The Impact of the Global Environment Facility's Resource Allocation Framework on Civil Society Organizations

A Joint NGO Report by Universal Ecological Fund
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in collaboration with WWF

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About FEU-US

The mission of Universal Ecological Fund (Fundación Ecológica Universal FEU-US) is to increase awareness that encourages actions on sustainable development issues through researching, analyzing, producing and disseminating information. We believe in the need for a more equitable society, especially for those living under underprivileged circumstances.

FEU-US is the US office of Fundación Ecológica Universal (FEU), founded in Argentina in 1990. FEU has been involved with the GEF since 1996, as an NGO and an active member of the GEF-NGO Network. Since the establishment of its office in the US in 2005, all GEF-related issues are being followed through FEU-US.

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Contents

Acronyms

ADB	Asian Development Bank
AFDB	African Development Bank
BFI	Broad Framework Indicator
CBO	Community-Based Organization
CEPIA	Country Environmental Policy and Institutional Assessment Indicator
CSO	Civil Society Organization
CEO	Chief Executive Officer
EBRD	European Bank for Reconstruction and Development
GEF	Global Environment Facility
GREs	Global and Regional Exclusions
FAO	UN Food and Agriculture Organization
FSP	Full-Sized Project
IA	Implementing Agency
IADB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
M&E	Monitoring and Evaluation
MSP	Medium-Sized Project
NGO	Non-Governmental Organization
NSC	National Steering Committee
OP	Operational Phase
PPI	Portfolio Performance Indicator
RAF	Resource Allocation Framework
SGP	Small Grants Programme
STAR	System for Transparent Allocation of Resources
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	UN Industrial Development Organization

Executive Summary

The implementation of the Resource Allocation Framework (RAF) has introduced changes in the way the Global Environment Facility (GEF) supports projects in its two main focal areas – biodiversity and climate change.

To assess how these changes have impacted the partnership with Civil Society Organizations (CSOs) and ultimately their ability to contribute to the goals of the GEF, a detailed review and analysis of the contributions made by CSOs in projects was made, with particular attention to the current GEF-4 under the RAF, using GEF-2 and GEF-3 as benchmarks.

More than 1,100 project documents[1] were reviewed, and those Full Sized and Medium Sized Projects granted directly to CSOs, as the lead executing agency, were considered for this report. The changes introduced by the RAF to the Small Grants Programme were also analyzed.

Summary of Key Trends Identified

The **key trends** identified by documenting and analyzing the number and value of CSO-executed projects represent a major indicator of the GEF-CSO partnership. These are:

1. Impact on the partnership with CSOs

- The implementation of the RAF has significantly impacted the GEF-CSO partnership. The number of CSO projects has been reduced and the value of CSO-executed projects has fallen significantly.
- Despite the key comparative advantage that CSOs offer in 'efficient and cost-effective project execution'[2], the overall share of CSO executed Full Sized and Medium Sized projects has been steadily declining –from **30 percent**[3] of the total share of GEF allocations in GEF-2 to **8.6 percent**[4] in GEF-4. The implementation of the RAF has not been 'equitable or inclusive'[5], as anticipated.
- One of the pillars of the RAF is country performance. However, the calculations for the GEF Performance Index have been solely based on government performance; excluded from the calculation is the involvement of CSOs in project execution –an indicator which can contribute to the overall country performance.
- The implementation of the RAF has significantly limited the possibilities of CSOs to foster partnerships through GEF projects. CSOs are critical partners to the long term success of the goals of the GEF.

[1] From July, 1998 to January, 2009 (including the Intersessional Work Program #9 in GEF-4)
[2] Instrument for the Establishment of the Restructured Global Environment Facility –Section VI.
[3] 98 CSO-executed projects, with a GEF allocation of $188 million (11.7% of the total allocation in GEF-2)
[4] 29 CSO-executed projects, with a GEF allocation of $74.9 million (3.8% of the total allocation in GEF-4)
[5] Joint Summary of the Chairs, Special Meeting of the Council (August 31-September 1, 2005).

- During GEF-2 and GEF-3, CSOs have greatly contributed to the goals of the GEF. In GEF-4, however, the overall number of CSOs projects decreased, despite almost 50 percent of the resources for biodiversity and climate change 'remain to be programmed[6]'.

2. Impact on Full Sized Projects

- Government agencies and international agencies still account for the majority of the FSPs, with **95 percent**[7] of the total FSPs approved in GEF-4, compared to **92.3 percent**[8] in both, GEF-2 and GEF-3.
- Although there are no significant differences in the number of FSPs granted to CSOs in the three phases analyzed, the type of organizations which received FSPs changed –25 percent of the FSPs approved in GEF-4 were for international research organizations, compared to a combined 54 percent of CSO-executed FSPs to international and national NGOs in GEF-2 and GEF-3.
- UNEP accounts for the highest percentage of FSPs granted to CSOs –a combined 21.5 percent in the three phases analyzed.
- 75 percent of all CSO-executed FSPs were in the biodiversity focal area.
- The majority of FSPs executed by CSOs were regional projects (41 percent in the three phases analyzed), and the majority of national projects executed by CSOs were in the Latin America and Caribbean and the Asia and Pacific regions.

3. Impact on Medium Sized Projects

- There has been a significant decrease in the number of MSPs granted to CSOs in GEF-2 and GEF-3 compared to the number in GEF-4 under the RAF. The relative share of CSO-executed MSPs dropped from **53.4 percent**[9] and **41.7 percent**[10] of all MSPs in GEF-2 and GEF-3 respectively, to **16 percent**[11] in GEF-4.
- National NGOs account for the majority of the MSPs executed by CSOs in GEF-2 and GEF-3, with a combined 42.3 percent; which decreased to only 23 percent in GEF-4. In comparison, international NGOs experienced an increase in their share of MSPs in GEF-4 –from 31 percent of all CSO-executed MSPs in GEF-2 and GEF-3 to 47 percent in GEF-4.
- The World Bank implemented the highest percentage of CSO-executed MSPs –a combined 65 percent in the three phases analyzed.
- 67 percent of all CSO-executed MSPs were in the biodiversity focal area.

[6] Intersessional Work Program Submitted for GEF Council Approval (Cover Note) GEF/IS/20 (January 2009).
[7] 12 CSO-executed projects, with a GEF allocation of $62 million (3.3% of the total allocation to FSPs in GEF-4)
[8] 13 CSO-FSPs in GEF-2, with a GEF allocation of $121 million (8% of the total allocation to FSPs); and 26 CSO-FSPs in GEF-3 with a GEF allocation of $193 million (7.5% of the total allocation to FSPs)
[9] 85 CSO-MSPs, with a GEF allocation of $66 million (54% of the total allocation to MSPs in GEF-2)
[10] 66 CSO-MSPs, with a GEF allocation of $61 million (43% of the total allocation to MSPs in GEF-3)
[11] 17 CSO-MSPs, with a GEF allocation of $12 million (14% of the total allocation to MSPs in GEF-4)

- Latin America and the Caribbean account for the highest share of national scale CSO-executed MSPs, followed by Asia and the Pacific.

4. Impact on the Small Grants Programme

- The change in the source of funding introduced for OP4 is currently affecting **52 percent** of the participating countries in the SGP. In the RAF funds and the Core/RAF countries, the source of funding has shifted partially or entirely to the government-led contributions from the country's RAF allocations.
- In the RAF funds countries, the SGP portfolio will only support biodiversity and/or climate change projects.
- In the RAF/core funds countries, the share between biodiversity and climate change projects and the other four focal areas may be unbalanced.
- The core funds countries will have a more balanced share by focal areas.

Conclusions

1. **The design of the RAF had negative impacts on equitability and inclusiveness, contrary to its objectives.** The design of the RAF does not provide for equity and inclusiveness. A country's capacity should not be limited to the capacity of a government, but also include CSOs. Moreover, the operationalization of the RAF was limited to the allocation of resources to countries; and was not accompanied by policies that would ensure the effective implementation of its objectives.
2. **The overall share of CSO-executed projects has significantly declined in GEF-4. The decrease in CSO involvement has been detrimental to improving the countries' performance –one of the pillars of the RAF.** In both, number and value, CSO-executed projects significantly decreased in GEF-4. The revised project cycle favored the submission and approval of FSPs. In the same time, a much larger allocation could be obtained by project proposers, who were almost entirely governments and UN agencies.
3. **MSPs have experienced the most significant decrease in GEF-4. National NGOs are the most disadvantaged partners.** National NGOs are the most affected partners by the significant decline in the share of CSO-executed MSPs in GEF-4. More than a decade after the approval of MSPs, CSOs are once again faced with the same issue that led to the approval of this expedited procedure –addressing the gap between government-led multi-million dollar projects vs. the Small Grants Programme.
4. **The RAF has constrained funding for the SGP and affected the share by focal areas in more than half of its participating countries.** The planned expansion of the SGP was not matched with the necessary increase in funding. Funding for the country programs now depend, either exclusively or partially, on a government's decision to contribute to the SGP from their RAF allocations, limiting its activities to biodiversity or climate change.

Recommendations

In light of the discussions started towards the Fifth Replenishment of the GEF Trust Fund, the following recommendations are presented for its Participants as well as for the GEF Council, for the short-term and for GEF-5.

Recommendations for the short-term

1. **Country ownership should be enhanced, involving CSOs at the national level.** Options to be considered for the GEF Performance Index to better reflect the performance of a country related to GEF projects, including the performance of CSOs, are: a) Add an indicator to measure the performance of CSO-executed projects in a country, and b) Increase the weight of the Portfolio Performance Indicator (PPI), including the performance of CSO-executed projects. In addition, country coordination committees, with CSO participation, should be created in all recipient countries.
2. **Cost-effectiveness of projects should be increased, in particular through increased use of MSPs.** MSPs procedures should be simplified, to shorten the processing and approval time to no more than 9 months, including the endorsement by the Operational Focal Point. The two smaller-sized MSPs pilot programs should be evaluated.

Recommendations for GEF-5

1. **The share and value of CSO executed projects should be increased.** Options and modalities are presented to increase the share of the CSO executed projects in GEF-5. The aim of presenting these options is to encourage further discussions on increased access GEF funds by CSOs. These options are not exhaustive and a combination of the various elements and modalities presented could be considered and further developed. These are:
   (a) **Overall set aside for CSO projects.** As part of the exclusions of the new system for the allocation of resources for GEF-5 under consideration, an additional percentage should be allocated for CSO projects of 15 percent. A modality by which this option could be implemented is through a similar procedure as the one currently used for global and regional projects, but with indicative allocations per country based on the available resources. Another modality by which this option could be implemented is the piloting of direct access to qualified national agencies.
   (b) **A global initiative targeted exclusively for CSO projects,** similar to the GEF Earth Fund. The allocation for CSO projects under this option should be calculated based on the average allocations to CSOs from the previous phases. This amount would in turn leverage co-financing in a 1-3 ratio, from other sources, including contributions from CSOs. The modality by which this option could be implemented is through an international NGO with sufficient fiduciary standards acting as an Executing Agency.
   (c) **A percentage of the country allocation assigned for CSO projects**. From the country allocation assigned to each country, a fixed 15 percent should be allocated for CSO projects. For this option to work in an independent and transparent way, a national committee should to be established, to review and approve projects. This committee

would function under the leadership of the Operational Focal Point and the participation of key national stakeholders including CSOs.

For regional and global projects, CSOs would have to access to funds through the Global and Regional Exclusions (GREs), now proposed to be increased to 20 percent. Thus, a 5 percent of the GREs should be set aside for regional and global CSO projects.

2. **The Small Grants Programme should be kept outside of the allocation system in GEF-5.** The SGP should be kept outside of the STAR in GEF-5, and funds for grants targeted to local communities and the functioning of the programme should be provided through core funding for all of its participating countries.

The Impact of the Global Environment Facility's Resource Allocation Framework on Civil Society Organizations

I. The GEF-CSO partnership in project execution

The Global Environment Facility (GEF) is the only financial mechanism dedicated to supporting projects and programs that protect the global environment. The GEF is an international financial institution with unique characteristics –it serves as the financial mechanisms for global environmental Conventions, functioning under their guidance; and it works through three Implementing Agencies and seven Executing Agencies.

The purpose of the GEF is to provide "new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits[1]".

To achieve its purposes, "the GEF shall ensure the cost-effectiveness of its activities in addressing the targeted global environmental issues, shall fund programs and projects which are country-driven and based on national priorities designed to support sustainable development and shall maintain sufficient flexibility to respond to changing circumstances[2]".

The principles by which the GEF functions are set by the Instrument for the Establishment of the Restructured GEF (1994, and subsequent amendments)*,* as well as its Operational Principles (1995).

Since its establishment in 1991 and its restructuring in 1994, the GEF has encouraged partnerships with Civil Society Organizations (CSOs) in both project execution and policy advocacy.

The value of the cooperation with a wide range of stakeholders is recognized in the Instrument for the Establishment of the Restructured GEF. Multilateral development banks, specialized agencies and programs of the United Nations, other international organizations, bilateral development agencies, national institutions, non-governmental organizations, private sector entities and academic institutions are listed as the stakeholders the GEF can work with "in order to promote the achievement of the purposes of the GEF[3]". Such arrangements should take into account "their comparative advantages in efficient and cost-effective project execution[4]".

In addition, a specific policy was adopted in 1996 to ensure public involvement in all projects funded by the GEF. This policy states that "effective public involvement is critical to the success of GEF-financed projects[5]." Public involvement became one of the eligibility criteria for GEF-funded projects, as it recognized that "Public involvement activities should strengthen ownership of projects

[1] Instrument for the Establishment of the Restructured Global Environment Facility, Par. 2
[2] Instrument for the Establishment of the Restructured Global Environment Facility, Par. 4
[3] Instrument for the Establishment of the Restructured Global Environment Facility –Section VI. Cooperation with Other Bodies.
[4] Instrument for the Establishment of the Restructured Global Environment Facility –Section VI. Cooperation with Other Bodies.
[5] Public Involvement in GEF-Financed Projects (1996).

by recipient countries[6]". Thus, all GEF programs and projects must include three main components of public involvement –information dissemination, consultation and stakeholder participation.

The contributions of CSOs and other stakeholders to the GEF have been crucial to its success. This is recognized in the findings of the Third Overall Performance Study, which states that "The GEF has created many successful partnerships with local and national governments; local, national, and international NGOs; academia; private sector entities; donors; and other projects and international initiatives. The GEF has been able to bring different stakeholders together, creating linkages among communities, NGOs, and governments; encouraging cooperation; and improving understanding and dialogue between local and national levels[7]".

The Participants of the past Replenishments, as well as the Council, reinforced the need to foster partnerships with CSOs and other stakeholders, as part of the policy recommendations. Some of these statements are:

- "Stakeholder participation is an important aspect in efforts to create strong country ownership of GEF operations[8]".
- "The GEF relies upon the comparative strengths of governments, NGOs, local communities, the private sector and other stakeholders working cooperatively to achieve results, and Participants agree that the continued evolution of the GEF should be built upon strong and transparent partnership with all stakeholders[9]".

