**Report of the Steering Committee meeting of the**

**GEF Small Grants Programme (SGP)**

**15 December 2021**

On December 15, 2021, the Steering Committee of the GEF Small Grants Programme (SGP) met virtually with the objectives to:

1. Review and discuss the proposed increased ambition and key elements of the strategic directions of the SGP in GEF-8 and next steps
2. Recap of GEF’s/UNDP’s mgt responses to the SGP Joint Evaluation and discussion on proposed related recalibrations of SGP modalities in GEF-8
3. Review and discuss the scope and timeline of the longer term SGP vision exercise

**Participants:**

Françoise Clottes, PPO Director and Chair of the Steering Committee (SC), GEF Secretariat

Gustavo Fonseca, GPU Director, GEF Secretariat

Gabriella Richardson Temm, Senior Operations Officer, GEF Secretariat

Paola Ridolfi, PPO Manager, GEF Secretariat

Pradeep Kurukulasuriya, Executive Coordinator and Director, Nature, Climate and Energy, UNDP

Diana Salvemini, Senior Technical Advisor and Global Coordinator, Upgraded Country Programs, UNDP

Yoko Watanabe – Global Manager, Central Programme Management Team (CPMT), SGP

Sulan Chen – CPMT, UNDP

Terence Hay-Edie – CPMT, UNDP

Nick Remple – Senior Advisor, Local Action, UNDP

Akhteruzzaman Sano – Chair, GEF CSO Network

Maria Leichner – Vice-Chair, GEF CSO Network

Françoise Clottes, Chair of the SC, presented the meeting objectives and agenda (see Annex 1). The agenda was approved by all members and no other items were added to other business.

**Agenda item 1: Overview of GEF’s increased ambition for SGP and proposal for GEF-8** **(presentation attached)**

Gabriella provided a brief overview of the evolving programming priorities and direction for SGP in GEF-8. Gabriella updated participants on feedback and comments received by replenishment participants so far. She highlighted the positive responses to date on the proposal, including:

* Facilitate universal access/opportunity
* Review/Recalibrate the SGP Upgrading policy
* Optimize proportion of SGP financing for CSO/CBOs setting benchmarks to maximize the flow of resources to CSOs.
* Improve SGP Governance

She stressed the positive support received from replenishment participants for the proposed CSO initiatives that are envisaged to be open participation to other GEF Agencies. Gabriella further noted GEF’s appreciation for the recent informal discussions with UNDP and SGP CPMT, including discussions on the SGP Upgrading/policy and the planned consultative visioning exercise.

**Discussion/Q&A**

* Yoko inquired about the timeline and process for consultation with regards to the next iteration of the SGP strategy to be submitted for the third replenishment meeting taking place in February 2022. Yoko further expressed appreciation for the ongoing consultations and collaboration, and reiterated CMPT’s continued interest to support the development of the SGP 2.0.
* Sano expressed appreciation for the increased ambition for SGP in GEF-8 and the CSO Network’s interest to double SGP financing moving forward. Sano highlighted the CSO Network member’s interest to further improve collaboration with SGP and the national level dialogues. He stressed opportunities for the CSO Network to support SGP in different capacities, including monitoring and capacity building. Sano requested further information on the proposed CSO initiatives. Gabriella responded and provided further details, and Sano reiterated the importance of including youth and women.
* Diana stressed UNDP’s appreciation for the GEF effort to build a new approach for SGP including its ambition to increase funding for civil society and SGP moving forward. She reiterated that this ambition is very much in line with UNDP interest and ambition to support local actions. She further highlighted UNDP willingness/interest to continue close collaboration as the SGP implementation arrangements are being discussed. She stressed that this would allow for greater opportunities to create synergies and build on the 30 years of SGP implementation experiences.
* Francoise reiterated GEF’s intention to share the revised SGP strategy for the replenishment meeting with UNDP as soon as it is ready. She reminded participants, however, that it might be a tight timeframe for any last-minute consultations.

**Agenda item 2: Refresher on the Findings of the Third Joint Evaluation of SGP**

**(presentations attached)**

* Diana highlighted that the evaluation recommendations are directed to multiple stakeholders, including the GEF Secretariat, UNDP and SGP CPMT. She presented an overview of UNDP’s management responses, highlighting that four of them are to be jointly addressed by UNDP and the GEF; three are to be addressed by UNDP; and the remaining two are to be solely addressed by the GEF.  She noted that those concerning UNDP were approved by the UNDP Executive Board meeting in May 2021. She also noted a few actions that has taken place since the last SC meeting. Among other things, she noted that UNDP has been collaborating with GEF on developing a draft note for initiating a longer-term visioning exercise. She further noted the recommendation to review the SGP upgrading policy and updated the participants that internal technical discussions have taken place between UNDP and GEF since the last meeting.
* Gabriella expressed appreciation for the collaboration with UNDP and CPMT in the development of the respective management responses and updated the participants that the GEF management responses were approved by the GEF Council in June 2021. Gabriella provided a brief overview of the GEF management responses to recommendations directed to the GEF secretariat including recommendation. She noted, among other things, recommendation 9 and highlighted GEF’s management response to setting benchmarks to maximize the flow of resources to CSOs.

