



Final Report

Mid Term Evaluation

Taking Adaptation to the Ground: A Small Grants Facility for Enabling Local Level Responses to Climate Change

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Glossary: Acronyms

<u>Acronym</u>	<u>Detail</u>
AF	Adaptation Fund
CCA	Climate Change Adaptation
CFOC	Climate Funds Oversight Committee
DEA	Department of Environmental Affairs
EDA	Enhanced Direct Access
EE	Executing Entity
ESP	Environmental and Social Policy
FA	Facilitating Agency
GCF	Green Climate Fund
NGO	Non-Governmental Organisation
NIE	National Implementing Entity
PAG	Project Advisory Group
SANBI	South African National Biodiversity Institute
SC	Steering Committee
SGF	Small Grant Facility
SGR	Small Grant Recipient
SOP	Standard Operating Procedures
SSN	SouthSouthNorth
TAG	Technical Advisory Group
TOC	Theory of Change

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APPENDICES

A. Background and context to the SGF and the evaluation

This report offers the outcomes of a Mid Term Evaluation (MTE) of the project "Taking Adaptation to the Ground: A Small Grants Facility for Enabling Local Level Responses to Climate Change."

The project, started on 16 September 2015, is being implemented through the South African National Biodiversity Institute (SANBI) and executed by SouthSouth-North (SSN). It has completed two and a half out of an envisaged four years of operation. In line with the Adaptation Fund Guidance on MTEs, this MTE process was initiated before the submission of the second Project Performance Report (PPR). In other words, it reflects on information and expenditure to the end of the first quarter of Year 3 (Q1Y3), 31 September 2017.

The entire SGF project represents a significant learning undertaking for SANBI and the Adaptation Fund (AF), given that it is one of only a few globally pioneering initiatives seeking ways of better delivering climate funding to the grassroots through a mechanism known as 'enhanced direct access (EDA).' This innovation seeks to bring decision making and reporting closer to the ground through the devolution of significant authority over and responsibility for funds to the National Implementing Entity (in this instance SANBI). In this way, mechanisms that can better support responsive programming, appropriate and accessible to needs and realities on the ground, are created. The MTE is intended to provide a learning opportunity that guides project implementation for the remaining project period and informs the design of a new Green Climate Fund (GCF) investment into a Community Adaptation Small Grants Facility (SGF).

Given the intention for the evaluation to lay the foundations for the future, and the participatory intentions of the project as a whole, it was undertaken in a participatory and inclusive way, emphasising opportunities to surface and reflect on experience thus far, benchmark this against other experience and approaches to small grant funding and generate lessons, with a view to reinforcing those elements that are working and adjust those that need changing. Through a four-month evaluation period (mid-February to mid-June 2018), and while gathering data and undertaking the systems diagnostic, extensive work was also done on developing insight and common understanding as to what the SGF needs in the coming months, and how these lessons might be translated into systems for the future fund.

In this sense it has been a formative evaluation with a strong emphasis on systems and processes, while maintaining an eye on outcomes, as well as the conditions needed to strengthen these¹.

¹ For further detail, see Appendix A: Project Background; Objectives and Evaluation Guidelines and Criteria

B. Objectives, methodology and evaluation framework and process

The Mid Term Evaluation has three objectives:

1. Assess (a) Project design, (b) Progress towards outcomes, (c) Adaptive management and (d) Sustainability, with the goal of identifying the necessary changes to be made in order to verify that the project is on-track to achieve its intended outcomes, or to unlock additional opportunities or benefits.
2. Evaluate the project's operating systems, including its governance, communications, management, grant making and reporting systems with the goal of identifying mechanisms for simplifying and streamlining these.
3. Identify emerging lessons and associated recommendations that should be applied to the scaling up or redesigning of the Small Grants Facility in anticipation of the Green Climate Fund investment into the Small Grants Facility.

The sources of input to the MTE included:

1. Briefing and continual support, testing of ideas and seeking of further material throughout the process with person(s) from both SANBI (the NIE and commissioner of the evaluation) and SouthSouthNorth (the EE).
2. Document review
Technical review of systems, policies and processes, including grantmaking, financial and reporting systems. To this end, a *diagnostic review* was undertaken that reported specifically on the technical systems against particular questions. These are detailed in section 2, "Evaluation of operating systems including governance, communications, management, grant making, reporting systems (reporting against the Terms of Reference for the project diagnostic)".
3. Interviews with contributors across the SGF system, including at all levels from members of the Adaptation Fund, the NIE and DEA, the EE, TAG, PAG, the FAs and beneficiaries. These were undertaken individually and, where needed and possible, in focus groups that simultaneously functioned as reflection and learning spaces.
4. Consultation with other grant-makers on their experiences, systems and approaches, through individual consultations and convening a 'benchmarking exercise' in which grantmakers were invited to join SGF role-players in an exploration of the rigours of community-level grantmaking.
5. Evaluation team synthesis and analysis of data collected through interviews, document reviews, technical review and focus group discussions beyond the quarter.
6. Participatory sense making meetings with key SGF participants and stakeholders, especially in generating conclusions and recommendations.

Both qualitative and technical methods were used to generate a comprehensive review and the evaluators worked closely in relationship with SGF on pursuing the MTE in a way that built and supported the SGF's work, rather than disrupting, distracting from or undermining it.

Interviews were guided by the evaluation questions and conducted, in confidence, in an open ended and conversational manner. Early in the process, the evaluators met with the PAG to share themes for consideration and questions that emerged from briefings, reading of the material and engagement with the MTE objectives (the inception workshop). This discussion was an important step in the inquiry process and out of it, more specific questions were phrased for the interviews and technical study.

A project plan was devised (Appendix C) as an attempt at maximising the turnaround time of the MTE, without compromising depth or quality. The evaluation team tried to meet the preferred deadline of end of first quarter, although this was compromised by the timing of the appointment and by availability of the SGF team.

The outcomes of the strands of enquiry (reading, briefings, liaison, technical assessment, focus groups, and interviews) was synthesised into a draft report and presentation on key themes; questions, dilemmas and insights; emerging conclusions; and draft recommendations.

Versions of the findings and recommendations were presented to SANBI's Climate Finance Oversight Committee (CFOC); a mixed group of the whole SGF system (from members of the Adaptation Fund to beneficiaries and all in-between) and the PAG. Through these iterations, the report and recommendations presented here was refined and finalised.

C. Findings against evaluation objectives

1a. Assessment of project design

The project design is based on a strong climate-related rationale for the choice of the two sites and identification of needs. There is sound logic for the incorporation of local government in both the pilot phase and for inclusion in a scaled-up undertaking. The initiation of stakeholder consultation exercises served the purpose of awareness raising of both climate change and the availability of the Small Grants Facility, notwithstanding the dangers associated with generating 'donor-led' projects², an acknowledged reality in this instance.

The project makes provision for a minimum of 12 grants which "will be in the order of USD 100,000 each³." In the context of the South African funding experience and tradition, especially in relation to civil society and community organisations, SGF "small" is not small. In the SA context, the range of small grants varies from as little as R20 000 to R250 000⁴. While this scope is noted, it has to be acknowledged that the Small Grants Facility includes funding of infrastructure, capital equipment and livestock. This particular aspect makes the SGF rare and gives it a special niche in the funding landscape.

In the original project conception for funds, institutional capacity and system learning was well considered and made good provision for all functions. Furthermore, the original goal of the project making an impact on a minimum of 600 people's lives (300 men and 300 women) in the two districts is measurable, attainable and well considered, given the project's pilot status. That the current intended and actual beneficiaries outstrip this goal suggests that greater numbers might be aimed for in a scaled up SGF, although not excessively so.

However, and in contrast to the thorough climate-related baseline and Vulnerability Assessment (VA) that was undertaken, prior to project implementation in both the Mopani and Namakwa districts, the social, cultural and institutional scoping and analysis *in situ* was insufficient and incongruent with the complex realities on the ground. While both risk analysis and stakeholder consultation were undertaken, a fuller and more comprehensive scoping, including development of in-depth perspective on the sociological, political and economic circumstances of the districts was needed in order to fully conceptualise potential project impact, and strategise to embed this into regional realities.

Linked to the above point, and becoming evident as the project unfolded, an additional layer of established local institution viz. the Non-Governmental Organisations and possibly other forms of civil society have been found to be more significant forms of local capacity than were thought in the design and proposal development phase. Practically this has meant that while the project

² Where potential grantees generate proposals that fit donor terms, rather than in response to the needs they experience on the ground or in keeping with their capacities. It is unlikely that the arrival of the SGF into Mopani and Namakwa could have happened without an element of this kind of response, given that it is a new source of funding in those areas, and given that the stakeholder consultations would have quite naturally also functioned as marketing exercises.

³ SA NIE Community Adaptation SGF Full Project Proposal – Approved October 2014

⁴ From the MTE's benchmarking workshop on community grant making in April 2018.

initially assumed that SGRs would actually *be* organisations of beneficiaries (what might be referred to as ‘community-based organisations’), this has, on the most part, not proved to be true. SGRs tend to be professional organisations (NGOs or what are sometimes referred to as ‘second-tier organisations’). Generally, these have long-standing relationships as organisers, supporters and capacity-builders with communities and groups in communities (with some exceptions, eg: Heiveld, although they too derive significant support from EMG, an NGO, and always have).