The Resource Allocation Framework

During the negotiations for the GEF's Third Replenishment, which were finalized in 2002, donor countries agreed to "establish a system for allocating scarce GEF resources within and among focal areas with a view towards maximizing the impact of these resources on global environmental improvements and promoting sound environmental policies and practices worldwide[10]."

In 2005, the Council approved the Resource Allocation Framework (RAF) recognizing "the need for a transparent, equitable and inclusive system for the allocation of resources within the GEF[11]". Furthermore, the Council's decision states that "success in meeting the objectives of the GEF is based on good governance related to environmental sustainability within each country and at the international level."

The RAF is defined as "… a system for allocating resources to countries in a transparent and consistent manner based on global environmental priorities and country capacity, policies and practices relevant to successful implementation of GEF projects."

The RAF became operational for the Fourth Operational Phase of the GEF (GEF-4) for the biodiversity and climate change focal areas. Its two pillars are: a) the GEF Benefits Index, which measures the potential of each country to generate global environmental benefits in biodiversity and

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[6] Public Involvement in GEF-Financed Projects (1996), Par. 11
[7] Progressing Toward Environmental Results, Third Overall Performance Study (OPS3), 2005
[8] Policy Recommendations for the Third Replenishment of the GEF Trust Fund (November 5, 2002), Par. 19
[9] Policy Recommendations for the Fourth Replenishment of the GEF Trust Fund, Annex A (October 19, 2006), Par. 5
[10] Policy Recommendations agreed as part of the Third Replenishment of the GEF Trust Fund (October, 2002).
[11] Joint Summary of the Chairs, Special Meeting of the Council (August 31-September 1, 2005)

climate change; and b) an index of country performance, the GEF Performance Index, which measures each country's capacity, policies and practices relevant to a successful implementation of GEF programs and projects.

Through the combination of these two main indices and numerous indicators, recipient countries were grouped into two major categories – individual countries and the group of countries, as follows:

- For **Biodiversity**, of the 152 recipient countries, 57 (37.5%) received indicative individual allocations, and 95 (62.5%) countries are part of the group[12].
- For **Climate Change**, of the 163 recipient counties, 46 (28.2%) were assigned indicative individual allocations and 117 (71.8%) are part of the group[13].

The RAF determined maximum caps for each country in these two focal areas. In the previous operational phases, projects were submitted and approved based on the eligibility and merits of each project, without upper limits in any focal area.

A rule was also established on how countries should use their allocations. Regardless of having an indicative individual allocations or being part of the group, "commitments made to a country during the first half of a replenishment period will not exceed 50 percent[14]".

Exclusions from the RAF were also considered for biodiversity and climate change, including "5 percent of the focal area resources for global and regional allocations; and 5 percent of the focal area resources for the Small Grants Programme and cross-cutting capacity building activities[15]".

Impacts of the RAF on CSOs

The RAF has introduced changes in the way the GEF supports projects in the biodiversity and climate change focal areas, the two focal areas with the largest relative shares of total GEF funding on a historical basis.

To assess how these changes have impacted the partnership with CSOs, and ultimately their ability to contribute to the goals of the GEF, a detailed review of the contributions made by CSOs in project execution was made, with particular attention to the current GEF-4 under the RAF, using GEF-2 and GEF-3 as benchmarks. GEF-4 covers the fiscal years 2006-2010 (from July 2006 to June 2010); however, the implementation of GEF-4 resources started on February 7, 2007 due to delays in availability of funds. The methodology used for this assessment is described in Annex 1.

By February 2009, some countries with individual allocations and most countries in the group have not yet committed their respective allocations in projects. The latest Work Program included in the analysis for this report was approved by Council in January 23, 2009. For the biodiversity focal area, $465.89 million, approximately 50 percent of the resources for GEF-4, remain to be programmed. In the climate change focal area, programming of GEF-4 resources is approaching 50 percent[16].

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[12] Progress Report on the Implementation of the RAF (GEF/C.33/Inf.4 – April, 2008)
[13] Progress Report on the Implementation of the RAF (GEF/C.33/Inf.4 – April, 2008)
[14] Technical Paper on the GEF RAF - GEF/C.26/2/Rev.1 (August 24, 2005) – Par. 19
[15] Joint Summary of the Chairs, Special Meeting of the Council (August 31-September 1, 2005)
[16] Intersessional Work Program Submitted for GEF Council Approval (Cover Note) GEF/IS/20 (January 2009)

Despite almost 50 percent of the resources for countries in biodiversity and climate change have not been committed, certain governments have not fully taken advantage of the potential contributions that CSOs can bring to improving the country's performance, through the collaboration and key alliances with CSO stakeholders.

The impacts of the RAF on CSOs have been organized by:

1. Impact on the GEF-CSO partnership
2. Impact on Full Sized Projects
3. Impact on Medium Sized Projects
4. Impact on the Small Grants Programme

1. Impact on the GEF-CSO Partnership

Trends Identified

- The implementation of the RAF has significantly impacted the GEF-CSO partnership. The number of CSO projects has been reduced and the value of CSO-executed projects has fallen significantly.
- Despite the key comparative advantage that CSOs offer in efficient and cost-effective project execution, the overall share of CSO executed Full Sized and Medium Sized projects has been steadily declining –from **30 percent** of the total share of GEF allocations in GEF-2 to **8.6 percent** in GEF-4. The implementation of the RAF has not been equitable or inclusive, as anticipated.
- One of the pillars of the RAF is country performance. However, the calculations for the GEF Performance Index have been solely based on government performance; excluded from the calculation is the performance of CSOs –an indicator which can contribute to the overall country performance.
- The implementation of the RAF has been detrimental to CSOs who are critical partners to the long term success of the global environmental goals of the GEF. Ultimately, limiting the possibilities to foster partnerships with CSOs has also been detrimental to improving the countries' performance.
- During GEF-2 and GEF-3, CSOs have greatly contributed to the goals of the GEF. In GEF-4, however, the overall number of CSOs projects decreased; despite almost 50 percent of the resources for countries remain to be programmed.

The partnership with CSOs in project execution has proven to be one of the most successful ways the GEF has fostered in achieving its goals.

The potential contributions CSOs can bring to the global environmental goals of the GEF have already experienced a noticeable decrease in GEF-4 under the RAF. Only 8.6 percent of the total Full Sized and Medium Sized projects have been granted to CSOs; with a value of 3.8 percent of the total allocations. In comparison, 30 percent of all projects were executed directly through CSOs in GEF-2; and 18.6 percent in GEF-3 (Table 1 and Figure 1).

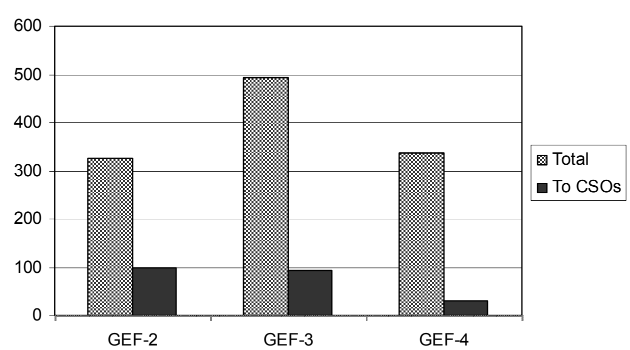
Table 1. Total number of projects, including Full Sized Projects (FSPs) and Medium Sized Projects (MSPs); and allocations, by Operational Phase (allocation amounts in millions of US dollars).

Total number of projects by Operational Phase (all focal areas)		**Total** (FSPs and MSPs)	**To CSOs** (FSPs and MSPs)
GEF-2	Number of projects	326	**98 (30%)**
	GEF allocation	$1,599	**$188.1 (11.7%)**
	Co-financing	$4,831.7	**$342.8 (7%)**
GEF-3	Number of projects	492	**92 (18.6%)**
	GEF allocation	$2,695.9	**$254.2 (9.4%)**
	Co-financing	$11,733.3	**$945 (8%)**
GEF-4*	Number of projects	337	**29 (8.6%)**
	GEF allocation	$1,945.5	**$ 74.9 (3.8%)**
	Co-financing	$11,351.3	**$214.8 (1.8%)**

* Projects approved up to January, 2009

Despite the key comparative advantage that CSO-executed projects offer in efficient and cost-effective project execution, the overall share of projects in the GEF-CSO partnership has been steadily declining. Although a slight decline was experienced from GEF-2 to GEF-3, the total share of GEF allocations to CSOs under the current phase shows a substantial decrease –from 30 percent in GEF-2 to 8.6 percent in GEF-4.

Figure 1: Total number of FSPs and MSPs



One of the purposes of the RAF was to have a more equitable and inclusive system for allocating GEF resources. The significant decrease in the number of projects granted to CSOs show that the implementation of the RAF has not been equitable or inclusive in establishing partnerships with CSOs in project execution.

Various reasons can be attributed to this decrease. The start of GEF-4 under the RAF faced most countries with several problems. The delayed start of GEF-4; expectations and frustration over the allocations assigned to countries; rigid and complex new rules; confusion on how to work under the new system; and numerous new requirements may account for some of the reasons why the RAF has not worked as planned.

The Mid-Term Review of the RAF, conducted by the Evaluation Office, analyzed in detail the design and implementation of the RAF. As for the design of the RAF, the report concluded that "Data and indicators for assessing global environmental benefits used in the RAF reflect the best available information today, with some gaps which should be addressed over time"[17].

One of the pillars of the RAF is country performance. The GEF Performance Index (GPI) is composed by the Portfolio Performance Indicator (PPI) (projects ratings); the Country Environmental Policy and Institutional Assessment Indicator (CEPIA) (based on the "Policies and Institutions for Environmental Sustainability" indicator) and the Broad Framework Indicator (BFI) (based on the average of the five indicators8 under the "Public Sector Management and Institutions").

The Mid-Term Review of the RAF also concluded that "the GEF Performance Index (GPI) is not as influential in determining allocations"[18].

The calculations for the GPI have been solely based on government performance. The performance of the CSO community in a country, as well as its involvement in project identification, development, execution and monitoring, has not been included in the GPI.

This has been detrimental to CSOs, including national and international organizations, which are critical partners to the long term success of the global environmental goals of the GEF.

Other than the amount of funds allocated for each country, no provisions were taken or recommendations made for improving country coordination for the effective use of the allocations.

Improved country coordination would improve country ownership and ultimately country performance. CSOs and stakeholder involvement can greatly contribute to enhanced country coordination.

An evaluation of National Coordination mechanisms was undertaken under the National Dialogue Initiative, under the premise that "performance and evaluation reports have consistently highlighted the need to strengthen GEF coordination at the national level[19]".

Some of the key attributes of an effective national coordination committee, as highlighted in the report, are *leadership* as well as *broad participation by national stakeholders, including civil society.*

The report identified the *benefits of more effective national GEF coordination*, including project endorsement process enhanced; understanding and appreciation of GEF broadened and deepened; multi-stakeholder information flow and decision making improved; facilitating broader participation in GEF programming; key resource for GEF Council members; project monitoring facilitated; sustaining the global environmental dialogue; links with key conventions facilitated; shared commitment to GEF goals.

Some of these elements are in line with the objectives of the RAF.

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[17] Mid-Term Review of the Resource Allocation Framework, GEF/ME/C.34/2, November, 2008 – Conclusion 2.
[18] Mid-Term Review of the RAF, GEF/ME/C.34/2 (October, 2008), Par. 31
[19] GEF National Coordination – Lessons Learned (2005)

Barriers to a more effective national GEF coordination, as specified in the report, include: focal point personnel changes hamper continuity; resource constraints; GEF procedures continue to frustrate national stakeholders; broad stakeholder participation proving difficult to achieve; future GEF programming resources uncertain, limiting planning.

The issue of "broad stakeholder participation proving difficult to achieve" is one of the main constraints that prevented CSOs to participate more actively in GEF-4 at both, the decision-making process and project execution at the national level. The report concluded that "Some governments believe that only they, and not civil society organizations, can represent the people and country, hence the difficulty in finding 'representative' NGOs[20]".

There is evidence that country coordination mechanisms with CSO involvement can improve country ownership. CSO involvement in the decision-making process is one the basic principles of good governance. Although there are good examples of country coordination mechanisms, such committees do not function in all recipient countries. The RAF and the reforms introduced in GEF-4 have not encouraged countries to adopt such mechanisms.

The Mid-Term Review of the RAF concluded that: **"**While there are a few excellent examples of NGO and civil society cooperation under the RAF …. in the majority of countries the involvement of the NGO community has not improved, and the private sector is largely excluded from project proposals and government-led consultations on the GEF portfolio[21]".

2. Impact on Full Sized Projects

Trends Identified

- Government agencies and international agencies still account for the majority of the FSPs, with **95 percent** of the total FSPs approved in GEF-4, compared to **92.3 percent** in both, GEF-2 and GEF-3.
- Although there are no significant differences in the number of FSPs granted to CSOs in the three phases analyzed, the type of organizations which received FSPs changed –25 percent of the FSPs approved in GEF-4 were for international research organizations, compared to a combined 54 percent of CSO-executed FSPs to international and national NGOs in GEF-2 and GEF-3.
- UNEP accounts for the highest percentage of FSPs granted to CSOs –a combined 21.5 percent in the three phases analyzed.
- 75 percent of all CSO-executed FSPs were in the biodiversity focal area.
- The majority of FSPs executed by CSOs were regional projects (41 percent in the three phases analyzed), and the majority of national projects executed by CSOs were in the Latin America and Caribbean and the Asia and Pacific regions.

[20] GEF National Coordination – Lessons Learned (2005), page 19
[21] Mid-Term Review of the Resource Allocation Framework, GEF/ME/C.34/2 (November, 2008) Par. 71

The majority of GEF's allocations are channeled through Full-Sized Projects (FSPs). FSPs are mainly executed by government agencies and international agencies, including United Nations specialized agencies. Numerous CSOs have partnered with government agencies in the identification and execution of FSPs, by being sub-contracted by the lead executing agency. CSOs have also executed FSPs.

Table 2. Total number of Full Sized Projects (FSPs) and allocations, by Operational Phase (allocation amounts in millions of US dollars)

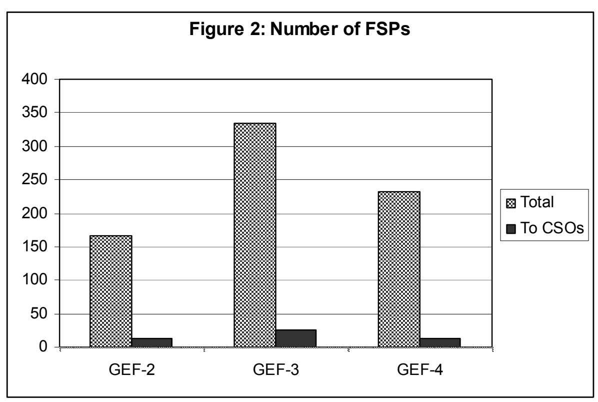
FSPs by Operational Phase (all focal areas)		FSPs	FSPs to CSOs
GEF-2	Number of projects	167	**13 (7.7%)**
	GEF allocation	$1,476	**$121.4 (8.2%)**
	Co-financing	$4,524.2	**$229.4 (5%)**
GEF-3	Number of projects	334	**26 (7.7%)**
	GEF allocation	$2,556	**$193.1 (7.5%)**
	Co-financing	$11,324.2	**$725.7 (6.4%)**
GEF-4*	Number of projects	232	**12 (5.1%)**
	GEF allocation	$1,857.30	**$62.1 (3.3%)**
	Co-financing	$11,103.7	**$190.8 (1.7%)**

* Projects approved up to January, 2009

Despite a considerable increase from GEF-2 to GEF-3 in the total number of Full Sized Projects (FSPs) approved, the percentage of projects executed by CSOs remained within a similar ratio –7.7 percent, with 13 projects in GEF-2 and 26 projects in GEF-3. In GEF-4, under the RAF, a decrease has been experienced, with only 5.1 percent (12 projects) granted to CSOs (Table 2 and Figure 2).