**Agenda item 3: Review of current SGP modalities**

**(presentation attached)**

* **The SGP Upgrading Policy (UCP):** Diana provided an overview of the SGP Upgrading policy and reiterated that her presentation builds on upstream consultations and technical discussions with the GEF. She highlighted that UCP became operational under GEF-5 with the objectives to (i) enable the SGP to continue to expand without concomitant growth in core funding; (ii) make better use of the capacities of mature Country Programmes to enrich the younger, less experienced ones; and (iii) enable mature Country Programmes to access greater financial resources and exercise more programmatic freedom. Diana provided an overview of the upgrading criteria and stressed, among other things, that LDCs and SIDs were not included. She highlighted that (i) there have been no major changes to the criteria since GEF-6; (ii) 16 countries are now participating in UCP; and that (iii) the average country STAR allocation has decreased since GEF-5. She further provided some projections on UCP country participation for GEF-8 and GEF-9. She highlighted that based on the current UCP criteria that 4 additional countries would graduate in GEF-8 - bringing the total to 20 Countries (including Argentina, Honduras, Turkey, Vietnam). The projection for GEF 9, based on the current criteria, would be closer to 30 Countries. Diana concluded by reiterating the conclusion of the Joint evaluation that “the disadvantages and risks of the upgrading process outweigh its short-term financial advantages”
* **SGP and STAR Access:** Yoko stressed the importance of considering the upgrading policy within the broader context of SGP Core financing. She highlighted that (i) SGP finance has on average been $230 million per phase (including STAR and Core); and (ii) SGP Core has on average stagnated at $130 million per phase while there has been a 15 percent increase in SGP country coverage. Yoko further explained that STAR resources constituted about 35% to 55% of the overall SGP finance (depending on the operational phase) and that on average 70 countries have accessed STAR under each phase (including UCPs). She noted rules agreed by the GEF Council for allocating STAR resources to SGP under the different GEF phases, and the fact that many countries particularly the SIDS and LDCs preferred to allocate more STAR resources to SGP, considering its relevance and country capacity. She argued that while the GEF ambition to increase SGP financing for GEF-8, the current GEF-8 replenishment scenario could, without STAR access (and or changes to the UCP), will result in decreased resources for SGP. Yoko concluded by stressing that continued access to STAR during GEF-8 will be essential to cover both existing and new countries moving forward and make a business case (i.e. maintain appropriate grant and other costs ratio).

**Discussion/Q&A**

* Diana outlined both benefits and potential risks of discontinuing the upgrading policy. She discussed benefits such as (i) removed risks of programming gaps, interruptions, closure; (ii) reduced transaction costs; and (iii) increased flexibility with use of SGP Core resources based on capacity, opportunities, needs and other factors. Diana also outlined some potential risks and challenges, including the potential that resources may be spread too thin if SGP Core and STAR resources are not increased, making it difficult to further expand country coverage as well as potential gaps between the timing of the UCP projects closure (i.e. Ecuador, Costa Rica, Thailand) and GEF-8 SGP start. She also pointed out that the grant vs fixed cost ratio may worsen if countries have access to less SGP Core/STAR resources.
* Françoise extended her appreciation for the presentation, including the financial data on STAR and Core resources, and recognition that it built on upstream technical discussions with the GEF Secretariat. She noted broad alignment for modification of the upgrading policy. She further reiterated that any serious change in UCP modalities, as suggested by Joint SGP Evaluation, needs to be considered within the context of the forthcoming replenishment discussions and financial parameters. Françoise further reiterated that consultations with countries are needed to collect further feedback on any propositions to recalibrate/modify the SGP upgrading policy moving forward.
* Paola raised questions about better understanding the potential tradeoffs of eliminating the upgrading policy and why some countries have not utilized SGP resources before. She also welcomed efforts to better harmonize/streamline reporting and criteria moving forward.
* Sulan extended her appreciation for the increased GEF ambition for the SGP. She spoke about her experiences of the importance and value of the extended functions of the SGP country teams. She stressed that any discussion related to non- grant vs grant ratio should consider the important functions of the national coordinators and operational benefits of the SGP country teams.
* Yoko raised issues related to potential risks of the continuation of the UCP moving forward along with the possible increased number of UCP countries reaching to 30, including issues of growing fragmentation of SGP operations. Yoko advised for further consultations between GEF, UNDP and CPMT in the preparation of the forthcoming SGP implementation arrangements.
* Sano spoke about the important role of SGP country coordination and suggested that moving forward that additional support might be needed to support country level coordinators and country dialogues.
* In concluding this agenda item, Françoise stressed that the replenishment ultimately sets the strategy and direction of SGP, and that the replenishment process provides opportunities for recipient and non-recipient members to discuss and provide comments on the GEF proposals. Meanwhile, the UNDP SGP team will remain responsible for running the SGP and operations. Françoise reiterated that the GEF looks forward to working closely with UNDP to facilitate further country consultations, but also stressed that the broader parameters and directions of the SGP strategy for GEF-8 is at this stage not fully formed.