More considered and layered use of the various institutional capacities *in situ*, from the start, might have helped to obviate the contradiction contained in the original approach: that the very institutional capacities that are aspired to as outcomes of SGF support – “supporting local institutions to identify, develop and implement small grant projects in the context of climate change adaptation at all stages of the project cycle⁵” - are also the capacities needed to qualify to submit proposals.

This reflects especially on the detailed and technically demanding reporting that was originally asked of Small Grant Recipients (SGRs) and potential SGRs in the beginning of the project (original project management systems) which cascaded fulfillment of SGF compliance requirements and reporting directly to the field, without adequately conceptualizing the role of the Executing Entity (EE) and the Facilitating Agency (FAs) in translating these requirements into manageable tasks, and even doing some of them⁶.

As a result, and in the initial stages of the SGF especially, this translated into complex systems which in turn generated inadequate reporting by the EE, FAs and the SGRs themselves. This unintended consequence - the *creation* of incapacity through the invention of overly complex systems – meant that even established NGOs were not necessarily any more capacitated to participate in SGF systems than were community based organisations⁷. For many, their experience of the SGF was like nothing they have ever encountered in any of their other funding relationships. However, by virtue of their institutional establishment and ability to attract skilled staff, they do have the capacity to develop, retain and grow this capacity, and it is this which is an asset for any future SGF.

The short-term and time-bound nature of the SGF (a one-off grant extending, effectively, over a maximum of three and a half years and, for most SGRs even less time), is potentially at odds with

⁵ SA NIE Community Adaptation SGF Full Project Proposal – Approved October 2014

⁶ It should be noted there was very little time at the inception stage for all parties to sit together to map out the systems and expectations of the various role-players within these. With the benefit of hindsight, it is clear that far greater ‘organisational design’ was needed than occurred and suggests that all role-players underestimated what was needed of the system. In the course of the MTE, the EE’s role as ‘firewall and interpreter, rather than as manager and conduit has become more prominent and more commonly understood within the project. This is explored further at points in this report and recommendations focus on strengthening that role further.

⁷ The extent to which the complexity of project systems was ‘writ’ in its original design, including the Project Document and the extent to which such complexity could and should have been managed differently remains a matter of ongoing discussion. This is an important discussion to conclude as it reflects not just on how the past of the project is depicted, but also on what can be realistically asked of any future iterations.

its long-term aspiration to build both climate resilience and institutional capacity. This, combined with the contradiction identified above suggests the sustainability of its outcomes cannot necessarily be assured, although conscious efforts in the last year could support SGRs to seek other sources of funding.

A further design limitation is that the governance and decision-making structures are overly hierarchical for the task at hand. Simply put, there are too many layers; too many steps before proposals get to approval and sign-off, even in a smooth process, creating delays and confusion, and undermining the responsive intentions of the project. The role of these in shaping what was possible in the systems, and indeed even constraining them, should be considered in future project design.

1.b Assessment of progress towards outcomes – the global picture of what has been done

Figure 1 provides an overview of the quarterly budget allocation to four important areas of the SGF Project, with the matching spend for that quarter. The following points are worth noting:

- The vast majority of the project spend is intended for the SGRs (blue striped bars), but spending has not measured up to the budgeted quarterly spend (solid blue bars). In Year 2, there was a closer match between budgeted and spent amount. This overall picture masks the fact that there is high differentiation across projects with some having spent almost to completion and others not yet begun. To get an actual picture of spend on the ground, and also how this is improving over time, as projects get better at predicting cost against activity, this exercise would have to be undertaken with each project (see example in Figure 3, that follows)⁸.
- The budget for facilitation by the FAs has been spent consistently over the course of the project, rather than in intensive periods, suggesting a continued interaction with SGRs. This is borne out in the narrative reports which account for frequent and extensive field contact with SGRs.
- SSN's Project Management quarterly budget has been fully utilised, with occasionally a small overspend.
- The learning budget (striped red bars) has been mostly underspent (solid red bars), consistent with the need to still develop and agree on a coherent strategy around this component.

⁸ Other factors to be considered include when, in a quarter, disbursements were issued e.g. at the end of a quarter would impact predicted spend against what was predicted and also the impact of ensuring legal compliance on the pacing of project implementation.

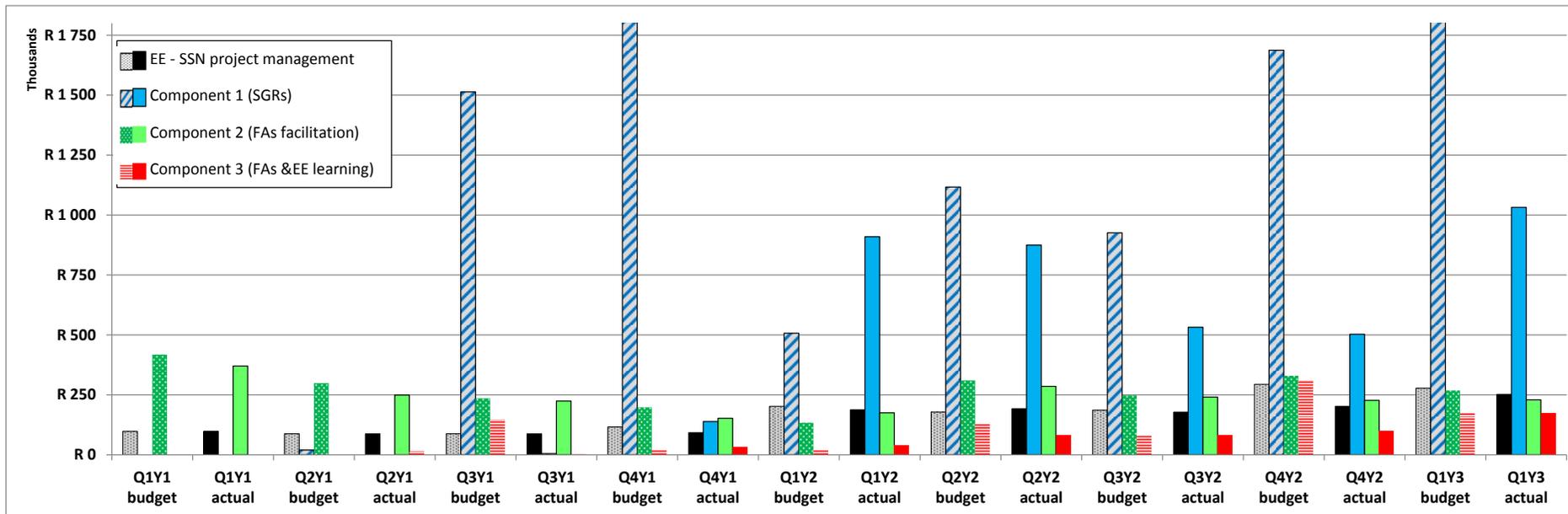


Figure 1. Summary of the budget and actual spending for the EE Project Management and for the three components of the SGF project.

Each “window” in the figure shows the budgeted and actual for one quarter, from Quarter 1 in Year 1 (Q1Y1) to the start of Year 3 (Q1Y3). Filled bars represent the actual, whilst dotted or striped bars represent the budgeted amounts.

Synthesising this picture further, the unrealised intentions with regard to SGR spending become strongly evident. In Figure 2, below, this is shown with a blue dashed line, showing that to date (mid-term) around only 22% of the budget had been spent⁹. This is a similar fraction to the learning budget allocation which was deliberately held back in 2018 to allow for more coherent strategizing of how to achieve learning outcomes. Further, and as suggested by Figure 1, it can be seen that the rate of expenditure by SGRs increased during Year 2 (steeper curve), as some of the projects were enabled to execute their activities.

For example, FA field visits in all projects were far in excess of what had been visualised (one project visit per quarter), with considerable input needed to develop functioning systems and project thinking and to translate these into good practice. However, and despite this evident need for capacity development support at ground level, the narrative reports reflect under-spending by SGRs on capacity building. This suggests the need for further conceptualisation of what the capacity needs are on the ground and how, precisely, they might be best met. In the SGR it appears to have taken the form of responsive accompaniment in the field by FAs. This is unlike more formal, training-oriented approaches to capacity building which may be more suitable to better established organisations.

This enlarged input from the FA organisations is illustrated in the considerably higher spend (green line in Figure 2), with 60% of the total budget utilised to date. Since some of the projects (Khanimamba, CLB and KHF) are only at inception stage, it is unlikely that the high level of facilitation required will abate during the remainder of the project, although admittedly, and hopefully, only for these new projects. Indeed, the slope of the graph shows accelerated effort over the recent project period. It is this looming intersection of continued on-the-ground need with a reduction in available resources to meet that need that the current Level of Effort (LOE) exercise is aimed to address, and should be welcomed as such.

Finally, the EE project management spending pattern demonstrates a similar trend to that of the FAs, indicating that a greater effort than anticipated has been required to give effect to the programme.

⁹ It bears noting that until the end of Q3Y2 there were only 4 SGRs contracted. Four were contracted in Q4Y2, and five contracted in Q3Y3 (April-June 2018). This would certainly impact on SGR spend, and considering this, there should be a marked increase in spend going forward.