The type of CSO which executed FSPs in GEF-2 and GEF-3 was diverse. Of the total 39 FSPs executed in these two operational phases, the share by type of CSO executing agency is as follows:

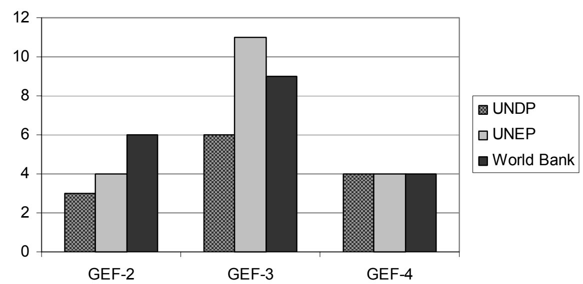
- International NGOs –**36% (14 projects)**
- International Research and Academic Institutions –**31% (12 projects)**
- National NGOs –**18% (7 projects)**
- Regional NGOs –**7.5% (3 projects)**
- National Research and Academic Institutions – **2.5%** (**1 project)**
- Private Sector (association) –**2.5% (1 project)**
- Co-execution (between an international NGO and a regional institution) –**2.5% (1 project)**



In GEF-4, however, the distribution of FSPs among the different types of CSOs changed. Of the 12 FSPs approved for CSOs, 3 projects were granted to each of the following categories: international research institutions, international NGOs and national NGOs. The remaining 3 FSPs will be co-executed by government agencies, national NGOs and private sector associations. (A list of the CSO executing agencies organized by type and operational phase can be found in Annex 2).

UNEP accounts for the higher overall percentage of FSPs granted to CSOs. In GEF-4, 4 projects (13.7 %) will be implemented through CSOs, compared to 4 and 11 projects (23% and 28%) in GEF-2 and GEF-3 respectively (Figure 3).

Figure 3: Number of FSPs to CSOs by IA

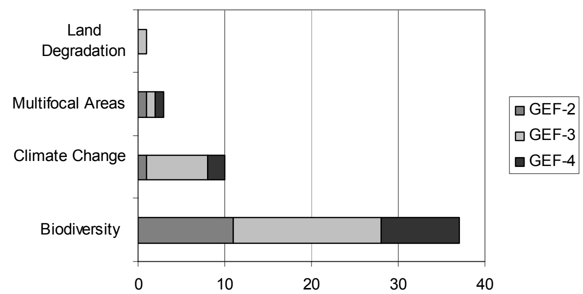


Within the three operational phases analyzed, the World Bank maintained a similar average of FSPs executed through CSOs, of 7.3 percent. UNDP also shows an equal average of FSPs executed through CSOs of around 4 percent, with 3, 6 and 4 projects respectively over the three phases analyzed. (See details in Annex 3).

The Executing Agencies[22] increased their share of FSPs approved in GEF-3 and GEF-4 –from 6.2 to 18.5 percent respectively. None of these projects are CSO-executed.

Most CSO projects fell within the biodiversity focal area throughout the three operational phases analyzed, with 11 projects (85%) in GEF-2; 17 projects (65%) in GEF-3 and 9 projects (75%) in GEF-4. Climate Change projects were also executed by CSOs, mainly in GEF-3, with 7 projects (27%). In GEF-4, 2 climate change projects (16%) were granted to CSOs (See details in Annex 3).

Figure 4: FSPs to CSOs by focal area



The distribution of CSO-executed FSPs varied across the three operational phases. In GEF-2, global projects account for 31 percent of the FSPs executed by CSOs (4 projects); compared to 15 percent (4 projects) in GEF-3 and 16 percent (2 projects) in GEF-4. Regional projects were approved for CSOs in the three operational phases –3 FSPs (23%) in GEF-2; 15 (58%) in GEF-3 and 3 (25%) in GEF-4 (Figure 5).

At the national level, FSPs executed by CSOs maintained a similar number in Latin America and the Caribbean, with 3 (23%), 4 (15%) and 4 (33%) projects respectively in the three phases analyzed. A decrease was experienced in nationally executed CSO projects in Asia and the Pacific, with 3 (23%), 3 (11.5%) and 1 (8%) in the three phases. CSO executed FSPs will be executed in Africa only in GEF-4, through 2 projects (16%). (See details in Annex 3).

[22] The seven Executing Agencies are: African Development Bank (AFDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IADB), International Fund for Agricultural Development (IFAD), UN Food and Agriculture Organization (FAO) and UN Industrial Development Organization (UNIDO).

Revised project cycle

Part of the reforms adopted in GEF-4 included the approval of a revised project cycle, responding to an evaluation conducted by the Evaluation Office[23] in 2006. The evaluation concluded that: (a) the GEF activity cycle is not effective, nor efficient, and that the situation has grown worse over time; nor is it cost-effective; and (b) GEF modalities have not made full use of trends towards new forms of collaboration that serve to foster ownership and promote flexibility, efficiency and results.

In June 2007, a revised project cycle was approved, expediting procedures for approval of projects. From Project Identification Form (PIF) approval to endorsement by the CEO, a project should take no more than 22 months. The revised project cycle expedited the review and approval procedures, in particular for FSPs, as the revised procedures made no distinctions among the type of projects.

2. Impact on Medium Sized Projects

Medium-Sized Projects (MSPs) were approved by Council in 1996. MSPs provide up to $1 million in GEF funding through an expedited mechanism. A wider range of executing agencies can directly access to GEF funding through MSPs, including government agencies, international NGOs, national NGOs, academic and research institutions, private sector companies, among others.

The approval of MSPs addressed the gap between the two funding modalities available at that time – multi-million FSPs and the SGP proving up to $50,000.

Trends Identified

- There has been a significant decrease in the number of MSPs granted to CSOs in GEF-2 and GEF-3 compared to the number in GEF-4 under the RAF. The relative share of CSO-executed MSPs dropped from **53.4 percent** and **41.7 percent** of all MSPs in GEF-2 and GEF-3 respectively, to **16 percent** in GEF-4.
- National NGOs account for the majority of the MSPs executed by CSOs in GEF-2 and GEF-3, with a combined 42.3 percent; which decreased to only 23 percent in GEF-4. In comparison, international NGOs experienced an increase in their share of MSPs in GEF-4 –from 31 percent of all CSO-executed MSPs in GEF-2 and GEF-3 to 47 percent in GEF-4.
- The World Bank implemented the highest percentage of CSO-executed MSPs –a combined 65 percent in the three phases analyzed.
- 67 percent of all CSO-executed MSPs were in the biodiversity focal area.
- Latin America and the Caribbean account for the highest share of national scale CSO-executed MSPs, followed by Asia and the Pacific.

[23] Evaluation of the GEF Activity Cycle and Modalities, GEF/ME/C.30/6 (November, 2006)

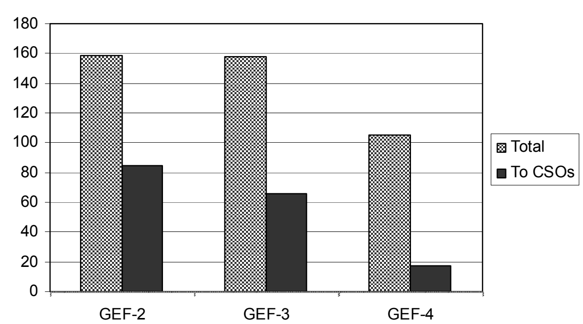
Table 3. Total number of Medium Sized Projects (MSPs) and allocations, by Operational Phase (allocation amounts in millions of US dollars)

MSPs by Operational Phase (all focal areas)		MSPs	MSPs to CSOs
GEF-2	Number of projects	159	**85 (53.4%)**
	GEF allocation	$123	**$66.7 (54.2%)**
	Co-financing	$307.5	**$113.4 (36.8%)**
GEF-3	Number of projects	158	**66 (41.7%)**
	GEF allocation	$139.9	**$61 (43.8%)**
	Co-financing	$409.1	**$219.3 (53.6%)**
GEF-4*	Number of projects	105	**17 (16%)**
	GEF allocation	$88.2	**$12.8 (14.5%)**
	Co-financing	$247.6	**$24 (9.7%)**

* Projects approved up to January, 2009

The total number of Medium-Sized Projects (MSPs) approved in GEF-2 and GEF-3 is similar –159 and 158 respectively. However, the number of MSPs granted directly to CSOs in these two operational phases was 85 (53.4%) and 66 projects (41.7%) respectively.

Figure 6: Number of MSPs



In GEF-4, the number of MSPs executed by CSOs decreased considerably. Of a total of 105 MSPs approved, only 17 (16%) will be executed by CSOs (Table 3 and Figure 6).

GEF-4 under the RAF is in its first 25 months of implementation. The same period was considered to compare the number of MSPs approved by the CEO in the three operational phases analyzed. The total number of MSPs approved increased –from 84 and 74 to 102. However, there was a significant decrease in the percentage of MSPs granted to CSOs –from 58.3 and 50 percent to 16 percent (Table 4).

Table 4. Number of Medium Sized Projects (MSPs) approved by the CEO in the first 25 months of each Operational Phase (all focal areas)

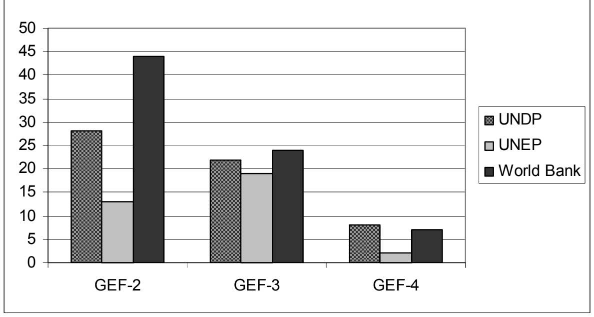
First 25 months of	MSPs (total)	MSPs to CSOs
GEF-2	84	**49 (58.3%)**
GEF-3	74	**37 (50%)**
GEF-4	105	**17 (16%)**

The types of CSO that executed MSPs in GEF-2 and GEF-3 were diverse. The share by type of CSO in these two operational phases is as follows:

- National NGOs –**42.3% (64 projects)**
- International NGOs –**31% (46 projects)**
- International Research and Academic Institutions –**6.6%** (**10 projects)**
- National Research and Academic Institutions –**7.2 % (11 projects)**
- Private Sector (companies and associations) –**6% (9 projects)**
- Regional NGOs –**3.3% (5 projects)**
- Co-execution (through various partnerships) –**2.6% (4 projects)**
- International Indigenous Peoples Organizations –**0.6% (1 project)**

In GEF-4, under the RAF, international NGOs have the greatest share of CSO-executed projects for MSPs, with 8 projects (47%); while national NGOs will execute 4 projects (23%). National research and academic institutions showed an increase in their share to 17.6 percent of the MSPs approved in GEF-4. It must be noted, however, that some of these national research and academic institutions are affiliated with national universities and therefore depend on public funding. They were considered as part of the CSO category due to the general independence of their functioning. Additionally, an international research and academic institution and a private section association will execute one project each, accounting for 5.8 percent each (See list of CSO executing agencies in Annex 2).

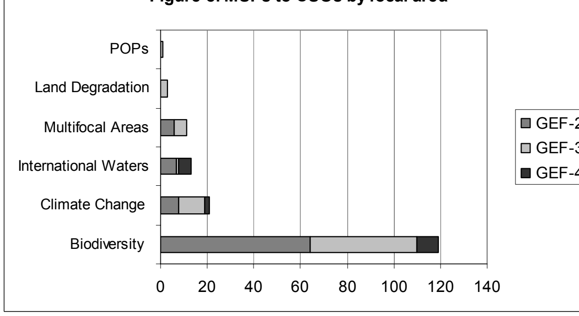
Figure 7: Number of MSPs to CSOs by IA



The World Bank implemented the highest percentage of MSPs through CSOs in the three phases analyzed –69.8 percent (44 projects) in GEF-2, 60 percent (24 projects) in GEF-3 and 58 percent (7 projects) in GEF-4 (Figure 7).

The percentages of MSPs implemented by UNDP and UNEP and executed through CSOs vary according to the operational phases. In GEF-2, UNDP was the IA for 28 MSPs (43.7%) and 22 MSPs (34.3%) in GEF-3. UNEP implemented 13 MSPs (40.6%) in GEF-2 and 19 projects (38.7%) in GEF-3. In GEF-4, however, the percentages change considerably. UNDP will implement 8 MSPs (11.4%) to be executed by CSOs; while UNEP will be the implementing agency for 2 MSPs (12.5%). Only one MSP was approved for a CSO by the Inter-American Development Bank (IADB) as an Executing Agency in GEF-3. (See details in Annex 3).

Figure 8: MSPs to CSOs by focal area



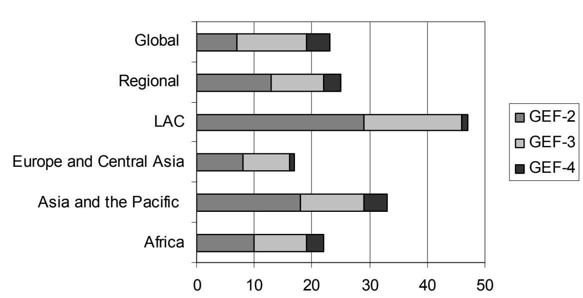
As with FSPs, CSO-executed MSPs have largely fallen within the biodiversity focal area. In the three operational phases analyzed, 64 MSPs (75%) were executed in GEF-2 and 45 projects (68%) in GEF-3. In GEF-4, CSOs will execute 10 biodiversity MSPs (58.8%). Climate Change MSPs executed by CSOs saw a steady increase throughout the three phases, with 8 MSPs (9.5%) in GEF-2, 11 projects (16%) in GEF-3 and 2 projects (12.5%) in GEF-4 (See Figure 8 and details in Annex 3).

CSOs executed MSPs in the International Waters focal area in all three phases, with 7 projects (8%) in GEF-2, one project (1.5%) in GEF-3, and 5 projects (31%) in GEF-4. Multifocal Areas MSPs were granted to CSOs in GEF-2 and GEF-3, with 6 and 5 projects respectively. In addition, in GEF-3, CSOs executed 3 MSPs in the Land Degradation focal area and only one MSP in the POPs focal area.