**Agenda item 4: Universal access**

* Yoko provided an overview of the SGP country coverage. She highlighted that 136 countries have historically been supported by SGP and that SGP is currently active in 128 countries. She also highlighted that in GEF-7 (as outlined in the SGP Implementation arrangement) the objective was 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.” Yoko outlined the process for setting up a new SGP country programme established under the standard operating guidelines of the SGP and further clarified that the GEF-7 approved SGP Project Documents outlined a phased approach that prioritized LDCs/SIDs and countries that that have expressed interest in joining SGP for a long time. Yoko highlighted some challenges to extend country coverage, including the cost of including new countries (estimated at least 1.2 M), capacity of CPMT to conduct appraisal process in the context of COVID-19 travel and travel restrictions etc. She stated that delays with GEF-7 SGP CEO endorsements as one reason for the delay in adding new countries. Yoko stressed the additional operational and cost implications of establishing country programs in fragile and conflict-affected countries. Yoko continued to provide an update on SGP coverage in GEF-7, highlighting that progress has been made in opening SGP Country Programmes in Bangladesh, Eswatini, Gabon and Angola. She also highlighted challenges in establishing SGP in 12 countries among the 22 eligible countries for various reasons, including (i) no GEF-7 country projects; (ii) EU accession countries; (iii) active conflict situation.
* Françoise extended her appreciation for the update and took note of the operational challenges. While noting that these operational challenges are within the perimeters of the UNDP implementation role for SGP, Françoise welcomed further technical discussions to set clearer objectives and realistic expectations with regards to universal access in the context of GEF- 8.

**Agenda item 4: Longer term SGP vision exercise**

* Gabriella provided a brief overview of activities to initiate the SGP visioning exercise as recommended by the joint SGP Evaluation. She highlighted with appreciation the collaboration with UNDP and CPMT for the past months to engage in the early elaborations on this process. For consideration of the SC members, Gabriella outlined the proposed approach and concept (draft attached) for this exercise. She highlighted that the proposed scope and timeline outlines a longer-term process that would ensure some early consultation across the GEF partnership but more importantly would allow a sustained approach to guide GEF’s broader longer-term vision and strategic directions for mobilizing and supporting civil society organizations and actors in GEF-8 and beyond. Gabriella highlighted that the plans also include some steps to consult and solicit feedback to guide the planned SGP Implementation Arrangements for GEF-8 (to be prepared for the June 2022 GEF Council meeting)

**Discussion/Q&A**

* Terence expressed support to the proposed scope of SGP visioning exercise and in particular the proposition to facilitate an approach that could inform GEF’s broader longer-term vision and strategic directions supporting civil society organizations and actors in GEF-8 and beyond. He also reminded the Steering Committee members that other GEF Agencies have participated in the SGP Steering Committee in the past and that consideration could be made to review the constitution of steering committee moving forward, including exploring opportunities to opening membership to other GEF Agencies. Terence noted that the Steering Committee had not had enough time to explore some of the issues in sufficient depth and suggested that more frequent steering committee meetings may be needed in the months leading up to GEF-8.
* Sano supported the proposal for a broader longer-term SGP visioning exercise to explore further opportunities to engage the GEF CSO Network at the country level and provide greater support to civil society organizations and actors in GEF-8 and beyond.
* Diana reiterated the benefits of organizing frequent technical consultations and furthers discussions to clarify roles and responsibilities. She also supported the proposition of the approach to engage in a longer-term visioning exercise beyond the immediate GEF-8 SGP program directions and implementation arrangements.
* Françoise extended her appreciation for the discussion and recapped the need for additional technical discussions to be guided by the broad agreements and directions emerging from the forthcoming GEF-8 replenishment discussions and financial perimeters. She highlighted that

1. Findings and recommendations of the Joint Evaluation on SGP have been considered and we are on track moving forward in line with their direction and our respective management responses.
2. There is an emerging congruency with regards to the need to modify the upgrading policy and recognition that additional consultations are needed to concretize the details of these changes in GEF-8
3. Additional internal discussions and technical consultations are needed to better understand the SGP challenges of delivering on the universal access objectives set forth in GEF-7 and to define a realistic assessment and expectations in GEF-8
4. There is a strong support for the proposed longer-term SGP visioning approach and concept, suggesting steps to initiate country consultations to inform GEF-8 implementation arrangements while recognizing that the broader objective and scope goes beyond GEF-8 and the SGP steering committee.

Françoise concluded the SC meeting by thanking everyone for the constructive updates and data provided and stressing the need for additional technical briefings and SGP steering committee meetings following the forthcoming replenishment meeting in February 2022.