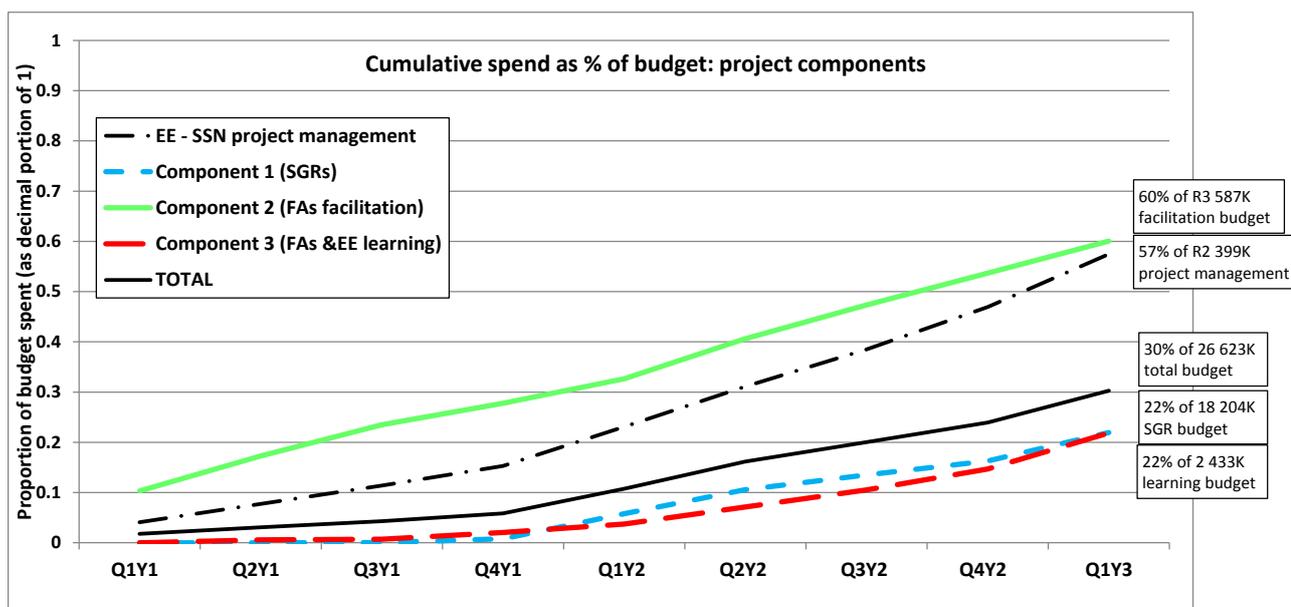


Figure 2. Cumulative spend by the four project components (including EE project management) over the course of the project to Q2Y3.

i. Assessment of progress towards outcomes - Small grants for tangible and sustainable benefits

By the end of the project, grants will have been made to 13 different organisations (SGRs). At the time of the evaluation, 1155 identified, direct beneficiaries had been reached, with more still to come on track (see Figure 3). SGR Agreements were finalized between April 2016 and June 2018.

Figure 3.
DIRECT BENEFICIARIES reached according to most current records (July 2018)

SGR	Target total	Total reached to date	Adult +35		Youth less than 35	
			Female	Male	Female	Male
Gondwana Alive	260	537	225	138	100	74
SaveAct	220	117	70	5	38	4
EMG	350	284	89	88	48	59
Heiveld	145	185	84	62	19	20
World Vision	663	54	12	8	22	12
Tsogang	465	31	18	8	3	2
Ramotshinyadi	100	3	1	1	0	1
Holani	120	24	12	2	10	0
Khanimamba	125	0	Just started			
CLB	340	0	Just started			
KHF	35	0	Just started			
Total Number of Beneficiaries		1235	511	312	240	172
Excluding Double Counting		1155	475	268	240	172
Disaggregation in percentage			41%	23%	21%	15%

Acknowledging that some grants might fall under two categories, the following types of grants have been made in the three project investment windows:

- fourteen within Climate Smart Agriculture
- nine in Climate Resilient Livelihoods
- five in Climate-Proof Settlements¹⁰.

MTE contributors were generally content with this proportion of allocation of resources given the contextual challenges of drought and rural character of the two districts, as well as the underlying poverty in both. We note this despite a perception across the project that it should have been striving for an even spread in allocations¹¹, a perception which may have arisen in part out of the Vulnerability Assessments where, for example, there is a slight mismatch on identified responses in Mopani compared to what the project is funding (almost all are involved in Climate Smart Agriculture)¹².

The project's ability to disburse the grants has been affected by factors such as time delays due to the submission of incomplete information, the need for strengthening of proposed project designs, contracting processes, compliance and regulation and an inability to reach consensus, timeously, on the recommended projects to be funded. For example, it has taken four years' from knowing about the SGF Adaptation Fund to the first payment for one SGR in Mopani. In Namakwa, three projects were approved only in mid-2018.

It is true that projects have sometimes contributed to creating these delays, but this is precisely the capacity – and capacity for *this kind of* administration – that this project both requires, yet also seeks to develop. For three SGRs in Mopani where there were difficulties with compliance, either outstanding tax clearance certificates or due process in the selection of a service provider was not followed. In Namakwa in at least one case, delays were caused due to the contracted procurement processes not having been followed. As a result, and notwithstanding their own involvement in sometimes creating the situation, projects have experienced the processes by which the grants are allocated and then disbursed as onerous and bewildering. In some instances, due to long delays, this has compromised their social capital with beneficiaries with not insignificant consequences. This is a problem and major motivator to change things.

¹⁰ In both Mopani and Namakwa, Vulnerability Assessments, including participatory consultations, identified priority risks. These “have were used as the basis to identify the Community Adaptation SGF ‘Investment Windows’ where small grant project funding will focus, i.e. Climate Smart-Agriculture, Climate-Resilient Livelihoods and Climate-Proof Settlements” p16, Project Proposal to the Adaptation Fund.

¹¹ And despite the fact that the project proposal does not make this a requirement, simply saying “All small grant projects will deliver concrete, tangible benefits to local communities, and may deliver cross-cutting benefits in more than one Investment Window.”

¹² One evaluation contributor noted that “a proposal can only work as a guiding document with the overarching issue being what is the greatest need in that local area. Poverty is the greatest challenge and addressing such a socio-economic aspect is what made sense for the Mopani SGR's. If one is faced with choosing between a bridge (infrastructure in a community) and access to food, food will definitely be a priority without thinking twice.”

It may be that the size of the grants may have been too big for some of the SGRs to manage¹³ and also, as suggested above, compliance with financial and administrative requirements not in easy reach. In these cases, the due diligence process – carried out at the Detailed Project Proposal stage - is an opportune time for compliance issues to be picked up and dealt with before contracting a project for funding. However, and given the compliance rigour required in the SGF, a different project design would better allow for these issues to be dealt with outside of the SGR contract period, but as a clearly factored in part of the broader SGF project.

That all said, at the project site visits undertaken by the evaluators in May 2018, signs of tangible benefit were observed, both in the cases of capital outlay e.g. infrastructure such as boreholes, solar panels, storage sheds, livestock and fencing, and through less visible benefits such as social capital through savings clubs, encouragement of economic and social cooperation amongst people in communities, and extensive growth in organisational and administrative capacity in SGRs. The benefits of the project were reflected in people’s improved quality of life; access to, and ownership of resources of significant value; improved level of knowledge on climate smart approaches to agriculture, livelihoods and housing; and improved or strengthened relationships within community, including in social and economic cooperation on climate resilient practices. All of this is likely to contribute to increased resilience in the face of climate uncertainty.

Most small grant projects involve radically changed practices and/or the acquisition and maintenance of infrastructure. While some projects do have good sustainability plans, this is not so for all, and for these, their sustainability cannot be readily assured. A portion of this risk can be addressed through the existing projects, although the point also reflects on the short-term project design. In this regard, and as ability to meet compliance requirements grows, so preoccupation with what is needed to fulfil them should diminish. Then, it is hoped, the SGR focus will shift, even in this SGF, to emphasizing and supporting practices that seek to nurture both social sustainability of project outcomes as well as sustained infrastructural maintenance and economic benefit¹⁴.

ii. Assessment of progress towards outcomes - Local institutions empowered for adaptation response

The project shows signs of incremental and continuous learning coupled with a greater depth of understanding and knowledge of what climate change is and methods of adaptation responses in the two district municipalities, the TAGs, the Facilitating Agencies and the Small Grant Recipients.

A member of an SGR remarked “You need to focus on the concept of climate change and adaptation and understand as humans we are the ones causing the climate change and

¹³ The results framework of the project proposal to the Adaptation Fund sets the target of “Number of Small Grant Recipients with increased capacity to implement climate change adaptation projects” as “**at least** 12 small grant recipients.” (our emphasis). In retrospect, it may have been prudent to scope for a minimum and a maximum number of SGRs, opening up greater scope for design as project management got underway.

¹⁴ Herein lies the value of the FAs and the TAG. The FAs can assist the SGRs in thinking about and working towards sustainability plans as part of capacity building. And the TAG can provide support to the SGRs in other ways either with technical guidance/input or identifying other opportunities for funding.

you must be aware and pay attention. You can come up with the resilience measures and know you are going to cope.”