CSOs executed more national-scale MSPs in the Latin America and the Caribbean region than in any other region in both GEF-2 and GEF-3, with 29 projects (34%) and 17 projects (26%) respectively. In GEF-4, CSOs will execute only one MSP at the national level in Latin America and the Caribbean. The number of MSPs executed by CSOs at the national level in Asia and the Pacific countries varied considerably across the three phases –18 projects (21%) in GEF-2 and 10 projects (15%) in GEF-3. Although CSOs will execute only 5 national-scale projects in GEF-4 in Asia and the Pacific, these represent 29 percent of all MSPs approved for CSOs in the current phase.

CSOs also executed national scale MSPs in Africa –with 10 projects (12%) in GEF-2, 9 projects (13.5%) in GEF-3 and 3 projects (17%) in GEF-4. The region with the least number of CSO-executed MSPs is Europe and Central Asia –8 projects were executed in GEF-2 and GEF-3, accounting for 9.5% and 12% respectively; only one MSP will be executed in this region in GEF-4.

Figure 9: Number of MSPs to CSOs by region



The percentage of regional MSPs executed by CSOs is similar across the three phases analyzed –15% of all MSPs to CSOs in GEF-2; 15% in GEF-3 and 17% in GEF-4. Global MSPs executed by CSOs accounted for 8.5% of CSO-executed MSPs in GEF-2 and 18% in GEF-3, while in GEF-4 the share has increased to 23.5% (See Figure 9 and details in Annex 3).

Evolution of MSPs

MSPs were designed with the purpose of establishing "simplified, expedited procedures that promote high-quality projects requiring up to US$1 million of GEF-financing[24]". A broader and more balanced representation of stakeholders could access directly to GEF funding through an MSP, and play a leading role in GEF projects.

An Evaluation of MSPs was undertaken in 2001. Among its findings, the report states that "the most important comparative advantages of MSPs appear to lie in partnership building, awareness raising, public participation, capacity building and innovation, as well as the opportunity to engage a diverse range of highly motivated executing agencies[25]".

[24] Proposal for Medium-sized Projects, GEF/C.8/5 (October, 1996)
[25] Medium-Sized Projects Evaluation (GEF/C.18/Inf.4, December, 2001)

The MSP Evaluation also highlighted one of the key strengths of these smaller projects: "…it is very likely that the overall value/ impact of GEF dollars invested in MSPs compares favorably with investments in many larger projects of either GEF or other donors, especially in the biodiversity focal area[26]".

Although one of the premises of the GEF is to ensure that the cost-effectiveness of its activities, and MSPs proved to be more cost-effective, the implementation of the RAF shifted the portfolio away from MSPs.

The Mid-Term Review of the RAF points out that "… with some regional exceptions, countries and Agencies generally do not find MSPs cost-effective, as this modality requires almost the same level of procedural effort as full-size projects. While MSPs can be a way to distribute scarce resources between more project proponents, a shift towards MSPs has implications for the cost effectiveness of the overall GEF portfolio. MSPs were not subject to cycle simplification[27]".

Some of the bottlenecks identified in the MSP Evaluation report included the preparation and approval process for MSPs, which on average had been much longer than expected –over two years, as compared with initial estimations of six months. A variety of factors were attributed for the lengthy MSP project cycle, including "obtaining MSP endorsements from national Focal Points for NGO executed projects has frequently been difficult and very time consuming[28]".

Efforts were made to address some of the recommendations of the MSP Evaluation. The ceiling for a PDF-A funding was increased to up to $50,000. The most significant one, however, was introduced in the form of two project proposals to test innovative approaches to smaller-sized MSPs. These initiatives were specifically targeted to CSOs, and were approved by Council in November, 2004:

(a) A global pilot program for smaller-sized MSPs, managed on an expedited competitive process for reviewing and awarding grants, though the Development Marketplace (DM), a competitive grant program of the World Bank. The DM funds innovative, small-scale development projects of up to $200,000. The call for proposals, as well as the review and approval, followed those already established by the DM. The GEF allocation was of $5 million.
(b) A country-level pilot program in Argentina for decentralized smaller MSPs, jointly implemented by the Government and the three IAs. The simplified process included: pre-selection of proposals, capacity-building workshops and technical assistance to further develop the proposals, submission of the re-formulated proposals, second review and selection of the projects to be funded. The GEF allocation was of $2.5 million.

None of these initiatives have been evaluated yet, although the Council requested such evaluations "upon completion of the pilots[29]" when approving them.

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[26] Medium-Sized Projects Evaluation (GEF/C.18/Inf.4, December, 2001) and The First Decade of the GEF - Second Overall Performance Study (2002)
[27] Mid-Term Review of the Resource Allocation Framework, GEF/ME/C.34/2 (November, 2008) Par. 39
[28] Medium-Sized Projects Evaluation (GEF/C.18/Inf.4, December, 2001)
[29] Joint Summary of the Chairs, November 17-19, 2004

CSO Experiences with FSPs and MSPs

A number of CSOs shared their experiences with the MSPs and FSPs procedures –pre and post-RAF—through responses to a questionnaire and interviews. These CSOs are based in different regions, and negotiated these projects with different IAs.

Although the experiences varied depending on the success in getting the project funded, all CSOs coincided that the process to access to a GEF's grant was long –between one and four years – describing it as "very bureaucratic".

"Larger projects do need greater preparation", which in turn requires "investing very substantial time and resources in project preparation". Such lengthy processes and procedures pose a limitation for some national NGOs, which although having the capacity to implement a project, do not have the resources or the capacity to absorb this long-term investment".

Some CSOs had positive experiences in working with the IA, describing it as "very systematic" and "flexible to accommodate unexpected changes that make life easier for project implementing NGO". Others did not, and explained that they experienced "many delays (from the IA) in responding to our requests of assistance and little support"; as well as "inconsistencies between the 'mandates' of the GEF and the IA".

Compared to other donors, the GEF was seen as "more bureaucratic, especially in aspects related to time until approval, complexity of procedures, etc."; "same as the other donors, except project approval formalities are more stringent than many of the other donors"; "by far the most complex, time consuming and burdensome donor. The European Community (EC) is as complex but at least the EC officers provide more rapid and direct support"; "less positive than our experience with other donors".

Despite these experiences, some CSOs would work with the GEF again. The GEF "is one of the few funding sources for biodiversity projects". The time invested in previous project preparation has provided a learning value to some CSOs, pointing out that "the experience obtained during the preparation of GEF projects allow to understand the procedures and changes of the GEF". Some CSOs, however, would not consider the GEF in the future: "we will certainly no longer consider GEF as a serious or realistic source of funding".

Concrete suggestions were also put forward by the CSOs in order to address some of the setbacks faced by these experiences:

- GEF funded projects are not cost-effective: more should be done to improve the ratio between the money spent and the actual impacts on the final beneficiaries.
- The GEF obviously has some internal policies that urgently need to be clarified. A step-by-step approach would make sense involving approval of initial concepts moving on to fully developed proposals – in fact, this system existed, but was not really followed.
- To reduce time between project in "pipeline" and approval. To simplify procedures. To standardize procedures between GEF and Implementing Agencies. Try to use in-country regulations for procurement activities.

- The IAs –as interface between GEF Secretariat and the executing agencies— should improve their ability to “translate” the GEF requirements into “NGOs/other executing agencies-friendly” rules and procedures. They should be more responsive and professional, provide clearer instructions, be consistent throughout the project development process and provide better assistance when the GEF requirements change.
- To define priorities to be covered by GEF funding in the countries.

4. Impact on the Small Grants Programme

The Small Grants Programme (SGP) was designed exclusively for CSOs. Launched in 1992, the SGP’s core principle is that global environmental solutions are usually only sustainable if local populations are actively involved and direct community benefits and ownership are generated.

Together with the GEF National Dialogue Initiative and the GEF Country Support Program, the SGP is one of the GEF corporate programs –its most successful one.

Trends Identified

- The change in the source of funding introduced for OP4 is currently affecting **52 percent** of the participating countries in the SGP. In the RAF funds and the Core/RAF countries, the source of funding has shifted partially or entirely to the government-led contributions from the country’s RAF allocations.
- In the RAF funds countries, the SGP portfolio will only support biodiversity and/or climate change projects.
- In the RAF/core funds countries, the share between biodiversity and climate change projects and the other four focal areas may be unbalanced.
- The core funds countries will have a more balanced share by focal areas.

The success of the SGP is rooted in its unique approach:

- It functions in a decentralized way, and decisions by consensus are taken at the country level by a multisectoral National Steering Committee. CSOs represent the majority of the Steering Committee members, ensuring that CSOs are able to provide needed expertise on community-based work and have full opportunity to take a leading role in programme decisions and policy-making.
- GEF funds are channeled directly to CSOs (to project dedicated bank accounts set up by CSOs).
- Grants of up to $50,000 –but averaging from $20,000 to $35,000— executed by CSOs provided measurable results, through local solutions to global environmental issues.

Some of the findings of the SGP's evaluations also highlight the numerous successes of its implementation.

The Third Independent Evaluation of the SGP concluded that "the GEF appears to be getting very good value for its investments in SGP[30]". The evaluation also stressed that "the SGP's importance to developing countries derives from 'the way in which it links, global, national and local-level issues through a transparent, strongly participatory and country-driven approach to project planning, design and implementation'". The 2007 Joint Evaluation highlighted that the "SGP has contributed to numerous institutional reforms and policy changes in the recipient countries to address global environmental issues[31]."

The SGP supports various and diverse types of CSOs, including community-based organizations, non-governmental organizations, grassroots organizations, and indigenous peoples organizations, among others.

Since 1992, the SGP has consolidated and steadily expanded the number of participating countries over its operational phases (See table 5).

Table 5. SGP operational phases and number of projects (amounts in USD millions)

Small Grants Programme	**OP2** 1999-2004	**OP3** 2005-2007	**OP4*** 2007-2010
Countries at start of OP	58	82	99
Countries joining SGP	24	17	23
Number of grants allocated	4,443	3,098	1,996
SGP allocation	$95.1	$76.2	$53.5
Co-financing (cash)	$71	$52.5	$59.2
Co-financing (in-kind)	$72.7	$46.6	$21.3

* Projects approved up to February, 2009

Funding for the SGP is approved by Council as a global project included in the Work Programs. The amount approved by Council provided core funding for projects in five GEF focal areas as well as for the functioning of the entire SGP, including the following components: grants; programme mobilization, strategic guidance and M&E; programme Management, including Country Level and Global programme level; and administrative costs. For OP2 and OP3, an average of 70 percent of the total project costs was allocated for the grants component.

In OP4, however, the rules for how the SGP would access to its funding changed with the implementation of the RAF.

[30] Third Independent Evaluation of the Global Environment Facility Small Grants Programme, 2002
[31] Joint Evaluation of the Small Grants Programme (GEF/ME/C.32/2) 2007

The financial plan for SGP during GEF-4 was included in the Programming Document for the Fourth Replenishment of the GEF Trust Fund[32]. As per this plan, the total allocation for SGP during GEF-4 was estimated in **$200 million**. According to this plan, SGP may receive GEF resources through two sources[33]:

- **Core funds:** SGP may receive **$110 million** from the direct allocations from the GEF focal areas. Of this amount a total of **$80 million** was to be contributed from the exclusions from RAF allocations of the biodiversity and climate change focal areas and **$30 million** was to be contributed from the program budget of land degradation, international waters and persistent pollutant focal areas ($10 million each).
- **RAF Country Allocations:** SGP could access $90 million from the RAF country allocations of participating countries, for the biodiversity and climate change focal areas. This additional amount would cover the difference to reach the estimated $200 million required to fund the SGP in OP4.

In addition, new guidelines for the allocation of the resources available to the SGP were adopted by the SGP Steering Committee[34] for GEF-4 (See Annex 4). The new guidelines aim at enhancing the SGP's "on-the-ground effectiveness while maintaining a country-based decision making process through the SGP National Steering Committees[35]".

The guidelines provide for caps on how much RAF funds can be contributed to SGP as well as how much of core funds can be accessed by participating countries. The guidelines establish that each country could receive up to $600,000 a year for the SGP country program. The new 23 countries joining the program in OP4 will be able to access up to $150,000 for the first year of its operations, having to follow the same rules thereafter.

Thus, the architecture of the SGP allocations was transformed into three broad categories, as follows:

- **RAF funds countries** –for countries with an individual RAF allocation of more that $15 million in biodiversity and/or climate change. To provide funding for the SGP country program, countries can commit a share of up to $600,000 a year of their biodiversity and/or climate change RAF allocations. These countries have no access to SGP core funds. Hence, their SGP portfolio is limited to biodiversity and/or climate change. At the start of OP4, there are 13 countries within this category; by the end of OP4, 16 countries are expected to be under this category.

  RAF funds countries are: Brazil, Chile, China, Ecuador, India, Indonesia, Iran, Madagascar, Malaysia, Mexico, Peru, Philippines, South Africa, Turkey, Ukraine and Venezuela.

[32] Summary of Negotiations on the Fourth Replenishment Agreement of the GEF Trust Fund (October 19, 2006, revised)
[33] Effects of the Resource Allocation Framework on the Small Grants Programme - Technical Paper #6 (October 2008)
[34] The SGP Steering Committee provides overall strategic guidance to the SGP. It is chaired by the CEO and includes representatives from the GEF Secretariat, the Implementing Agencies, the GEF NGO Network, and the Central Program Management Team (CPMT) of the SGP.
[35] Letter from the GEF CEO to the Focal Points of the new countries joining the SGP in OP4 (December, 2006)

- **Core/RAF countries –**for countries with an individual RAF allocation of up to $15 million in biodiversity and/or climate change. To provide funding for SGP grants in biodiversity and/or climate change, governments in these countries can allocate up to $300,000 a year from their RAF allocations and a matching amount from the SGP core funds. In November 2007, this rule was amended to allow contributions of up to $400,000 a year from the RAF allocations and $200,000 a year from SGP core funds, for the second half of GEF-4. The contributions from the RAF allocations would be used only to cover biodiversity and/or climate change projects, depending on the focal area from which the allocation is contributed. The other focal areas will receive funding from the SGP core funds, to reach the $600,000 cap a year. At the start of OP4, there are 38 countries in this category; 9 more countries falling in this category are expected to join the SGP in OP4, bringing the total to 47 countries by the end of OP4.

  Core/RAF countries are: Afghanistan, Algeria, Argentina, Bangladesh, Belarus, Bolivia, Bulgaria, Cambodia, Cameroon, Cape Verde, Dem. Rep. of Congo (Zaire), Costa Rica, Côte d'Ivoire, Cuba, Dominican Republic, Egypt, Ethiopia, Fiji, Guatemala, Haiti, Honduras, Jamaica, Kazakhstan, Kenya, Laos, Lithuania, Malawi, Mauritius, Mongolia, Morocco, Mozambique, Namibia, Nicaragua, Nigeria, Pakistan, Panama, Papua New Guinea, Romania, Seychelles, Sri Lanka, Syria, Tanzania, Thailand, Uganda, Uzbekistan, Vietnam and Zambia.

