GEF and the United Nations Development Programme (UNDP) recently conducted a joint evaluation of the SGP which assessed the relevance of SGP results to the GEF and to country and environmental priorities, the effectiveness of the SGP in generating global environmental benefits, and the efficiency of the SGP in engaging community-based groups and nongovernmental organizations.

The evaluation contains ex post evaluation findings as well as an ex ante analysis of the SGP graduation policy. This analysis was requested by the GEF Council at its June 2007 meeting. The evaluation collected both qualitative and quantitative data through literature and desk reviews, country program case studies, a survey of sample projects, interviews with a wide variety of stakeholders, and an online survey.

Findings

The SGP has a slightly higher success rate in achieving global environmental benefits, and a significantly higher rate in sustaining them, than GEF medium- and full-size projects (MSPs and FSPs). In fact, 93 percent of the project grants from the most recent SGP operational phase (OP3) were rated in the satisfactory range in terms of overall outcome.

The SGP has contributed to numerous institutional reforms and policy changes in recipient countries to address global environmental issues. In all 22 country

case studies reviewed, the SGP has contributed to the formulation and/or implementation of policies by cultivating relationships with civil organizations; local, provincial, and national governments; academic institutions; other global organizations; and the private sector.

The SGP has contributed to direct global environmental benefits while addressing the livelihood needs of local populations. Evidence indicates that the SGP's environmental benefits, and/or contribution to processes likely to result in such benefits, are considerable, mainly in the biodiversity conservation and climate change focal areas.

The SGP has made significant progress in targeting its efforts to help the poor. While 55 percent of the projects in OP2 targeted the poor, 72 percent did so in OP3.

The SGP country programs, especially the older ones, are effective in promoting the GEF agenda. Of the 22 reviewed country programs, 13 were found to have substantially influenced national-level policies. Most (11) of these programs had started up before 1999.

All country programs reviewed reveal a variety of interactions with other GEF projects. The SGP interacts with MSPs and FSPs by supporting small projects that are aligned with the MSP/FSP objectives, supporting or contributing to the design and/or implementation of MSPs or FSPs, implementing a component of a GEF project, or generating outcomes that are subsequently scaled up by or mainstreamed into MSPs or FSPs.

SGP knowledge-sharing practices have been satisfactory. Knowledge generated within the SGP is shared across country programs through Internet-based forums, publications, field visits, and the SGP Web site as well as through national, regional, and global workshops.

Although monitoring and evaluation have improved significantly, there is room for further improvement.

Only 81 percent of project grants incorporate monitoring and evaluation activities in their design.

Automatic graduation of country programs older than eight years risks reducing the cost effectiveness of the overall GEF portfolio. The SGP automatic graduation policy will result in more than 40 countries leaving the SGP program by July 2010. While this policy allows for focusing on newer country programs and the establishment of programs in countries that have yet not been covered by the SGP, it also risks losing programs that are, generally speaking, more cost effective than the GEF FSP and MSP portfolio. Moreover, there is no guarantee that the initiatives undertaken by these programs will be otherwise continued or funded.

Average SGP management costs are lowest when country programs operate at around the \$1 million expenditure level. Analysis of SGP country program expenditure data for fiscal years 2006 and 2007 reveals maximum cost effectiveness with expenditures of between \$1.0 and \$1.1 million, controlling for countries for which absorptive capacity is a constraint. (The GEF fiscal year is from July 1 to June 30.) The recently implemented GEF annual country program contribution cap of \$600,000 means that 34 countries will lose the opportunity to operate at a level where grant making is most efficient with respect to management costs.

The current SGP management model has reached its limits and is not suitable for a new phase of growth.

Demands on SGP services have increased during OP3, the needs of country programs have become more differentiated, and the program's expansion has made consultation with SGP country programs more difficult. The number of countries in which the SGP operates (now at 101) has doubled since OP1, and the GEF Secretariat has requested increasing the number of country programs to 124 over the next few years.

Recommendations

- The level of management costs should be established on the basis of services rendered and cost efficiency rather than on the basis of an arbitrary percentage.
- A process to make SGP's central management system suitable for the new phase of growth and address the risks of growing complexity needs to begin.
- Country program oversight needs to be strengthened.
- Monitoring and evaluation needs further strengthening.
- The current criteria for access to SGP resources should be revised to maintain cost efficiency.
- The intended SGP country program graduation policy needs to be revised for GEF-5 (2010–14) to address the risks to GEF achievements and cost effectiveness, especially in small island developing states and less developed countries.

The GEF Evaluation Office is an independent entity reporting directly to the GEF Council, mandated to evaluate the focal area programs and priorities of the GEF.

The full version of the *Joint Evaluation of the Small Grants Programme* (Evaluation Report No. 39, 2008) is available in the Publications section of the GEF Evaluation Office Web site, www.gefeo.org. For more information, please contact the GEF Evaluation Office at gefevaluation@thegef.org.