We note that this is uneven. Expert technical advisors are especially valuable in this regard, as are those ‘local institutions’ that come with existing climate-related understanding and expertise combined with knowledge of local conditions, customs and experience. The unevenness is also apparent through differences in the FAs: In Namakwa, Conservation SA has been working on Climate Change Adaptation (CCA) for over 10 years, including with some of the organisations that are now SGRs. In Mopani on the other hand, initial exposure to CCA was only achieved in 2014, during the Vulnerability Assessment process as well as other government processes. While the FA has extensive grant-making experience, its own learning curve in relation to CCA has been marked, and impressive.

It is not clear what the impact on and reach to other local institutions such as existing civic structures, churches/faith-based entities and commerce has been, although it is noted that given the nature of rural life, there will certainly have been osmosis of impact as members of SGRs are also members of other civic institutions. This raises questions about the SGF’s Theory of Change, linked to its vision and strategic aspirations; its notion of capacity for effective adaptation response and the extent to which this is socio-culturally located in contexts of place and time; the extent to which this is about technical know-how and managing toward accessing to resources.

Were the Theory of Change to be considered in these terms, an answer to the question of “how much is technical and how much should be embedded in local culture and functioning” would be reached, which would in turn help to address the question of “how far could and should this empowerment and institutional development reach?”. The answers to these questions could impact on the projects’ work in the coming months and for future scaling up purposes.

In conclusion to this section, two related questions emerge: *Is it an indicator of empowered adaptation response that beneficiaries should be familiar with climate change adaptation or simply be engaged in the practices? And if only the latter, then where should the climate-related capacity lie?*

Following from this: *To what extent is general institutional capacity a necessary condition for an empowered adaptation response, and to what level?* Having the technical capacity to access and retain climate related funding may well be the essential ‘capacity’ for response.

The contradiction at the heart of the project, that it requires the same capacity that it aspires to build has set in motion a process of *de facto* institutional building. However, because of the project design it could not be provided for systematically or developmentally.

As a result, the individual and organizational capacity to communicate and comply with the needs of large institutions has been built. The question is, “at what cost?”, and also, “could it have been accomplished in a more enabling and respectful way had the rigours of engagement in this process been more carefully conceptualized and support to it provided more intentionally?”. In some cases, to fulfill this task, the FAs may need more technical climate and/or grant-making skills – including financial management and the ability to work with detailed financial comprehension at a grassroots level - that are not necessarily available at this stage.

A future SGF might well need to find innovative ways of providing for these capacities at the start, especially given that they are in short supply in the remote and under resourced rural areas that the SGF seeks to serve. This might require that all relevant partners engaged in implementation and oversight have a clear sense of roles and responsibilities, and expectations of one another, and of their interpretation of policies and procedures, with strong supportive relationships and clear lines of communication established across the team.

That all said, and for this SGF, it must be noted that there have been significant consequences of *not-fully-anticipating* what administration of the SGF involved throughout the system (given its aspirations, its requirements and its structure). These include cascading of risk to grantees and in some cases beneficiaries, and significant co-financing of the project throughout with all players (NIE, EE and FAs especially) investing significantly more institutional resources than was anticipated or budgeted for. It has been a case of capacity development for all, (including FAs, the EE and the NIE) by default. A real school of hard knocks!

iii. Assessment of progress towards outcomes - Learning for future scaling up and replication of small grant financing

The beneficial and synergistic potential of this component is as yet underexplored and there is a risk that these activities become absorbed into ordinary project management (even while there has been a great deal of learning in the course of project management, and this SGF’s function of systems *development* has been well expressed).

However, the learning component also holds great potential to support the achievement of better grant distribution and empowerment of local institutions and is committed to produce knowledge products that go beyond everyday organisational learning. Finding ways of embedding learning into project management, as a deliberate and resourced activity, including learning that supports SGR’s capacity development and learning that results in knowledge products, is the task of the project going into its remaining months.

This part of project life should become activated and prominent in the coming months for the sake of improvement in this pilot project and also to meet the objective of fully undertaking the learning commitment of the pilot that is articulated in the original project proposal plans and budget.

1.c Assessment of adaptive management

Adaptive management has been aspired to by all participants in the project, including the NIE and the EE. The FAs role might be characterized as essential parts of the adaptive management aspiration through their proximity to and familiarity with the SGRs and the conditions of their work.

At the highest levels of the project, including in SANBI, Department of Environmental Affairs (DEA) and the AF, there is an explicit commitment to responsive and integrated programming that best meets the realities of people on the ground. However, and despite this, the project has struggled to work in a way that is both flexible and responsive to the ground, while still meeting basic compliance, accountability and transparency requirements. One of the factors contributing to this misfit between aspiration and realized practice may be the difficulty the NIE and the EE have had in reaching agreement on the minimum systems and other compliance needed for successful progress through the project. Another may have been the EE's lack of integration of the learning function into operations from the start. Adaptive management rests on learning processes that are explicit, resourced, well documented and regular. In the absence of these, it is not possible to manage both adaptively and coherently and harder to make the case for a grant, systems or even policy change¹⁵.

As noted previously the recently finalized revised reporting templates are working well. They are appreciated by SGRs and FAs for their accessibility, and they appear to be delivering the information needed by the EE and the NIE. Once a smooth rhythm has been established in using these, the potential that they hold for practicing adaptive management in a smooth and informed way can be further mined, especially if they are used to create accessible and legible summaries of project progress *over time* (as illustrated in the material produced for this report).

If accessible accounts of project implementation are produced, then these serve the purpose of informing both upward reporting, offering summarized and synthesised reports of progress and reducing the work needed to read and interpret reports, while simultaneously providing the basis for adaptive management on the ground.

1.d Assessment of Sustainability

Caution about the sustainability of some practices in some of the approved small grant projects (eg: changed farming methods, home gardening, collaborative approaches to land utilisation) and

¹⁵ That said, there has been ongoing adaptation of Adaptive Management in the relationship between the EE and FA, for example,

1. The second call for concept was done in a different way to the first in particular the concept assessments and decision-making process in an attempt to speed up the process, based on learning from the initial experience.
2. Using a different proposal development approach and template with the four newest SGRs, which took the form of a workshop that included experts, the FAs and the EE
3. PMT Yearly reflections and planning workshop: In year two the EE and FAs began holding annual reflections, learning and planning workshops to draw on the learning from the project to date and using this to plan for the year to come.

of infrastructure itself (eg: piping systems, solar panels) has been shared in 2.1 *Small grants for tangible and sustainable benefits*.

This question about sustainability might reflect on the substance of some of the current projects and even field practices of SGRs, and possibly FAs (regarding the extent to which they have strategised for, and emphasise in practice, focus on future sustainability of project outcomes). However, it also speaks to the limitation of offering short-term project funding for long-term change and lifestyle processes, especially when projects are funded fully and exclusively¹⁶. It will benefit the project to strategise carefully around sustainability, for the sake of actual project outcomes and for programming and even funding (from any sources) for the future.

¹⁶ From SGF criteria: “Small Grant Recipients must not be receiving funds from other sources for the proposed small grant project activities.”

2. Evaluation of operating systems including governance, communications, management, grant making, reporting systems: reporting against the Terms of Reference for the project diagnostic

2.1 The systems and processes that are used for the SGF and associated contracting and reporting processes and templates:

- a. *How effective and efficient are the systems that are in use for contracting, oversight and reporting? Are all elements necessary and sufficient? Are roles and responsibilities sufficiently disaggregated and understood by relevant partners?*

It is acknowledged by all role-players in the project that systems have been in development throughout the course of the project, including templates for reporting, for monitoring implementation of the ESP, and the grant management process. While some of this systems development and adjustment was to be expected, it is also acknowledged that some has occurred in response to overly technical systems development in the early part of the project and the EE's difficulty in meeting the reporting requirements of the NIE.

The SGF process that is in place for **contracting** up to payment of the first grant is similar to those of grant making organisations working in the same small grant making context. However, clear communication about the likely duration of the approvals process and the level of detail and administrative compliance required for initial contracting, and subsequent **reporting** will help to manage SGR expectation levels¹⁷. For example, the major delays in contracts have related to compliance on tax clearance certificates from SARS. Late reporting is also linked to persistent difficulty in accessing, or supplying timeously, the levels of detail required. This in turn reflect on the what capacity is to be developed in SGRs to enable them to interface with this level of administration and compliance.

This confirms the acknowledged mismatch between, on the one hand what was expected of compliance from the ground and, on the other hand, what capacity existed to meet it. This resulted, especially at the start, in compliance with project requirements not always being sufficient, resulting in delays in smooth administration for the project and weakening the NIE's confidence in project administration. This has, in recent months and in large part been addressed with the NIE, EE and FAs increasingly working closely together to understand and meet reporting and compliance requirements¹⁸. As noted above, the recent finalisation of a

¹⁷ The level of effort that went into the conceptual phase was high with engagement with communities at a local level, support on the design of proposals and design and plans of the actual project. The scientific rigor that went into the Vulnerability Assessments of the two districts required participation and effort from local stakeholders. This aspect of the project design phase was thorough albeit labour intensive. In comparison with small grant makers in the sector this level of effort far outweighs the level of effort that they put into a concept and design phase. It was noted in the Q4Y1 narrative report that "almost all applicants struggled to articulate a clear adaptation proposition in response to an identified climate vulnerability". It also states that the review process took longer than anticipated because it required "specific sector skills and site visits and multiple stakeholder engagements".