- **Core funds countries** –for countries in the group allocation in biodiversity and climate change. SGP grants in these countries will be provided through the SGP core funds, with a maximum allocation of $600,000 per year. These funds may be used for projects in any focal area. At the start of OP4, there are 48 countries in this category; this number is expected to increase to 59 by the end of the current operational phase. No changes in the SGP country programs would be experienced in these countries.

  Core funds countries (including new countries) are: Albania, Antigua and Barbuda, Barbados, Belize, Benin, Bhutan, Botswana, Burkina Faso, Chad, Comoros, Cook Islands, Dominica, El Salvador, Gambia, Ghana, Grenada, Guinea, Jordan, Kiribati, Kyrgyz Republic, Lebanon, Lesotho, Macedonia, Mali, Marshall Islands, Mauritania, Micronesia, Nauru, Nepal, Niger, Niue, Palau, Rwanda, Samoa, Senegal, Solomon Islands, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Tonga, Trinidad and Tobago, Tunisia, Tuvalu, Uruguay, Vanuatu, Yemen and Zimbabwe. **New countries:** Armenia, Bahamas, Burundi, Central African Republic, Eritrea, Guinea-Bissau, Liberia, Maldives, Paraguay, Tajikistan and Togo.

The caps established by the guidelines for RAF fund countries and Core/RAF countries to access additional contributions from the RAF country allocations prevented countries from allocating more RAF funds than the $600,000 a year cap. Thus, the $90 million estimations from additional contributions from the RAF country allocations fell short.

For the first half of GEF-4, $18.3 million[36] were committed from countries as additional RAF contributions; for the second half of GEF-4, $44.7 million[37] are expected. These additional RAF contributions from countries, added to the $110 million allocated as core funding, totals **$173 million** for the SGP for OP4. The evolution of the SGP funding by OP is summarized in Table 6.

Table 6. SGP funding per Operational Phase (amounts in USD millions)

	OP2	OP3*	OP4
SGP funding needed	$133.2	$172	$200
Countries to be covered	**82**	**99**	**122**
SGP funding approved (as core funds)	$133.2	$172	$110
Additional RAF contributions			$63
Total SGP funding	**$133.2**	**$107**	**$173**

* **OP3**: 2 years, from March 1, 2005 to February 28, 2007; plus a bridging period of four months between OPs, from March 1, 2007 to June 30, 2007, to align with GEF's operational phases. During this bridging period, no new funds were made available to the SGP.

In the RAF funds and the Core/RAF countries, the source of funding has shifted partially or entirely to the government-led contributions from the country's RAF allocations. In these countries, National Coordinators are under additional stress to secure funding for grants from the RAF allocations, which was previously allocated as core funding. The Mid-Term Review of the RAF points out some of challenges the SGP has been facing in GEF-4: "The GEF Small Grants Program now finds itself spending considerable time and effort mobilizing resources from the GEF, rather than – or in addition to – seeking new and additional financing[38]".

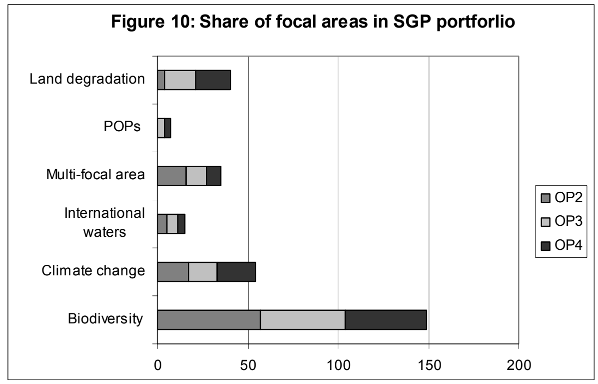
The Mid-Term Review of the RAF also concluded that: "To access 3-400,000 US$ from country RAF funds, the SGP must provide a strategy for the use of RAF funds, although a country SGP strategy already exists and countries with large individual RAF allocation have no such requirement. The cost-effectiveness is reduced by the level of negotiations required, increased workload, separate accounting, the shift in portfolio, additional requirements and lost opportunities for the NGO community and civil society[39]".

Although 12 more countries will join the SGP in OP4 under the RAF funds countries and Core/RAF countries categories, the percentage of countries affected by the new guidelines for the allocation of the resources introduced for OP4 under the RAF will be the same by the end of the current operational phase –more than half of SGP participating countries.

The share by focal area is similar in OP2 and OP3 –biodiversity projects represent the majority of SGP projects, accounting for 57 and 47 percent of all SGP projects, respectively. Climate change projects represented a nearly constant share of 17% and 16% of all SGP projects, respectively. The SGP portfolio included a significant number of land degradation projects in OP3, representing 17% of the total portfolio. The total share by focal area in OP4 is within similar range as the previous

[36] The GEF SGP: Fourth Operational Phase (GEF-4) Project Document (June, 2007)
[37] 4th Operational Phase of the GEF SGP - PIF (April, 2009)
[38] Mid-Term Review of the Resource Allocation Framework, GEF/ME/C.34/2 (November, 2008) Par. 106
[39] Mid-Term Review of the Resource Allocation Framework, GEF/ME/C.34/2 (November, 2008) Par. 77

phases –45 percent for biodiversity, 21.5 percent for climate change and 19.5 percent for land degradation (Figure 10 – Source: SGP database).



However, based on the source of the funding for the country program, the share by focal area has changed. In the RAF funds countries, the SGP portfolio will only be focused on biodiversity and/or climate change. "Among the 14 RAF only country programs that were operational at the beginning of OP4, eight programs accessed RAF funds from the allocation for only the biodiversity focal area and five programs accessed it from RAF allocations for both the biodiversity and the climate change focal areas[40]".

Although a more balanced portfolio may be experienced in the RAF/core funds countries, the share between biodiversity and climate change projects and the other four focal areas may be unbalanced. "The available evidence suggests that the SGP country programs are indeed compensating for the usage restriction on resources accessed through RAF country allocations of biodiversity and climate change focal areas by increasing their investments in other focal areas through core funds[41]".

In addition to the limitations imposed by the RAF on country programmes, its limited staff at the CMPT level is overburdened. Only six professional staff and two administrative support staff are responsible for the global functioning of the programme. "SGP moves into a new phase of growth and increasing complexity in GEF-4, there is a danger that the growth may overwhelm the present management structure[42]".

Upgrading of mature SGP country programmes

As noted by the SGP Joint Evaluation, "when compared to completed GEF FSPs and MSPs, which are rated using similar criteria by the GEF Evaluation Office, a slightly higher proportion of SGP projects are rated in the satisfactory range for project outcomes and significantly higher proportion for sustainability[43]".

This success has led to the expansion of the programme over its Operational Phases. As a response to this expansion, the issue of "graduation" of mature SGP countries has been under consideration and discussion based on "the necessity to accommodate more new country programmes' into SGP within limited GEF core resources[44]"; and the "funding limits on SGP in GEF-4 in the replenishment agreement[45]".

[40] Mid-Term Review of the RAF - Effects of the RAF on the SGP - Technical Paper #6 (October 2008)
[41] Mid-Term Review of the RAF - Effects of the RAF on the SGP - Technical Paper #6 (October 2008)
[42] SGP: Follow-up to the 2007 Joint Evaluation, GEF/C.33/5 (April, 2008)
[43] Joint Evaluation of the SGP, GEF/ME/C.32/2 (October, 2007), Par. 15
[44] Report of Joint Meeting of the SGP Steering Committee and stakeholders, 7-8 January 2009, Washington DC
[45] Joint Evaluation of the SGP, GEF/ME/C.32/2 (October, 2007), Par. 43

The risks of graduation were outlined in the SGP Joint Evaluation: "the SGP programme structures established in the graduating participating countries are likely to be disbanded or else country programmes are likely to pursue other sources of funding that may or may not be aligned with global environmental objectives. Since most of the country programmes that would automatically graduate are among the better ones, the GEF risks losing the SGP country programmes that, generally speaking, are more cost effective than its FSP and MSP portfolio. Thus, automatic graduation of the old SGP country programmes from GEF funding is likely to lead to a marginal decline in the cost effectiveness of the overall GEF portfolio[46]". Moreover, the Joint Evaluation highlights that the issue of graduation is "denying recipient countries a modality that has been proven to be one of the most effective and efficient of the GEF[47]".

To further discuss reforms to the SGP for GEF-5, in particular the "graduation" issue, a Joint Meeting of the SGP Steering Committee was held on January 7-8, 2009. Some National Coordinators also participated.

The definition of "graduation" was discussed, and it was agreed that "graduation should mean that a country is advanced in managing and sustaining SGP and is fully prepared to take broader responsibilities in an upgraded status. Therefore, to avoid future misunderstanding, graduation should be re-phrased as *upgrading of mature SGP country programmes'*"[48].

The meeting also agreed that "this upgrading should lead to an SGP that is equitable, fair, and independent; and should be based on the principle of equity particularly in access to core resources"[49]. The meeting also considered that "upgraded country programmes should be fully financed by RAF funds and non-GEF resources"; and that "some core funds would be necessary to leverage funding from other sources in ways that maintain independence and GEF identity[50]". In addition, upgraded country programmes would "function in a more independent manner and require Council approval[51]".

Options for alternative SGP execution in GEF-5 are being presented in a separate document[52] for Council consideration at its June 2009 meeting, as per the decision of the SGP Steering Committee.

National Coordinators' Experiences

Some National Coordinators (NCs) shared their experiences with the SGP under the RAF, from RAF funds countries as well as from Core/RAF countries, through responses to a questionnaire.

The strengths of the SGP were described as: "The innovative and simple mechanisms of the SGP are sharing and showing greater local empowering models in the countries. The management model of the CPMT is working so effectively globally for the program and is creating the openings (even with

[46] Joint Evaluation of the SGP, GEF/ME/C.32/2 (October, 2007), Par. 44
[47] Joint Evaluation of the SGP, GEF/ME/C.32/2 (October, 2007), Par. 65
[48] Report of Joint Meeting of the SGP Steering Committee and stakeholders, 7-8 January 2009, Washington DC
[49] Report of Joint Meeting of the SGP Steering Committee and stakeholders, 7-8 January 2009, Washington DC
[50] Report of Joint Meeting of the SGP Steering Committee and stakeholders, 7-8 January 2009, Washington DC
[51] Report of Joint Meeting of the SGP Steering Committee and stakeholders, 7-8 January 2009, Washington DC
[52] Small Grants Programme: Upgrading and Execution Arrangements for GEF-5

the skeleton staff) by itself an example for the program effectiveness. The decentralized, flexible, open and yet disciplined program speaks volumes for the GEF".

One of the premises of the changes introduced in OP4 was to improve the effectiveness of the SGP. Only one of NCs interviewed agreed with this premise, because "we know approximately how much we will receive each year during OP4".

The majority of the NCs, however, expressed concerns about the adjustments imposed to the programme, describing these as: "creating government ownership by keeping the commitments from the RAF for SGP"; "we cannot fully fund programs for the various focal areas"; "it has demanded too much time in coordination meetings between the UNDP Resident Representative, members of the National Steering Committee (NSC) and the national coordination in order to obtain funding for the SGP from the RAF allocation, only for biodiversity"; "it has not improved anything much; the country does not have a detailed picture of SGP, even though they generally have a favorable perspective of SGP".

The consequence of the shift in the funding sources "has been restricted in terms of the projects funding mostly for two focal areas, although certain components which also create multi focal emphasis are taken care"; "it has delimited the scope of projects that can be supported by SGP. There are good projects within other GEF focal areas (e.g., wind energy systems supporting climate change mitigation) that we have to forego because they cannot be located within the biodiversity conservation concerns". "The time invested in obtaining the RAF contribution could have been used for achieving programmatic results and enhancing program delivery. This could lead to a decrease in the efficiency and effectiveness of the programme".

In addition, the implementation of the RAF has negatively impacted the SGP in some countries. "Since the RAF is a new approach for GEF funding, many relevant government agencies are new to it. In OP4, many government agencies applied for RAF funds. During the second half of OP4, SGP only got finding for climate change, as all the biodiversity allocation was already committed to government projects. For OP5, government agencies have gained enough experience; the competition for RAF funding may become fiercer".

The relationship between the NSC and the Operational Focal Point was also addressed. All NCs agreed that the relationship has not changed, remaining positive and supportive. For some, it demanded a boundary-setting process and some detailed discussions to achieve such a balance. The Focal Point "tried to flex their muscle because they know they have an influence through the allocation of funds to SGP, but we have made a strong case that we are open to consider good ideas and fair play for any project presented to the NSC, but the objectiveness of the use of funds for good environmental purposes is critical and non negotiable". For others, though, the relationship implied some compromises, as "having a budget for OP4 or not, depended entirely on the government focal point".

The balanced representation in the National Steering Committee (NSC) is one the main reasons mentioned for the multisectoral and consensus nature of its decisions, as all country stakeholders are involved in the decision-making process. All NCs mentioned that this has not changed or has not been compromised by the changes introduced in OP4. "Our independence has not been compromised; it has been challenged, but with the collective pressure of the rest of the group, good judgment and common sense have prevailed. The NSC is autonomous in its decisions". For some, maintaining the independence of the NSC also demanded some negotiations with the governments: "it took us an extensive negotiation with the government Focal Point to clarify that the government had a representative in the NSC but could not impose or unilaterally define the SGP guidelines, as this was a role for the members of the NSC".

Although in general terms the NCs described the relationship with the Operational Focal Points as positive and supportive, it should be noted that changes in the government in office may affect this in the future. "Changes in the government sector may not include allocations from RAF to the SGP, as this depends on the priorities of the government in office. Possible political changes in all governments may present some interference or disadvantages for the SGP".

A number of issues for the future of the SGP were also put forward by the NCs, including:

- RAF countries should receive core funding to be able to cover all focal areas; not only biodiversity and climate change from the RAF allocations. Otherwise, the impacts that have been created over time at the global and local environment levels will be compromised.
- The GEF Council should adopt a policy to clearly establish that the allocation of resources from the RAF to the SGP by the Focal Point would not imply any undue interference with the SGP decisions or its intervention in the NSC. Such policy would prevent Focal Point representatives in each country to try to prioritize their short-term policies in detriment of the mission and vision of the SGP.
- Listen more closely to what "on the ground" offices have to say; sometimes there is little comprehension to stark realities that affect our work in the field.
- It will be a missed opportunity if any of the grants are lessened in the program now when the effective links are being established for better community gains and policy influence.

II. Conclusions

The GEF has adopted various new policies and undertaken reforms to improve its effectiveness. The Resource Allocation Framework (RAF) is the most significant policy introduced for the current operational phase. Based on the analysis by type of projects to CSOs, the following conclusions have been identified:

1. **The design of the RAF had negative impacts on equitability and inclusiveness, contrary to its objectives.**

The RAF was adopted to respond to the "need for a transparent, equitable and inclusive system for the allocation of resources within the GEF[53]". However, its design of the RAF does not provide for equity and inclusiveness.