¹⁸ Sub-granting experience, especially of multi-lateral funding characterised by high compliance requirements, has been a gap across the project. Even, the original proposal development did not offer adequate detail on the activities of grant making and sub-grant making. Furthermore, small grant making that leads to enhanced direct access is a particular skill, one which SS-N brought in more of over time, enhancing the internal staff complement and capacity to do the grant making both technically and relationally (in managing the many diverse relationships within the SGF process). Furthermore, at the commencement of the project SS-N did not have a full-time staff member dedicated to managing the project, which has since been addressed. Finally, there

reporting system that is accepted and appreciated by all role players bodes well for future reporting and learning in the SGF.

Furthermore, the extent to which the full complexity of compliance and accompanying **risk management** has been passed to FAs and SGRs remains a concern, and it has been established that the EE should more intentionally ensure that compliance requirements are met in ways that are appropriate to the styles and capacities of SGRs¹⁹. This can be done in collaboration with FAs, creating a ring of support to SGRs to meet requirements in ways that do not deplete or distract them from their main work²⁰.

In this SGF project, the overall spend by SGRs is an aggregate of some very different patterns in progress. Two **tools have been developed by SSN to track SGR performance**, both necessary. These have been developed alongside training with FAs and SGRs and are reportedly regarded by the SGRs as now being user-friendly. They include a narrative Word document, combining both descriptive reporting of project highlights per quarter as well as tabulating the extent to which the more quantitative targets have been met, for example the number of direct beneficiaries, savings clubs formed etc.

The second tool is an excel spreadsheet, primarily used as a financial tracker of forecast and actual budget spend per quarter, which is linked to SSN's master excel programme, thus allowing summary statistics and indeed any desirable information to be extracted and displayed.

In this diagnostic part of the evaluation, we found that summary data of relevance were not easily available, particularly those displaying information in an accessible format, such as graphs and diagrams. Given that active systems development was one of the tasks of the SGF (it was inventing itself, not implementing into a ready-made system) greater initiative and oversight from the EE as to what was being asked of the systems might have addressed this gap (a point acknowledged by the EE). Instead, attention has focused on the first step of the

have been gaps in the skills that FAs have brought to the project, including for one, financial management for small grant funding and the other, climate adaptation expertise.

¹⁹ The NIE disburses the first six months of the budget of the SGRs to the EE for disbursement to the SGRs according to the SOPS. Quarterly reports are submitted by the SGRs, and in practice there have been delays caused by the feedback process on reports which usually requires additional information or missing information/questions of clarity. There are concerns about SGRs that have not spent funds as well as concerns about "in progress" SGRs that are due to receive their first grant payments. There is provision for no-cost extensions, which have been granted to some Namakwa based SGRs. The option for requesting a no cost extension is not clearly understood across all SGRs. While it is an advantage for SGRs to have access to a no cost extension this does impact on the overhead costs of SGRs.

²⁰ For example, the AF's Environmental and Social Policy (ESP) requires that projects are assessed quarterly against 15 principles and safeguards. In the absence of these assessments being incorporated into a field strategy that promotes the learning and capacity of SGRs for doing their own risk assessments, this begs several questions: First, is it possible to negotiate the frequency of the assessments? Second, and regardless of frequency, who should bear the brunt of doing these which are essentially for compliance and upward reporting purposes, not primarily for building adaptive capacities on the ground? Third, what is the least onerous way of undertaking these assessments, while still meeting the requirement? In this regard it is noted (also as an instance of adaptive management) that the ESP Risk Assessment process was changed in Year 2, when it was decided that instead of the SGRs having to do this the FAs would do the assessment with them and submit quarterly ESPs. Subsequently and in discussion with the FAs, and the NIE it was then agreed that the ESPs should be done at the start of each project and annually thereafter.

grant-making process – enabling FAs and SGRs to understand, engage with and sign off on the tools. As a result there has been a missed opportunity and the project management as a whole has not considered in depth what sorts of indicators might be valuable and to whom (and where it has, these have not been operationalised into clear field practices).

It might also be because this kind of project management creates its own reality. This reality demands a disposition, specialisation, level of technical skill and resourcing that is not common in community work, nor usually needed. And in any event, it makes its demands felt only as processes unfold and so it is hard to anticipate *what* is actually needed. In this regard, the SGF has been an excellent learning opportunity for all participants, generating intellectual capital for engaging in the rigours of this kind of project management, and standing any future similar endeavour in good stead.

In the following section we **present ideas of how the data that are being captured might be packaged** to facilitate both upward reporting as well as to be a useful developmental tool for SGRs to think about their progress. The graphs that follow are shared here for illustrative purposes only to show what can be achieved with the current reporting systems and in that sense, as indicators of their usefulness and value. We do not offer this analysis of each project but suggest that this exercise, or one like it is undertaken in the coming months, so that the final SGF evaluation has these accounts to hand, freeing it to concentrate on seeking indications of outcome and impact.

The first (Figure 4) is a summary of spending patterns, broken down by component, for the Gondwana SGR, Q2Y3. Although using different data, it is a similar graph to that in Figure 2 which showed the global spending patterns and shows at a glance the pace and timing of budget spend (or lack thereof), highlighting current availability in the budget.

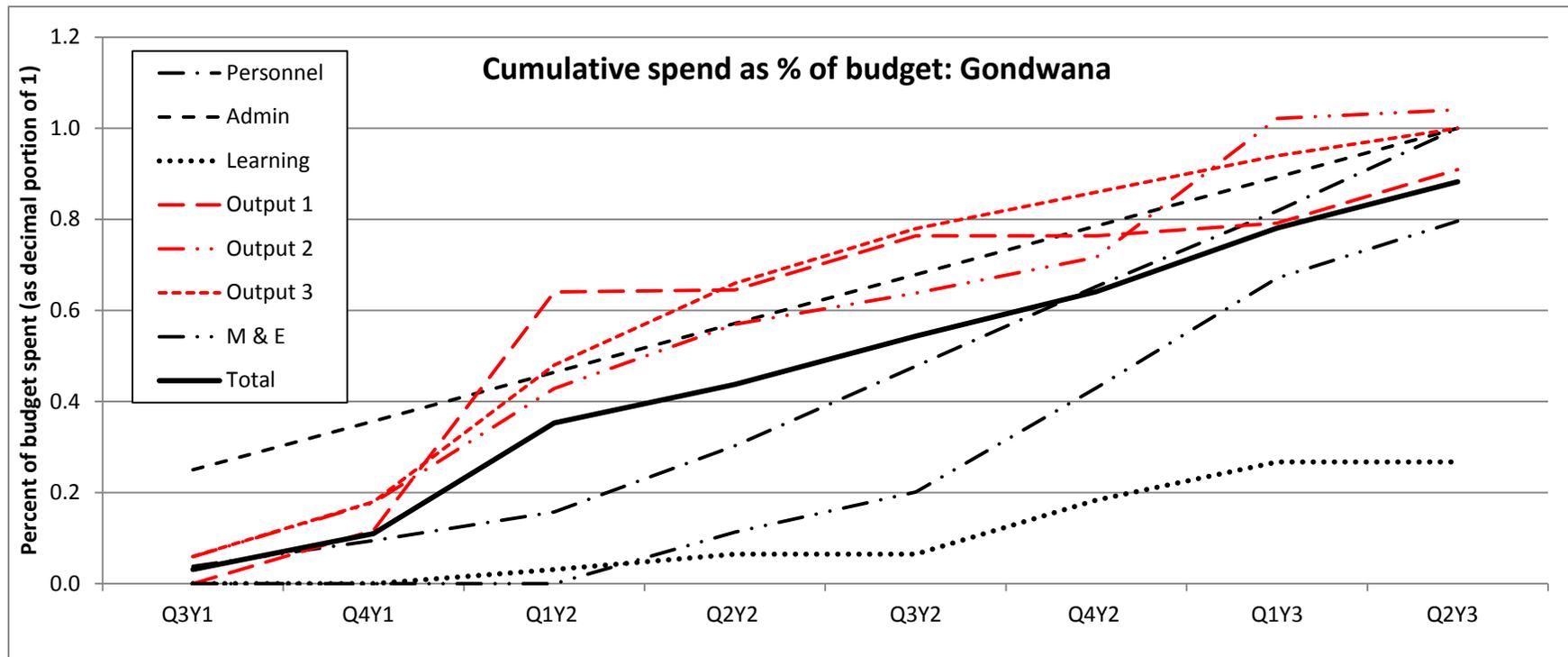


Figure 4. Cumulative spend in the Gondwana project, over the course of the project to Q2Y3.

Drilling down, and specifically focusing on the outputs of the SGR, the available data can be used to evaluate the coherence of budget planning with respect to individual outputs. Figure 5 shows the three key outputs for Gondwana. Here, the output budgets have been almost completely utilised, as the project nears its conclusion (dashed line in each graph).

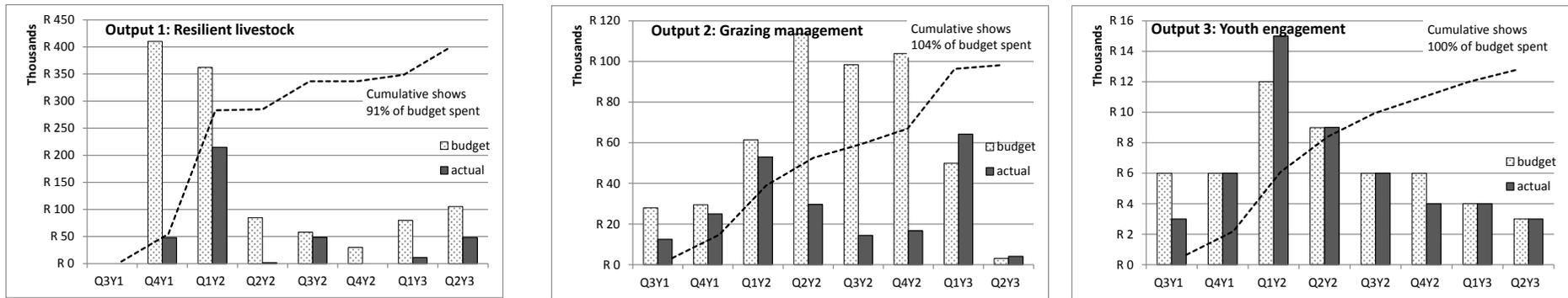


Figure 5. An example of the types of data showing temporal patterns in project performance, which may be useful for reflection by project teams, but also for accountability and upward reporting. The Gondwana project data set (Q2Y3) was used to compile this illustration, and the three key outputs for the project are shown.

However, interrogation of the mismatch between the budgeting and actual spend may indicate over-ambitious target setting and/or be reflective of the administrative and management difficulties that have been referred to throughout the course of the project and the MTE.

The point here is that with these legible accounts of actual spend over time, it becomes possible to ask these *kinds* of questions, adjust, and track the effects thereafter.

Of course, budget spend is but one side of the coin. Linking this to the achievement of targets provides the complementary part of the picture. Together these grounded accounts can support SGRs to reflect systematically on their work and the extent to which their efforts (outputs, tracked here) are generating outcomes, and if so, in what respects and if not, to determine systematically what must change. This is the basis of project learning and a key management tool. As indicated earlier, these accounts also serve an external purpose in that they become the basic material for the end of project evaluation which should be focused on outcomes and achievements of projects.

Finally, it may be valuable to reflect on experiences of the FAs and the EE of how extensive the need for facilitation, social process, capacity development and field engagement was, before any “delivery” of the “product” (climate resilience) could be effected. Indeed, the preparation of local people to engage and to ‘own’ the concepts and imperatives of climate resilience and adaptation practices is as valuable an outcome as the quantifiable targets and speaks to the potential for sustainability of project outcomes which in turn reflects on the Theory of Change underlying the SGF.

Five levels of **oversight and management** have been identified as providing various forms of oversight, management and support with compliance on SANBI and AF operational policies, including financial management²¹. While not all have determining decision making power, these levels each have influence at points in the process and can be referred to as needed. These levels are further intended to feed information and insight upwards in support of the project’s intention to be in touch with and responsive to realities on the ground. The number of layers seem to have contributed to some of the delays in communication and subsequent misunderstandings due to miscommunication.

In comparison to practices and experiences of small grant makers known to the evaluators the levels of decision making are simpler, with an Advisory Committee/Allocations Committee or Board of Directors of the organisation responsible for final grant decisions and approvals. The grant management process, including generation of recommendations for selection of grantees, are the responsibility of the programme staff with support and oversight from the leadership and management.

With regard to **roles and responsibilities**, there is a perception that SANBI has become more hands-on in the management of the project, something that has admittedly developed over time. The hands-on approach developed in a context where the EE was not meeting all of the compliance and reporting requirements in a way that enabled the NIE to in turn smoothly and readily meet theirs to their own internal management and the AF. That said, and for now, it is hard for those outside of SANBI to understand how decisions are made, on what basis, and

²¹ These include the Technical Advisory Groups in each district, the Project Management Team (consisting of SS-N and the FAs), The Project Advisory Group (PAG), SANBI’s operational team, and the MCFAB (previously the NIE Steering Committee which is also the highest decision-making body of the SGF).

when. In order for the EE to fully exercise its responsibility going forward, further clarification on these is needed²².

What has already become clear is that greater technical grant management is needed from the EE, and for this to be more visible to the NIE, including hands-on financial management oversight and accountability for other compliance requirements, (eg: provision of information)²³. With this role firmly in place and this responsibility more swiftly and visibly exercised, the NIE will be enabled to step-back from its hands-on role and the FAs enabled to step more into their capacity building and support roles.

This is especially important to resolve, given that the highest levels of the project, including those in the NIE Steering Committee, DEA and the AF, emphasise the importance of an integrated approach that is responsive to local needs and contexts (indeed this is the major motivation for the Enhanced Direct Access initiative). For this reason, it is of real concern that lower down the levels, things have become preoccupied with meeting compliance requirements, to the exclusion, and sometimes detriment, of strengthening organisational capacity, community ties and expression of voice from the grassroots.

While there are clear **criteria for funding** for the Adaptation Fund, perceptions of unevenness in the application of criteria have emerged out of the MTE process. These perceptions, intersecting with the different levels of decision making and authority within the project make for further confusion in how the criteria are applied, which in turn may have contributed to early experiences, and perceptions, of the SGF over-promising and under-delivering.

Further, it could be that good organisations that qualify for the SGF are shying away from applying for the funding because of the long list of criteria, which many organisations located in rural areas do not meet. There has to be flexibility to allow space for an organisation to develop over the grant making period where it does not fully meet the criteria for funding. This statement is echoed by the FAs and EE in the Q2Y1 report section on lessons which states: "If the SGF aims to be an opportunity for small, local organisations with limited operational capacity, the eligibility criteria and application process need(s) to be relaxed. Small applicants who partnered with larger NGOs (or, as was later provided for, through the FAs) were able to meet eligibility standards but this created an additional layer of management.

Recent resolution of aspects of this, including relaxation of criteria which enable FAs to play bigger roles in financial management are promising in this regard.

²² This process of developing further clarity is underway as an evaluation outcome.

²³ It remains unresolved as to whether the SOPS was a requirement that was expected at inception phase of the project, or whether it was made once SANBI became more involved in project management. The absence of a SOPS framework (or a clear account of SSN's grant-making process and practices) may have heightened the level of role confusion in the first half of the project and could have assisted with clarity of roles and responsibilities in the beginning phase and first half of the SGF. It is common practice in established grant making organisations that have been existence for a long time to use a grant making manual either as a separate document or included in the financial policy of the organisation. This tool is useful and contributes to improving the flow of the processes involved in the grant making processes. However, it is a guide and will most likely be a 'work in progress' document that will need to be reviewed at regular intervals.

b. *How does system execution compare to the original project design and understanding/expectations of the project partners?*

The impact of the SGF process on the **SGRs** as communicated at the field visits had both positive and negative elements. In one case, at the start of the project, one SGR thought that there was going to be money at the end of the month for the project. They did an awareness campaign in the community and presented the project to the community. They experienced some community dynamics with regard to who the beneficiaries of the project will be, this was quelled by the community household survey because it made sure that the selection of the beneficiaries was a free and fair process. Through the project there has been many lessons learnt such as how to plan better. One of the project coordinators in Mopani said “You don’t just wake up and say, I want to do farming today.”

The reporting requirements are experienced as difficult by the SGRs. Comments from the field visits in May included: “During reporting you struggle a lot”. “It’s a lot of work, and they attended the training on report writing and learnt that it is important to report”. “The assistance provided by CHoiCe Trust with reporting challenges has been positive”. “There is value in the supportive role played by the FAs in the report writing process, particularly in the narrative reports”.

Relational issues have arisen after delays in activities due to payment delays. The delays have affected the credibility of project members in their **community**. One project indicated that it was not easy to pre-finance costs such as travel to attend meetings and do other preparatory work. They had not kept track of these costs and said it was not easy to quantify it. There were beneficiaries who also travelled to meetings and incurred costs, it is not only the monetary costs but also the time of people which is a resource. In one of the Namakwa projects, where flexibility in the project plan was disallowed, there has been a similar reserve, or drop in confidence in the project, even while good historical relationships have meant that it has not become imperilled.

The size of the grants, and their availability for equipment, capital goods and livestock (an acknowledged value-add of the SGF) has enabled the acquisition of hardware that would otherwise be out of the reach of even established NGOs. However, a concern emerges as to the long-term maintenance and replacement strategies for these, especially in light of the project’s relatively fast turn around and its finite timescales²⁴. Certainly, in Namakwa, it appears that while preoccupation with compliance and adherence to administrative requirements has built technical capacity, at least in the NGOs supporting projects, this has come at the expense of management capacity for the **core project accomplishments**, be they of hardware or in thinking through strategy for sustaining changed household and agricultural practices as the project winds down. Further, and given the finite timescale of the project, it is not clear what becomes of project equipment such as computers, once it closes, although in the case of projects that involve partnerships between organisations, eg: Exilite and Vuhehleli, **this** question has now been posed and answered, as well as an MoU between the two

²⁴ This has been acknowledged as a gap by the team and in the more recent SGR contracts, maintenance planning has been included as a requirement. On the ground the FAs have started engaging with this more explicitly with the SGRs. Finally, all SGRs are required to submit a Sustainability plan by the end their project.

partners established. Without this clarity in all projects, there is a risk that resolution of this question becomes another source of concern should it be resolved in an *ad hoc* way.