One of the two premises by which the RAF was designed is based on the "country capacity, policies and practices relevant to successful implementation of GEF projects". A country's capacity should not be limited to the capacity of a government, but also include CSOs.

No indicators were included in the GEF Performance Index (GPI) to measure governance, contrary to the Council's decision on the RAF on "success in meeting the objectives of the GEF is based on good governance related to environmental sustainability within each country and at the international level".

CSO involvement in the decision-making process is one the basic principles of good governance. The performance of CSOs, in particular in project identification and execution, is a valuable indicator which can contribute to the overall performance of a country.

Moreover, the operationalization of the RAF was limited to the allocation of resources to countries; and was not accompanied by policies that would ensure the effective implementation of its objectives.

The lack of country coordination mechanisms, with CSO participation, largely left discussions and decisions on GEF projects to governments, in some countries. As a result, a 'competition' for GEF funds in countries was created; and government projects were prioritized.

2. **The overall share of CSO-executed projects has significantly declined in GEF-4. The decrease in CSO involvement has been detrimental to improving the countries' performance –one of the pillars of the RAF.**

The design and implementation of the RAF has prevented CSOs to contribute to the goals of the GEF through project execution. In both, number and value, CSO-executed projects significantly decreased in GEF-4. In GEF-2 and GEF-3, CSO-executed projects averaged 24 percent of all projects executed, representing 10.5 percent of the total GEF allocation. In GEF-4 under the RAF, CSOs approved projects total 8.6 percent of the total share, representing 3.8 percent of the total allocation.

[53] Joint Summary of the Chairs, Special Meeting of the Council (August 31-September 1, 2005)

The revised project cycle favored the submission and approval of FSPs. In the same time, a much larger allocation could be obtained by a project proposer. Consequently, FSPs were favored by project proposers, who were almost entirely governments and UN agencies.

Moreover, the decrease in the overall share of CSO-executed projects was not limited to the focal areas under the RAF. No projects were approved for CSOs in GEF-4 for the land degradation or the POPs focal areas.

The implementation of the RAF has been detrimental to CSOs, despite the comparative advantages in efficient and cost-effective project execution, as recognized by the Instrument.

Limiting the possibilities to foster partnerships with CSOs has been detrimental to improving the countries' performance –one of the pillars of the RAF.

3. **MSPs have experienced the most significant decrease in GEF-4. National NGOs are the most disadvantaged partners.**

The RAF was adopted with the purpose of "maximizing the impact[54]" of GEF resources. MSPs proved to have more impact and be more cost-effective than larger projects. However, the implementation of the RAF has largely changed the share between FSPs and MSPs in the project portfolio, which was sustained over the previous phases analyzed.

Numerous CSOs, especially national and international NGOs, have successfully designed and implemented MSPs. Of the total number of projects approved in GEF-2 and GEF-3, 39 percent were MSPs; of this share, 47 percent were executed by CSOs. In GEF-4, the share of MSPs declined to 31 percent of the total projects approved, of which only 5 percent are CSO-executed MSPs.

National NGOs are the most affected partners by the significant decline in the share of CSO-executed MSPs in GEF-4. Of the total number of CSO-executed MSPs in GEF-2 and GEF-3, a combined share of 42.5 percent was granted to national NGOs. In GEF-4, national NGOs almost halved their share of MSPs, to 23 percent of the total number of MSPs approved for CSOs.

More than a decade after the approval of MSPs, CSOs are once again faced with the same issue that led to the approval of this expedited procedure –addressing the gap between government-led multi-million dollar projects vs. the Small Grants Programme.

4. **The RAF has constrained funding for the SGP and affected the share by focal areas in more than half of its participating countries.**

The SGP is one of the three corporate programs of the GEF –it's most successful. It is also the only corporate program which has been partly placed under the RAF.

The planned expansion of the SGP was not matched with the necessary increase in funding.

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[54] Policy Recommendations for the Third Replenishment of the GEF Trust Fund (November 5, 2002), Par. 16

In fact, funding for the SGP has been constrained by the changes introduced by the RAF. The total allocation for SGP during GEF-4 was estimated in $200 million to cover the 122 participating countries in OP4. The total funding received, however, was $173 million – $110 million[55] as core funds (80 percent of the 5 percent exclusion for SGP and cross-cutting capacity building activities) and $63 million[56] as additional RAF contributions from countries.

The guidelines for the allocation of resources added another set of rules of how the SGP countries would access funds from the countries' RAF allocations; and added an access cap for countries of $600,000 a year.

As a consequence, 52 percent of the countries in the SGP are being affected by the changes in the source of funding introduced for OP4 under the RAF –14 percent (RAF fund countries) and 38 percent (Core/RAF countries) of the participating countries.

Funding for the country programs now depend, either exclusively or partially, on a government's decision to contribute to the SGP from their RAF allocations. As the only or the major contributor of funds to the programme, governments became the main shareholders of the program at the country level, contrary to the unique multisectoral nature on which the programme built its success. These countries are also experiencing an uneven share of the portfolio, as funding is partially or entirely limited to biodiversity or climate change.

Furthermore, the guidelines for the allocation of resources adopted for OP4 introduced a parallel grant-making, financial accounting, and reporting process in the RAF and Core/RAF countries. Also, the complicated process of negotiating, endorsing and obtaining RAF contributions delayed the disbursements of the additional contributions from countries.

The latest decision of the SGP Steering Committee of "upgrading" instead of "graduating" is a more positive approach. Upgrading would allow the most advanced and experienced country programmes to take broader responsibilities and access to higher levels of funding, build on and replicate successful initiatives and upscale and expand the scope of the activities, among other key advantages.

[55] $80 million from exclusions from RAF allocation for biodiversity and climate change; and $30 million from the other focal areas outside of the RAF
[56] $18.3 million for the first half and $44.7 million for the second half of GEF-4.

III. Recommendations

In response to the Mid-Term Review of the RAF, initial steps have already been taken to address some constraints imposed by the RAF. At its November 2008 meeting, the Council decided that the "reallocation of unused funds will be allowed in the last year of GEF-4". Also, the Council requested the GEF Secretariat to "present steps to improve RAF design and indices for the climate change and biodiversity focal areas for GEF-5, and furthermore to present scenarios for possible expansion of the RAF, if feasible, to all focal areas for GEF-5 for consideration by the Council at the June 2009 GEF Council meeting[57]".

The GEF Secretariat introduced a System for Transparent Allocation of Resources (STAR) for GEF-5 that would replace the current RAF. Three options for a GEF-wide STAR were developed by the GEF Secretariat: a) Business-as-usual (two STAR systems, for Biodiversity and Climate Change, but with improved and simplified indices); b) three STARs for Natural Resources, Climate Change and Chemicals; and c) one STAR for all Focal Areas in each Country. Simulations for country allocations have also been presented for each option, based on three replenishment scenarios –$3.1, $4.5 and $9 billion. Also, a 20 percent exclusion of the total available allocation funds was considered for regional and global programs, including corporate programs. The Council also decided to suppress the group allocation for smaller countries, and to abolish the 50 percent rule in fund spending.

The STAR or neither of the documents presented to the first meeting of the Fifth Replenishment[58], however, addresses how to reinstate CSO participation and involvement in GEF-5. Although considerations are included for increased private sector involvement, through the GEF Earth Fund, no considerations have been introduced yet to address the significant decrease in the participation of CSOs in GEF-4 due to the RAF, as shown by the trends and conclusions presented.

In light of the discussions started towards the Fifth Replenishment of the GEF Trust Fund, the following recommendations are presented for its Participants as well as for the GEF Council, for the short-term and for GEF-5.

Recommendations for the short-term

1. **Country ownership should be enhanced, involving CSOs at the national level.**

The initial scenarios and options for the STAR do not yet include revisions of the GPI. A proposal for the revision of the GPI is planned to be prepared for the June 2009 Council Meeting. The performance of the CSO community in a country should also be included in these revisions of the GPI.

One of the Key Points agreed by the ad hoc GEF Committee on STAR is to "analyze the current GPI and prepare alternatives that would more adequately reflect environmental governance and be more transparent[59]".

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[57] Joint Summary of the Chairs, November 11-13, 2008
[58] Future Strategic Positioning of the GEF and Special Themes for the GEF-5 Replenishment
[59] Summary of the ad hoc GEF committee meeting on STAR, Paris (March 19, 2009)

Although including governance indicators could certainly be an option, finding a set of indicators that could be applied to all recipient countries is indeed a problem. The World Bank has a set of indicators to measure governance; however, these are limited to governments and do not include CSOs[60].

Some options to be considered for the GPI to better reflect the performance of a country related to GEF projects, including the performance of CSOs, are:

(a) **Add an indicator to measure the performance of CSO-executed projects in a country.** This indicator should be calculated in the same way as the Portfolio Performance Indicator (PPI), for CSO-executed projects. The weight for the PPI should be increased, to include a percentage for the PPI-CSOs. Those countries which have encouraged and supported CSO-executed projects would increase their overall score in the GPI; and would have an incentive to continue working with CSOs. Those countries which have not encouraged CSO projects would have an incentive to start doing so, in order to increase their GPI score.

(b) **Increase the weight of the Portfolio Performance Indicator** (PPI). The PPI under the RAF has a weight of 10 percent. This weight should be increased to 40 percent, including the performance of CSO-executed projects. Although the policy and institutional framework of a country, measured by the Country Environmental Policy and Institutional Assessment Indicator (CEPIA) and the Broad Framework Indicator (BFI) are important components, the GPI should prioritize the performance related to the successful implementation of GEF projects. The weights, then, would be changed to: PPI: 40 percent, CEPIA: 50 percent (70 percent under the RAF) and BFI: 10 percent (20 percent under the RAF).

In addition, country coordination committees, including the participation of CSOs in the identification, development and execution of projects, should be created in all recipient countries as a way to enhance country ownership. Enhanced country coordination would in turn improve country ownership; which ultimately would improve the effectiveness of GEF activities at the national level. Provisions should be taken to expand national coordination mechanisms to all recipient countries.

Although some may argue that the GEF cannot interfere with a country's sovereignty to decide how to identify, implement and prioritize GEF resources and projects, the allocation systems have challenged those arguments. The Mid-Term Review of the RAF concluded that: "The GEF cannot expect to provide one pot of funds to increase flexibility and cost-effectiveness – and then remove flexibility by deciding where and on what those funds should be spent. Synergies are also not achieved merely by pooling funds together. For increased effectiveness, the GEF needs a vision or strategy on how such pooling should work within and among focal areas, and at country level[61]".

Requirements for CSOs to participate in such committees should include previous experience with either GEF projects and/or policies. The GEF-NGO Network could assist governments and the GEF to identify experienced CSOs to take part of such committees.

[60] The six dimensions of Governance, as measured by the Worldwide Governance Indicators, are: Voice and Accountability; Political Stability and Absence of Violence; Government Effectiveness; Regulatory Quality; Rule of Law; and Control of Corruption (www.worldbank.org/wbi/governance/)

[61] Mid-Term Review of the Resource Allocation Framework, GEF/ME/C.34/2 (November, 2008) Par. 115

2. **Cost-effectiveness of projects should be increased, in particular through increased use of MSPs.**

MSPs proved to be more cost-effective than larger projects. The revised project cycle currently in place improved the processing of FSPs, aiming at no more than 22 months from PIF approval to endorsement by the CEO.

MSPs procedures should also be simplified, to shorten the processing and approval time to no more than 9 months, including the endorsement by the Operational Focal Point. A simplified format for MSPs should be adopted. The Agencies' procedural requirements should also be simplified.

In addition, the two smaller-sized MSPs pilot programs should be evaluated. The lessons from their implementation may help build on and replicate these programs, if feasible, for increased cost-effectiveness and access to GEF funding by CSOs.

Recommendations for GEF-5

1. **The share and value of CSO executed projects should be increased.**

The design and implementation of the RAF has proven to have an adverse impact on the number and value of CSO executed projects. This is contrary to the basic principles of the GEF, reinforced by numerous policies approved by the Council, as well as the basic principles of the RAF itself.

Restoring the partnership with CSOs in project execution would as well align the GEF with the Aid Effectiveness principles[62], which recognize CSOs as key players in the process to affect improved aid effectiveness.

Thus, options and modalities are presented to increase the share of the CSO executed projects in GEF-5. The aim of presenting these options is to encourage further discussions on increased access GEF funds by CSOs. These options are not exhaustive and a combination of the various elements and modalities presented could be considered and further developed. These are:

(a) **Overall set aside for CSO projects.** As part of the exclusions of the new system for the allocation of resources for GEF-5 under consideration, an additional percentage should be allocated for CSO projects, of 15 percent.

The allocations to CSO-executed projects averaged 24 percent of the total allocations in GEF-2 and GEF-3 combined. A 15 percent additional set aside for CSO projects would mean a decline from the average percentage allocated in the previous phases. However, it would double the amount allocated to CSO projects in GEF-4.

A modality by which this option could be implemented is through a similar procedure as the one currently used for global and regional projects, but with indicative allocations per country based on the available resources. Thus, this pool of funds for CSOs would be

[62] Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008)

available on a competitive basis. As an incentive to encourage governments and Agencies to involve CSOs in project execution, the allocations by countries to CSOs should be monitored and the funds available should be calculated at mid-term. Unused funds should be re-allocated to those countries which have encouraged and approved CSO-projects from those countries which have not.

Another modality by which this option could be implemented is the piloting of direct access to qualified national agencies, introduced as part of the further reforms proposed by the GEF Secretariat for GEF-5[63]. This alternative would require a close follow-up of the replenishment discussions, as "several participants requested further clarification on the issues associated with direct access and expanding the number of GEF agencies[64]". The GEF Secretariat will be presenting a document at the second replenishment meeting in June 2009, for Participants to consider, with a proposal for a pilot on direct access.

(b) **A global initiative targeted exclusively for CSO projects**. The framework of the GEF Earth Fund should be replicated for a global initiative to establish innovative partnerships with CSOs. This option envisages a similar type of initiative, targeted exclusively for CSO projects.

To establish the Earth Fund, the GEF contributed $50 million, and an additional $150 million are expected as contributions from the private sector. The allocation for CSO projects under this option should be calculated based on the average allocations to CSOs from the previous phases. The amount of the GEF allocation would in turn leverage co-financing in a 1-3 ratio from other sources, including contributions from CSOs to the global initiative. This is a similar co-financing ratio from the amount already leveraged by CSO-executed projects –per GEF dollar invested; CSO-executed projects leveraged $3 in co-financing in the three phases analyzed.

The modality by which this option could be implemented is through an international NGO with sufficient fiduciary standards acting as an Executing Agency. A project proposal would have to be developed and approved in order to implement this option. A consortium of CSOs, in consultation with the GEF, should provide the guidance and procedures for the approval of these projects. To ensure a balance among focal areas, specific caps could be agreed (e.g.: 34% for Biodiversity, 34% for Climate Change, 12% for International Waters, and 10% each for Land Degradation and POPs). Country-ownership will be ensured by the endorsement of these projects by the Operational Focal Points.