In at least one project, it is not altogether clear what the connection is between the project and climate adaptation, beyond its support for the development of more generally resilient households. This may well be a sufficient outcome (and in fact does reflect the commitment to integrated and responsive programming referred to earlier), however, it bears mentioning here so that it can be addressed explicitly as part of project management in the coming months and in preparation for a final evaluation²⁵.

There has been a positive impact on the **capacity of the FA** in Mopani and during the interview the following statement was made about this, “We have grown a lot in climate change adaptation and in an organisational development sense, combined with technical issues related to agricultural projects.” They have observed how projects have influence on each other in a positive way, they consult each other when they experience challenges related to the implementation of their activities.

In both sites, the assumption of SGR organisational capacity in project design has resulted in **greater reliance on project intermediaries**, for example World Vision, Tsogang and using CSA in an intermediary role. In the case of Heiveld, EMG effectively plays that role. This is not raised here as a problem - more as a pragmatic reality - but it is an example of an unexpected reality and therefore how expectations have not been met.

While both the NIE and the EE agree that the **EE’s role** is to provide a ‘firewall’ between the technical complexity of compliance and integrated reality of life in community; to provide the systems and expertise to enable SGRs to access the SGF in ways that meets compliance and accountability requirements, expectations on how they would do this differed. Lower than expected capacities in the districts resulted in need for specialised skill sets (that were not available in the project teams at inception) which caused delays, and resulted in poor decisions, especially regarding approaches to capacity development, project development and grant making. While some of these have been addressed, the project continues to feel the impact of these. This has also impacted on the EE’s ability to readily and systematically provide the NIE with the information needed to meet its own accounting and reporting obligations.

Finally, the envisaged intention of the **TAGs**²⁶ as ‘Local Reference Group’ has been well-realised and helped the FAs with negotiating local mechanisms and speeding up decisions, and also assisted the SGRs with their projects. However, their intended role in district level governance and support has not been fully realised. This is likely a reflection on the difficulty

²⁵ The Project proposal states “All small grant projects will need to demonstrate a clear climate change adaptation focus, and tangible additional adaptation benefits” However, experience from the field suggests that there may be grounds to review this in future SGF work and in this SGF going forward.

²⁶ See page 198 of Project Document: ‘Local Reference Groups Local Reference Groups will be set up at project inception. They will support the Facilitating Agencies to ensure that projects are locally contextualized, consider local and indigenous knowledge, integrated and coordinated into on-going local programmes of work, technically robust and sustainable. In some cases they may also be able to attest to the credibility of the prospective Small Grant Recipients.”

encountered in establishing systems for smooth project management which has resulted in preoccupation with getting these right and diminished capacity for growing and using local institutional capacity, including that of the TAGs.

- c. *How do the systems and processes of the AF SGF project compare to those of other grant makers?*

This question is addressed at points throughout and in further detail in the Appendix on the benchmarking exercise.

Overall the MTE has found that these compare well enough in their basic provision for technical and financial record keeping, tracking and reporting upwards between the EE and the NIE. Furthermore, and given the detail and technical proficiency required for this reporting, it might be said that it is not entirely possible to benchmark the SGF against other practices. That it is in fact in a league of its own and that this might account for the many early capacity challenges it confronted in the first half of its lifespan, these cutting across the system as a whole, reaching from the NIE all the way through to the SGRs.

It might be said that the capacity that is required to participate ably and confidently in the complex tracking and reporting systems of a global multi-lateral institution are not in easy supply. In fact, that the SGF has managed to develop systems and competence in these systems in the time that it has (all frustration and hard-work acknowledged) might well be seen as an accomplishment to be celebrated.

However, and additionally, downward translation of requirements into manageable processes for the FAs and for the SGRs has not until now been accomplished smoothly. This has resulted in delays and frustration in getting information flowing on the return journey upward. As a result, investment of time and energy in resolving technical sticking points and meeting the levels of detail required has further inhibited the development of a recognisable practice in support to the grant-making process on the ground.

There has been a particular opportunity cost in that the extensive information generation offers a rich source of feedback to FAs and the EE in their capacity building work with SGRs, a resource which up till now has been under-utilised. This detailed tracking material, uncommon in small grant making, provides a potent source of continuous research into the practice of projects. If harnessed into field strategy and practice, this material offers a basis upon which further capacity building work can be undertaken with SGRs, including helping them to undertake grounded reflection on practice, strategic review and, where necessary, to undertake changes in strategy and provide a coherent rationale for this.

- d. *What is recommended going forward for the AF SGF, with particular reference to project and SGR oversight and reporting?*

In brief, the following is recommended, with detailed recommendations to follow in section 3.

- Continued implementation of the new reporting template with development of in-house systems to further mine the contents of these towards generation of summarised and legible accounts that can be used in upward reporting and downward learning and capacity development.

- Better resourcing of the part of oversight function that are causing delays (including placing of financial management at appropriate points). This will mean reduced effort in some other areas.
- Interpretation of compliance requirements so they can be met more easily (for example beneficiary identification plans and completion of ESP forms).

To accomplish these suggestions in such a way that they can be implemented with confidence it is suggested that the EE and consultants work together to clarify problem areas and generate proposals to address these that can work well in the field after which these are shared with the NIE for consideration, adjustment and final approval.

2.2 The type and level of management support that is provided across the facility, including by the NIE, EE and FAs (is this necessary, is it sufficient, is it efficient?)

- a. *Are the project oversight, management and capacity support functions at NIE, EE and FA levels, resourced effectively and efficiently?*

The project design makes good provision for oversight management and capacity development, as well as learning, and has these well protected in the three ring-fenced components of SGRs/grants; local institutional empowerment and learning. In section 1b, above, we report in detail on the proportional spend under each line item and raise concerns about these.

For the NIE, and notwithstanding the resourcing, capacity support and system improvements, there remain oversight and compliance gaps in the EE's project management. These range from ongoing delays in receiving information to observed gaps in project management on the ground. This latter point is of particular concern and suggests that further clarification is needed as to what constitutes adequate project management and/or when are variations in the field functions of adaptive management.

In addition to this, we note –

- Hoped for co-financing that was to come through the EE did not materialise and this may account, in part, for the high spend on its project management.
- Furthermore, it seems clear that the level of detailed reporting and compliance adherence needed for successful and satisfactory implementation of this project was not fully anticipated or understood by role-players at the start. Clarifying this has proved to be challenging, most likely because this is a learning project, and therefore all parties involved were negotiating uncharted territory, whilst simultaneously having to work across multiple kinds of organisation frameworks e.g. multilateral agency, government department, Civil Society Organisations etc, as well as the fact provision for in-person engagement, especially between FAs and SGRs was limited. Addressing and correcting this has consumed resources in ways that should not continue into the remaining life of the project.
- It is further noted that this is valuable learning for all concerned – for the EE's own appreciation of project management; the NIE's anticipation of what it is asking of any partners into the future and for the FA's practice on the ground.
- For the FAs and the EE, the task of actively working as 'firewalls' between and translators of the systems that the EE must hold, and the focus and work of the SGRs is crucial. Identifying what this involves and articulating it as a practice (*being* the

firewall, rather than putting out fires) is an important piece of work to be done in the coming months.

- b. How is the project resourced when compared to grant facilities with similar ambitions and institutional environments? This should include a disaggregation and breakdown of costs per function and if possible, comparisons of level of effort and scope for capacity building and learning activities.