(c) **A percentage of the country allocation assigned for CSO projects**. From the country allocation assigned to each country, a fixed 15 percent[65] should be allocated for CSO projects.

As there were no caps in the country allocations prior to GEF-4, comparing percentages of allocations with the previous phases is not possible. However, some countries have supported

[63] Future Strategic Positioning of the GEF - GEF/R.5/7/Rev.1 (March, 2009)
[64] Summary of the Co-Chairs, First Meeting for the Fifth Replenishment of Resources of the GEF Trust Fund (March 17-18, 2009)
[65] Equal to the percentage allocated for CSOs under the European Union–Developing countries agreement.

CSOs to work on global environment issues through GEF projects, while others did not. This option would standardize allocations for CSO projects in all recipient countries.

For this option to work in an independent and transparent way, a national committee should to be established, to review and approve projects. This committee would function under the leadership of the Operational Focal Point and the participation of key national stakeholders including CSOs. The model of the SGP National Steering Committees could be considered.

National CSOs submitting proposals under this option would have to provide sufficient background evidence of work done on global environmental issues for, at least, 2-3 years prior to the submission.

For regional and global projects, CSOs would have to access to funds through the Global and Regional Exclusions (GREs), now proposed to be increased to 20 percent. Thus, a 5 percent of the GREs should be set aside for regional and global CSO projects.

2. **The Small Grants Programme should be kept outside of the allocation system in GEF-5.**

The SGP should be kept outside of the STAR in GEF-5, and funds for grants targeted to local communities and the functioning of the programme should be provided through core funding for all of its participating countries

The resources needed to fund the SGP through core funds would be of around $280 million for the 4-years of GEF-5.

These preliminary projections[66] are based on: (a) the actual funding requirements for GEF-4, of around $60 million a year to cover 122 countries, totaling $240 million (at a no growth, no upgrading of grant levels scenario); (b) $18.6 million, to cover the increase in grant-making for the 21 new countries started up in OP4; (c) $11 million to cover the start up of 10 new countries (as per already received applications and expressions of interest); (d) management costs (based on past expenditure for 48 months). In addition, $22.4 million would be needed to cover the increase in funding needed for the upgrading of the most advanced and experienced SGP country programmes. The preliminary projection estimates that each of the 14 countries considered for upgrading could access up to $1 million a year for grants in all focal areas –an increase from the current RAF access cap of $600,000 a year.

The initial simulations for the STAR estimate an exclusion of 20 percent for regional and global programs, including corporate programs. The increase in the exclusions would allow all SGP participating countries to be covered from core funding in GEF-5, as the percentage from the exclusion is either the similar or lower than the one used for GEF-4. Depending on the replenishment scenarios, the percentages of the exclusions have been outlined, as follows:

[66] Preliminary projections by CMPT

Replenishment scenarios	% of the exclusion required to keep SGP outside of STAR
$3.1 billion	**9%**
$4.5 billion	**6.2%**
$9 billion	**3.1%**

Some Participants of the ad hoc committee on STAR have already expressed their support to such a proposal, requesting the GEF Secretariat to "explore placing SGP outside STAR envelopes[67]".

Further details are still being developed, following the agreed key points of the ad hoc committee on STAR on "what activities fall within and outside of the 20% proposed exclusion per focal area[68]".

The only replenishment scenario that could present some limitations to keeping the SGP outside of the STAR would be the $3.1 billion, in case more activities are included as part of the 20 percent proposed exclusion (e.g.: International Waters focal area). In such case, an option to be considered could be to assign part of the countries allocations from the STAR to the SGP only in those countries under consideration for upgrading, with larger allocations. However, a minimum of 50 percent of the funding for grants and functioning of the country programmes should be provided to these countries as core funds.

The advantages of keeping the SGP outside of the STAR include maintaining a streamlined coherent global system for effectiveness and efficiency, ensuring a decentralized, equitable and multistakeholder functioning as well as a balanced share by focal areas.

* * *

[67] Summary of the ad hoc GEF committee meeting on STAR, Paris (March 19, 2009)
[68] Summary of the ad hoc GEF committee meeting on STAR, Paris (March 19, 2009)

Annex 1: Methodology

CSOs partnered with government and international agencies to execute many GEF projects and programs.

However, only those projects granted directly to CSOs, as the lead executing agency for a project, were considered for this report.

Thus, for the purpose of this report, the CSOs considered were those organizations which are not a government agency. These include:

- International non-governmental organizations (NGOs)
- National non-governmental organizations (NGOs), including those organizations which Boards' include government officials.
- Regional non-governmental organizations (NGOs) and networks.
- Indigenous Peoples Organizations.
- Community Based Organizations (CBOs)
- International academic and research institution
- National academic and research institutions, including private and public institutions.
- Private sector associations and companies.

A list of all executing agencies considered, organized by these categories, is included in Annex 1.

Projects were reviewed one-by-one, organizing them by Operational Phase, Implementing and Executing Agency, Focal Area and Region.

The implementation of each Operational Phase depends on when the funds for that phase become available. Thus, the dates considered for this report were those when the actual implementation of the Operational Phases started. These are:

	GEF-2	**GEF-3**	**GEF-4**
	FY 1998-2002	FY 2002-2006	FY 2006-2010
FSPs (Work programs)	November, 1998 – May, 2002	October, 2002 – August, 2006	June, 2007 – January, 2009
MSPs (CEO approval)	July, 1998 – June, 2002	July, 2002 to January, 2007	February 7, 2007 – February 25, 2009

Due to the delays in availability of funds, the implementation of GEF-4 resources started on February 7, 2007. The first work program submitted for Council approval was on its meeting of June, 2007.

For this report, the first nine work programs of GEF-4 were considered –from June, 2007 to January, 2009— including those submitted to Council at its regular meetings as well as the intersessional work programs.

Lastly, the dates when the projects were approved was considered as the criteria to order the project by Operational Phase.

Full Sized Projects are approved by Council. Thus, Council approval, either through the approval of a work program at its regular meetings or through an intersessional work program, was the parameter used to order the projects by Operational Phase.

For **Medium Sized Projects**, the criterion used to order projects by Operational Phase was the CEO approval date. The reason for the selection of such criteria was that MSPs only required Council approval (on a non-objection basis) for those projects of more than $750,000, between its approval by Council in 1996 and May, 2001. Thus, to harmonize the criteria for all MSPs, the CEO approval date was considered for this report.

As for the **Small Grants Programme** (SGP), the criteria used was to follow the SGP's Operational Phases, as follows:

SGP Operational Phases	**SGP OP2** **1999-2002** (up to its 4th year of implementation)	**SGP OP2** **2002-2004** (5th and 6th year of implementation) **SGP OP3** **2005-2007**	**SGP OP4** **2007-2010**
Correspond to	**GEF-2**	**GEF-3**	**GEF-4**

SGP projects for OP4 included in this report correspond to those approved from July 1, 2007 to February 24, 2009.

Annex 2: List of CSO Executing Agencies

The detailed list of CSO executing agencies, organized by Operational Phase, by project type and by type of organization, can be found below. The corresponding Implementing Agency is indicated in parenthesis. It is also indicated when there is more than one project for an organization.

GEF-2: Full Sized Projects

International NGOs

1. Conservation International – **2 projects** (UNDP) (World Bank)
2. World Resources Institute (UNEP)
3. The Nature Conservancy (World Bank)

International Research and Academic Institutions

1. International Crops Research Institute for the Semi-Arid Tropics – ICRISAT (UNEP)
2. Tropical Soil Biology and Fertility Institute of the International Center for Tropical Agriculture – CIAT (UNEP)
3. Tropical Agricultural Research and Higher Education Center – CATIE (World Bank)
4. Global Change System for Analysis Research and Training – START (UNEP)

National NGOs

1. El Nido Foundation and WWF-Philippines (World Bank)
2. Alexander von Humboldt Institute, Colombia (World Bank)
3. Brazilian Biodiversity Fund – FUNBIO, Brazil (World Bank)

National Research and Academic Institutions

1. Institute for Research on the Peruvian Amazon – IIAP, Peru (UNDP)

Co-execution

1. IUCN – The World Conservation Union and the Mekong River Commission Secretariat (UNDP)

GEF-2: Medium Sized Projects

International NGOs

1. Natural Heritage Institute (UNEP)
2. The Nature Conservancy – **3 projects** (UNDP) (UNEP) (World Bank)
3. CARE, through its offices in Philippines and Tanzania (UNDP, **2 projects**)
4. Kabang Kalikasan ng Pilipinas (KKP) - World Wildlife Fund, Philippines (UNDP)
5. BirdLife International– **2 projects** (UNDP) (World Bank)
6. Friends of the Earth, Ghana (UNDP)
7. Fauna and Flora International - **3 projects** (UNDP) (World Bank, 2 projects)
8. Conservation International (World Bank for **3 projects**)
9. Wetlands International - Indonesia Programme (World Bank)
10. IUCN - World Conservation Union - **5 projects** (World Bank – 3 projects) (UNEP) (UNDP)

Regional NGOs

1. Earth Council, Costa Rica (UNDP)
2. Biomass Users Network - Central American Regional Office, Costa Rica (UNDP)
3. Regional Environmental Center for Central and Eastern Europe (REC) (UNDP)
4. Peipsi Center for Transboundary Cooperation (UNDP)
5. enda-caribe (Environmental Development and Action in the Third World) (UNEP)

International Research Institutions

1. Third World Network of Scientific Organizations (TWNSO) (UNEP)
2. Advisory Committee for the Protection of the Sea (ACOPS) (UNEP)
3. International Plant Genetic Resources Institute (IPGRI) (UNEP)
4. The International Centre of Insect Physiology and Ecology (ICIPE) and the International Plant Genetic Resource Institute (IPGRI) (UNEP)
5. Land-Ocean Interactions in the Coastal Zone (LOICZ) (UNEP)
6. International Development Centre of the University of Reading, UK (UNEP)
7. Centro Agronómico Tropical de Investigación y Enseñanza (CATIE), Costa Rica (World Bank)

National NGOs

1. Protected Areas Conservation Trust (PACT), Belize (UNDP)
2. Association of the Talamanca Caribbean Biological Conidor (CBTC), Costa Rica (UNDP)
3. Noah's Ark Center for the Recovery of Endangered Species (NACRES), Georgia (UNDP)
4. Center for Renewable Resources and Energy Efficiency (CRREE), Philippines (UNDP)

5. King Mahendra Trust for Nature and Conservation (KMTNC), Nepal (UNDP, 2 projects)
6. The Wildlife Foundation, Russian Federation (World Bank)
7. ILZRO RAPS Perú, Peru (UNDP)
8. Funatura (Fundação Pró-Natureza), Brazil (UNDP)
9. Foundation for the Philippine Environment (FPE), Philippines (UNDP)
10. Centro de Estudios para el Desarrollo (CED), Chile (UNDP)
11. Foundation for Natural Patrimony and Biodiversity, Chile (UNDP)
12. Russian Association of Indigenous Peoples of the North, Russian Federation (UNEP)
13. Rural Reconstruction Nepal (RRN), Nepal (UNEP)
14. Fonds Ivoirien de Developpement et d'lnvestissement, Cote d'Ivoire (World Bank)
15. Fundación Natura and WWF, Ecuador (World Bank)
16. Programme for Belize, Belize (World Bank)
17. EcoCiencia, Ecuador (World Bank)
18. Fundacion Natura, Colombia (World Bank)
19. FUDENA, Venezuela (World Bank)
20. Pro Naturaleza - Peruvian Foundation for the Conservation of Nature, Peru (World Bank)
21. Institute for Sustainable Development in Mesoamerica (IDESMAC), Mexico (World Bank)
22. Panamanian Center for Research and Social Action (CEASPA), Panama (World Bank)
23. Lewa Wildlife Conservancy, Kenya (World Bank)
24. Zimbabwe Trust, Zimbabwe (World Bank)
25. DAPHNE - Centre for Applied Ecology, Slovak Republic (World Bank)
26. Fundacion Maquipucuna, Ecuador (World Bank)
27. Mauritian Wildlife Foundation, Mauritius (World Bank)
28. Center for Environmental Research and Planning - CIPMA (Centro de Investigacion y planificacion del Medio Ambiente), Chile (World Bank)
29. Mesoamerican Development Institute (MDI), Nicaragua (World Bank)
30. Sarstoon Temash Institute of Indigenous Managemen, Belize (World Bank)
31. ETNOLLANO, Colombia (World Bank)
32. Pronatura, A.C., Mexico (World Bank)
33. Education Development Center, Inc. (EDC), Costa Rica (World Bank)
34. BIOTICA, Moldova (World Bank)
35. Instituto Quichua de Biotecnología Sacha Supai (IQBSS), Ecuador (World Bank)
36. ProPetén Foundation, Guatemala (World Bank)
37. 12 national executing NGOs, through Television Trust for the Environment (TVE) (UNDP)

National Research and Academic Institutions

1. Regional Institute for Environmental Sciences of the San Agustin State University (IRECA-UNSA), Peru (UNDP)
2. Cairo University (CU), Egypt (UNDP)
3. SEVEn, Energy Eficiency Center, Czech Republic (UNDP)
4. Colegio de Postgraduados de Chapingo (CPC), Mexico (World Bank)
5. Terrestrial Ecology Research Unit, University of Port Elizabeth; in association with the Institute for Plant Conservation, University of Cape Town, South Africa (World Bank)
6. Center for Archaeological and Anthropological Research of the Escuela Superior Politecnica del Litoral (ESPOL) & Fundacion Pedro Vicente Maldonado, Ecuador (World Bank)
7. Geo-Ecology Institute of the Mongolian Academy of Sciences, Mongolia (World Bank)
8. Institute for Advanced Agricultural Studies (Spain) in collaboration with Centre for Environmental Economics and Policy in Africa; University of Pretoria and ACMAD/AGRYMET (World Bank)
9. Instituto de Investigaciones de la Amazonia Peruana (IIAP), Peru (World Bank)

Co-execution

1. Municipality of Gdansk and PKE (Polish Ecological Club), Poland (UNDP)
2. African Conservation Centre (NGO), the University of Dar es Salaam, Makerere University and the International Livestock Research Centre (UNEP)

Private Sector

1. Uganda Coffee Trade Federation, Uganda (World Bank)
2. ESKOM, South Africa (World Bank)

GEF-3: Full Sized Projects

International NGOs

1. Rainforest Alliance (UNDP)
2. BirdLife International (UNDP)
3. Wildlife Conservation Society (UNDP)
4. The International Crane Foundation (UNEP)
5. CAB International (UNEP)
6. Institute for Transportation and Development Policy (UNEP)
7. Marine Aquarium Council (World Bank)
8. Conservation International - **2 projects** (World Bank)
9. Clean Air Initiative (World Bank)

International Research Institutions
1. International Crops Research Institute for the Semi-Arid Tropics – ICRISAT (UNEP)
2. International Plant Genetic Resources Institute – IPGRI - **3 projects** (UNEP)
3. The World Fish Center, the African Centre for Technology Studies (ACTS), the International Center for Agricultural Research in the Dry Areas (ICARDA), and the Inter-American Institute for Cooperation on Agriculture (IICA) (World Bank).
4. Consortium for the Sustainable Development of the Andean Ecoregion, part of the International Potato Center (UNEP)
5. International Center for Tropical Agriculture – CIAT (UNEP) (World Bank)

Regional NGOs
1. Biomass Users Network – Central American Regional Office BUN-CA (UNDP)
2. Central American Indigenous and Peasant Coordination Association for Community Agroforestry – ACICAFOC (World Bank)
3. Energy, Environment and Development Network for Africa (UNEP)

National NGOs
1. Fundacion Sur Futuro (UNDP)
2. Fundacion Solar, Guatemala (UNDP)
3. Royal Society for the Conservation of Nature (World Bank)
4. Peruvian National Trust Fund for Protected Areas (PROFONAPE), Peru (World Bank)

Private sector associations
1. East African Tea Trade Association (UNEP)

GEF-3: Medium Sized Projects

International NGOs
1. World Wildlife Fund (WWF) – **5 projects** (UNDP, 2 projects) (UNEP, 2 projects) (World Bank)
2. IUCN – World Conservation Union – **4 projects** (UNDP for 2 projects) (UNEP – 2 projects)
3. BirdLife International – **3 projects** (UNEP) (World Bank, 2 projects)
4. CARE/Tajikistan, Tajikistan (UNDP)
5. Fauna & Flora International - **2 projects** (UNDP)
6. Wildlife Conservation Society - 2 projects (World Bank)
7. Wetland Internationals and The Global Environment Centre (UNEP)
8. Environmental Health Fund (UNEP)
9. Institute for Transportation & Development Policy (ITDP) (UNEP)
10. Rainforest Alliance (UNEP)
11. International Lake Environment Committee Foundation (ILEC) (World Bank)
12. FSC International Center (UNEP)
13. HELVETAS Guatemala (Swiss Association for International Cooperation), Guatemala (UNDP)

International Research Institutions
1. ICIPE - The International Centre for Insect Physiology and Ecology, Kenya (UNDP)
2. WorldFish Center (UNEP)
3. Agricultural Research Foundation (AGREF), Kenya (UNEP)

National NGOs
1. The Royal Society for the Conservation of Nature (RSCN), Jordan (UNDP)
2. Fundacion Ecos - Corrientes Chapter, Argentina (UNDP)
3. Federación Nativa del Rio Madre de Dios y Afluentes (FENAMAD), Peru (UNDP)
4. DAPHNE - Institute of Applied Ecology, Slovak Republic (UNDP)
5. ELKANA, Georgia (UNDP)
6. PTPP 'Pro Natura", Poland (UNDP)
7. Center for Energy Efficiency EnEffect, Bulgaria (UNDP)
8. Fundacion Moises Bertoni (FMB), Paraguay (World Bank)
9. PROMETA, Bolivia (World Bank)
10. Institute von Humbolt, Colombia (World Bank)
11. Administrative Consortium of the Naya Corridor Sector-Munchique El Pinche, Colombia (World Bank)
12. Taimen Conservation Fund, Mongolia (World Bank)
13. INIBICO and Curmi (joint venture), Peru (World Bank)
14. Okyeman Environment Foundation, Ghana (World Bank)
15. Inka Terra Association (ITA) and Inka Terra Peru (ITP), Peru (World Bank)
16. Operation Wallacea Trust, Indonesia (World Bank)
17. Republican Environmental Association “Noosfera”, Tajikistan (World Bank)
18. Green Balkans, Bulgaria (World Bank)
19. Otro Futuro, Venezuela (World Bank)
20. AEDES - Asociación Especializada para el Desarrollo Sostenible, Peru (UNDP)
21. Fundación Para La Conservación de las Especies y el Medio Ambiente (FUCEMA), Argentina (UNDP)
22. Rural Energy Technology Assistance Programme (RETAP), Kenya (UNDP)
23. Ecological Tourism in Europe (UNEP)

24. Zapovedniks Environmental Education Center, Russia (UNEP)
25. African Centre for Technology Studies (UNEP)
26. FANAMBY and WWF, Madagascar (UNDP)

National Research Institutions

1. PROCAM (Amazonian Promotion and Training Team) and Agro Accion Alemana, Peru (UNDP)
2. Kumming Institute of Zoology (KIZ) of the Chinese Academy of Sciences, China (World Bank)

Indigenous Peoples Organizations

1. International Alliance of Indigenous and Tribal Peoples of the Tropical Forests (UNEP)

Prívate sector associations & companies

1. Consejo Empresarial Hondureño para el Desarrollo Sostenible (CEHDES), Honduras (UNDP)
2. Energy for Sustainable Development AFRICA, Ltd. (UNEP)
3. KfW Bankengruppe (UNEP)
4. Izdihar, Morocco (World Bank)
5. PNG Sustainable Development Program, Ltd., Papua New Guinea (World Bank)
6. Boundary Hill Lodge Company Ltd., Tanzania (World Bank)
7. Ikervar Hydro-Electricity Generation Company, Hungary (World Bank)
8. Econergy International Corporation (IADB)

Co-execution

1. International Water Management Institute (IWMI), IUCN-ROSA and FAO (UNEP)
2. Fauna & Flora International and the Liberian Forestry Development Authority (FDA), Liberia (World Bank)

GEF-4: Full Sized Projects

International NGOs

1. Wildlife Conservation Society (UNDP)
2. RARE (UNEP)
3. IUCN – The World Conservation Union (World Bank)

International Research Institutions

1. The International Plant Genetic Resources Institute (Bioversity International) (UNEP)
2. International Livestock Research Institute – ILRI (UNEP)
3. CABI Caribbean and Latin America (UNEP)

National NGOs

1. Thailand Environment Institute (UNDP)
2. Centro de Tecnologia Canavieira (UNDP)
3. Madagascar Foundation for Protected Areas and Biodiversity (World Bank)

Co-executed

1. National Institute of Natural Resources (INRENA) and Peruvian Fund for Protected Areas (PROFONANPE) (World Bank)
2. Center for Research in Sustainable Agricultural Production Systems (CIPAV), Colombian Cattle Ranching Association (FEDEGAN) (World Bank)
3. The Colombian Coffee Federation (FNC), The Von Humboldt Institute, Regional Autonomous Corporations, Rainforest Alliance and Fundación Natura (UNDP)

GEF-4: Medium Sized Projects

International NGOs

1. WWF East African Regional Programme Office, Kenya (UNDP)
2. IUCN – The World Conservation Union – **2 projects** (UNDP)
3. First Peoples Worldwide (World Bank)
4. Wildlife Conservation Society (World Bank)
5. The Wildlife Foundation (World Bank)
6. Global Environment & Technology Foundation (GETF) (UNDP)
7. BirdLife International (World Bank)

International Research Institutions

1. International Center for Tropical Agriculture (CIAT) (World Bank)

National NGOs

1. Bulgarian Society for the Protection of Birds (BSPB), Bulgaria (UNDP)
2. Aga Khan Planning and Building Services (AKPBS), Pakistan (UNDP)
3. Pronatura, AC Chiapas, Mexico (World Bank)
4. Open Africa (World Bank)

National Research Institutions

1. Institute of Oceanography (IO) of the Vietnamese Academy of Science and Technology (VAST), Vietnam (UNEP)
2. Zhongshan University, China (UNEP)
3. University of British Columbia (UNDP)

Private Sector Associations

1. International Copper Association (ICA), India (UNDP)

Annex 3: Projects organized by Implementing Agency, Focal Area and Region

This section presents tables with the number of projects –Full Sized and Medium Sized—executed in the three Operational Phases analyzed, organized by Implementing Agency, Focal Area and Regional Distribution.

Projects organized by Implementing Agency

UNDP	**GEF-2**		**GEF-3**		**GEF-4**	
	Total	**To CSOs**	**Total**	**To CSOs**	**Total**	**To CSOs**
FSPs	72	**3**	138	**6**	109	**4**
MSPs	64	**28**	64	**22**	70	**8**

UNEP	**GEF-2**		**GEF-3**		**GEF-4**	
	Total	**To CSOs**	**Total**	**To CSOs**	**Total**	**To CSOs**
FSPs	17	**4**	39	**11**	29	**4**
MSPs	32	**13**	49	**19**	16	**2**

World Bank	**GEF-2**		**GEF-3**		**GEF-4**	
	Total	**To CSOs**	**Total**	**To CSOs**	**Total**	**To CSOs**
FSPs	77	**6**	136	**9**	51	**4**
MSPs	63	**44**	40	**24**	12	**7**

Executing Agencies[1]	**GEF-2**		**GEF-3**		**GEF-4**	
	Total	**To CSOs**	**Total**	**To CSOs**	**Total**	**To CSOs**
FSPs	1	**-**	21	**-**	43	**-**
MSPs	-	**-**	5	**1**	7	**-**

[1] The seven Executing Agencies (considered together) are: African Development Bank (AFDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IADB), International Fund for Agricultural Development (IFAD), UN Food and Agriculture Organization (FAO) and UN Industrial Development Organization (UNIDO).

Projects organized by Focal Area

FSPs (total)	GEF-2				GEF-3				GEF-4			
	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg
Biodiversity	27	4	33	-	53	15	45	5	45	16	13	10
Climate Change	26	2	31	1	49	9	46	-	26	2	12	9
International Waters	11	9	7	-	8	4	13	2	17	2	6	4
Multifocal Areas	6	1	5	-	13	4	18	4	10	5	13	12
Ozone Depletion	2	1	1	-	1	1	1	-	-	-	-	-
Land Degradation	-	-	-	-	11	3	9	7	2	-	3	-
POPs	-	-	-	-	3	3	4	3	9	4	4	8

FSPs to CSOs	GEF-2			GEF-3			GEF-4		
	UNDP	UNEP	WB	UNDP	UNEP	WB	UNDP	UNEP	WB
Biodiversity	3	3	5	3	8	6	2	4	3
Climate Change	-	1	-	2	3	2	2	-	-
International Waters	-	-	-	-	-	-	-	-	-
Multifocal Areas	-	-	1	-	-	1	-	-	1
Ozone Depletion	-	-	-	-	-	-	-	-	-
Land Degradation	-	-	-	1	-	-	-	-	-
POPs	-	-	-	-	-	-	-	-	-

MSPs (total)	GEF-2				GEF-3				GEF-4			
	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg
Biodiversity	29	21	47	-	32	24	25	1	16	1	9	-
Climate Change	24	3	9	-	12	7	9	1	19	2	1	-
International Waters	4	3	1	-	4	5	2	-	7	6	1	-
Multifocal Areas	4	4	6	-	6	4	2	2	15	3	-	1
Ozone Depletion	3	1	-	-	-	-	-	-	1	1	-	-
Land Degradation	-	-	-	-	7	5	2	1	9	-	-	-
POPs	-	-	-	-	3	4	-	-	3	3	1	6

MSPs to CSOs	GEF-2				GEF-3				GEF-4			
	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg
Biodiversity	19	9	36	-	16	10	19	-	3	-	7	-
Climate Change	5	-	3	-	3	4	3	1	2	-	-	-
International Waters	3	3	1	-	-	-	1	-	3	2	-	-
Multifocal Areas	1	1	4	-	2	2	1	-	-	-	-	-
Ozone Depletion	-	-	-	-	-	-	-	-	-	-	-	-
Land Degradation	-	-	-	-	1	2	-	-	-	-	-	-
POPs	-	-	-	-	-	1	-	-	-	-	-	-

Projects organized by Regional Distribution

FSPs (total)	GEF-2				GEF-3				GEF-4			
	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg
Africa	9	-	19	-	30	1	37	3	19	1	7	3
Asia and the Pacific	17	-	19	1	33	2	26	6	26	2	19	16
Europe and Central Asia	10	1	11	-	20	1	16	3	15	1	3	5
Latin America and the Caribbean	16	-	16	-	19	2	26	2	26	3	8	9
Regional	13	8	11	-	16	23	24	7	20	17	7	9
Global	7	8	1	-	20	10	7	-	3	5	7	1

FSPs to CSOs	GEF-2			GEF-3			GEF-4		
	UNDP	UNEP	WB	UNDP	UNEP	WB	UNDP	UNEP	WB
Africa	-	-	-	-	-	-	1	-	1
Asia and the Pacific	1	-	2	1	1	1	1	-	-
Europe and Central Asia	-	-	-	-	-	-	-	-	-
Latin America and the Caribbean	1	-	2	2	-	2	2	-	2
Regional	1	1	1	3	8	4	-	3	-
Global	-	3	1	-	2	2	-	1	1

MSPs (total)	GEF-2				GEF-3				GEF-4			
	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg
Africa	11	5	11	-	9	6	8	-	11	2	2	1
Asia and the Pacific	18	3	12	-	12	3	8	1	18	4	3	1
Europe and Central Asia	13	3	6	-	20	5	7	-	21	1	1	3
Latin America and the Caribbean	12	1	27	-	12	1	10	-	9	1	1	-
Regional	7	11	5	-	3	16	3	3	5	3	3	2
Global	3	9	2	-	8	18	4	1	6	5	2	-

MSPs to CSOs	GEF-2				GEF-3				GEF-4			
	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg	UNDP	UNEP	WB	ExAg
Africa	4	-	6	-	3	1	5	-	2	-	1	-
Asia and the Pacific	9	1	8	-	4	-	6	-	2	2	1	-
Europe and Central Asia	4	1	3	-	5	-	3	-	1	-	-	-
Latin America and the Caribbean	7	-	22	-	9	-	8	-	-	-	1	-
Regional	3	7	3	-	-	8	1	1	1	-	2	-
Global	1	4	2	-	1	10	1	-	2	-	2	-

Annex 4: GEF SGP: Guidelines for Use of Core and RAF funds

In December 2006, the SGP Steering Committee agreed on procedures for allocation the resources available to the SGP, both through its GEF-4 core funding and through resources from indicative country allocations under the RAF, as follows:

Financial Allocations

(a) The **maximum amount** of the GEF contribution to the SGP per country should be a cumulative total of $2.4 million for GEF-4 at an average of $600,000 per year –regardless of whether it comes as a RAF allocation or a core SGP grant allocation.

(b) Countries which belong to the **group in the RAF** have preferential access to SGP core funding. The allocation cap [maximum limit] for LDC/SIDS is $600,000 per year and for a non-LDC/SIDS is $400,000 per year;

(c) Countries which have indicative RAF country allocations **up to $15 million in either the climate change or biodiversity focal area** in GEF-4 can draw up to $300,000 from SGP's core budget each year with a matching amount expected from their RAF allocations;

(d) Countries which have indicative RAF country allocations of **more than $15 million in either the climate change or biodiversity focal area** in GEF-4 will no longer be able to access SGP's core funding and will need to finance their small grants program from their RAF allocations in order to sustain SGP operations in their countries.

(e) A **new country** entering the SGP will be entitled to $150,000 in core SGP funds for its first year in the program as an exception to the above rules. In this first year a country with an indicative country allocation can program a matching amount for its small grants program. For the second year of its program and thereafter, a country will follow the standard guidelines listed above.