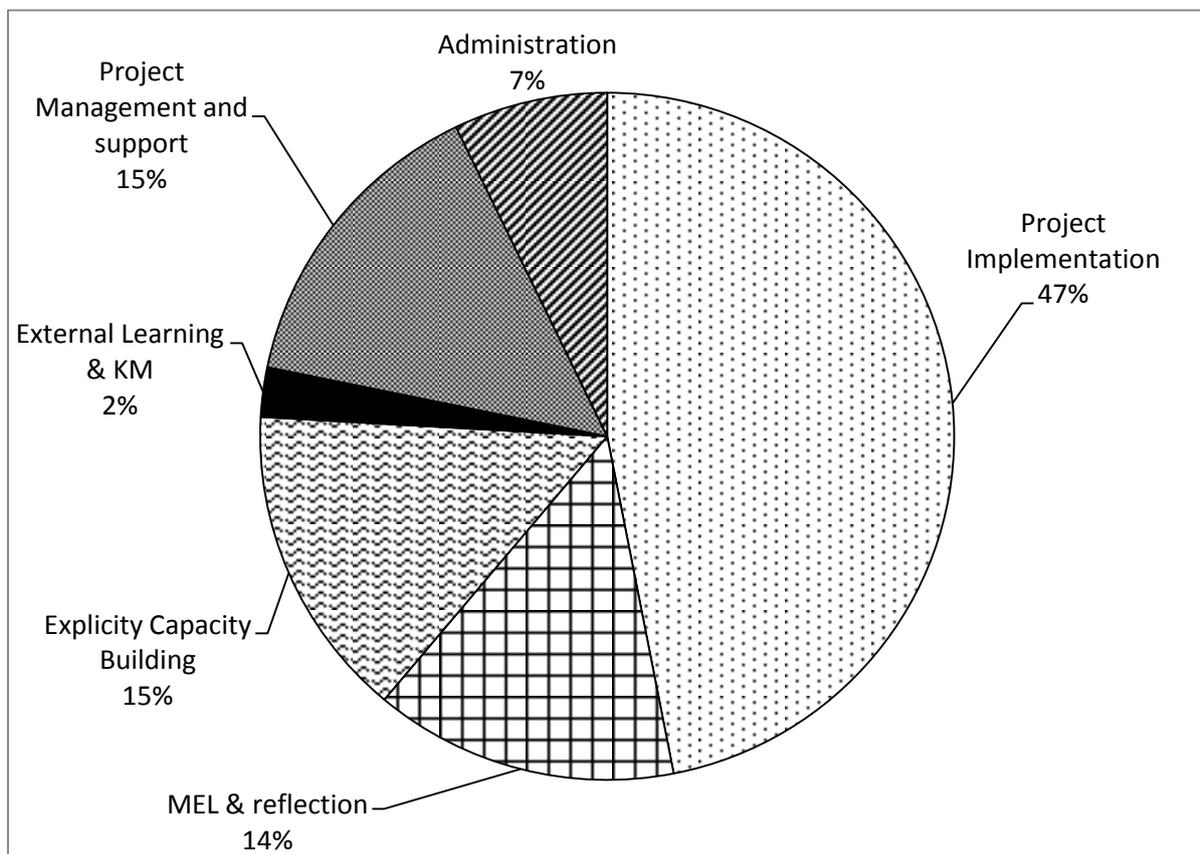


Figure 6. Approximate breakdown by percentage of the total of the different activities comprising the total budget of R26 622 816²⁷.

The size of the grants to the SGRs ranges between R1 m to R1.6 m, with an average grant size of R1.4 m. Of the total amount allocated to SGRs, of just over R18 Million, 68% goes to implementation. In relation to the total budget, however implementation accounts for 47% of project spend overall, by far the largest component of the project. This reflects the cost: grant ratio of just under 50:50.

Project management and capacity building together comprise some 30% of the intended project spend. Furthermore, the EE and the FAs have both contributed their own resources (institutional time) to the project in its first half.

In the course of the MTE, this ratio has been questioned with the EE and FAs suggesting that it is insufficient to support the objective of grass-roots capacity development for effective

²⁷ Please note this information is roughly calculated based on budgets but including an attempt to separate out the mixed-role of Project Management and Capacity Support that the EE has played.

adaptation. Whether this is so, or whether the gearing up for the SGF was especially demanding is not altogether resolved. However, it has become clear that management and capacity building will need augmentation if the lessons learned are to be implemented during the remainder of the project life.

Two small grant makers, both supporting community-based organisations in rural areas offered insight into their cost management. The total costs per organisation per grant varied considerably, from R43 202 for one grant of between R50 000 (86.5%) and to R250 000 (17.3%); and for the second organisation it was costed as R99 338 per grant, with grant sizes varying from R50 000 (almost 200%) to R150 000 (66.2%). This breakdown included capacity building costs per grantee, which can be anything from R10 780 to R34 400 per grantee. The management cost was costed as R26 600 per grantee in the one grant making organisation, with an additional R17 333 for overhead costs per grant.

These figures, including the effective 50:50 split of the SGF itself, are both startling and sobering. Clearly, the 'actual' grant in small grant funding in SA is only one part of the bigger intervention being made. This requires extensive capacity and self-understanding of what is actually being offered and sought, across all levels of the programme. Certainly, in some – perhaps most? - cases it suggests that the term 'grant' is a misnomer and does not best describe the work actually being undertaken. This is not to suggest that there isn't value in foregrounding the grant as a capacity development exercise for beneficiaries and SGRs, however, it asks of those managing and administering these interventions that the full package of support be fully conceptualised.

The institutional capacity of the selected SGRs is adequate to relatively strong. However, the level of support, monitoring and evaluation that was in the original design may have underestimated the actual need of some of the SGRs who are new to implementing climate change projects. In the project design plan there are quarterly onsite visits by the FAs to the SGRs.

- c. *How does the cost ratio of management to grant making compare to similar small grant initiatives, especially in rural areas?*

This has been addressed in the section above.

- d. *Propose ways for how costs can be optimized as an informant for how the SGF can be optimally resourced – with the current budget and time limitations - for the remainder of the AF SGF project.*

See recommendations below.

2.3 The SGF criteria institutions that may be contracted through the SGF, and for projects that may be approved.

- a. *How do the project criteria and the envisaged grant sizes of the SGF compare with those in use by other grant makers?*

While there is not a one-size fits all approach to application processes, it is essential to have clear criteria. The SGR application process is thorough and is comparable with other small

grant makers' approaches. There is a call for proposals which is advertised widely through multiple mediums, concept phase, due diligence (desk) and finally detailed proposal phase.

It is acknowledged that the criteria are comprehensive, although they do contribute to the difficulty acknowledged at the start of this report that the very capacities that are sought to be built in this project are also those that are required for SGRs to qualify for funding.

Below is an analysis of criteria and assessment of their achievability (based on input received from MTE contributors, evaluator's experience and comparison with the grant-making experience of others):

Figure 7 - Analysis of achievability of criteria

Requiring a level of experience or capacity that cannot always be met from within the existing resources of projects (and may require systematic financial and technical support prior to project application to enable meeting of these criteria).
Small Grant Recipients must be South African institutions with proven relevant implementation experience ²⁸ .
Preference will be given to Small Grant Recipients that are legal entities and have the capacity to receive, manage and audit project funds.
Small Grant Recipients must have a sound track record of good governance, delivery of grant commitments and financial management. Preference will be given to grant recipients with a clean audit record.
Small Grant Recipients must have previous positive experience receiving a combination of funds in the order of USD 25,000 (R 250,000) per year over a period of at least two years.
Small grant recipients are encouraged to develop implementation partnerships that augment or share their current capacity.
Criteria/restrictions that may limit capacity and sustainability, and can be (and have) been easily reviewed
Small Grant Recipients may only receive one small grant from the Community Adaptation SGF ²⁹ .
Criteria that can be met from within the existing resources of SGRs (and may require limited social and organisational support prior to application)
Preference will be given to small grant projects led by civil society organisations, and civil society organisations must be represented on management structures of all small grant projects.
Organisations will need to show how women are included in their project management structures.
Preference will be given to Small Grant Recipients that have established long-standing relationships with communities in the Namakwa or Mopani District Municipality.
Small Grant Recipients must have proof of land or asset ownership, and/or land tenure or permission to carry out proposed activity, as relevant.

²⁸ This criterion should be easily assessed. However, what counts as 'implementation experience,' indeed, what 'implementation' is are subjects that demand careful reflection and definition. For some, 'implementation' might imply the ability to work closely in community and to navigate between citizens and institutions in ways that enables delivery on people's needs and agenda. For others, it might imply extensive project management experience with all of the technical planning, reporting and financial skills implicit in that. Furthermore, the task of then communicating the outcomes of this exercise upward in the SGF may require further support.

²⁹ Provision for smaller 'phase 1' grants have ameliorated this somewhat, although it remains true that each project has only one 'main' grant.

Small Grant Recipients must have a clear mandate from project community beneficiaries to work in the project target areas on the identified project activities.
Small Grant Recipients must demonstrate willingness to participate in learning and knowledge development and dissemination processes.
Small Grant Recipients must not be receiving funds from other sources for the proposed small grant project activities ³⁰ .

³⁰ While this proviso is intended to prevent double-dipping, it has effectively meant that projects are exclusively funded by the SGF. This is not necessarily problematic, although it does increase vulnerability of project's sustainability when the SGF comes to an end.

3. Discussion of findings against the Adaptation Fund's Evaluation Framework, OECD criteria and adaptation guidelines

In addition to the MTE's ToR and the project systems diagnostic questions, both of which have been used to structure this report, the MTE was subject to the considerations of the AF's evaluation framework. In this section, we offer a brief discussion of findings against these.

- **Initial outputs and results of the project** are comprehensively covered in section 1, above.
- **Quality of implementation, including financial management** – much of the MTE, and indeed the SGF, as was intended, has been preoccupied with the question of how best to implement the project in such a way that its deeper – and more qualitative – aspirations are realised. The tension between the two 'goods' of, on the one hand, compliance with the system's requirements and, on the other, responsiveness to local conditions, needs and realities has been thoroughly explored and been the subject of much intentional and unintentional learning. All of this will stand the SGF in good stead into the immediate future as well as whatever future form it takes.

It bears stating explicitly that while there has been considerable trial and error in the development and use of systems, this has not compromised financial management, and this throughout the system from SGRs, through to the NIE's own accountability mechanisms. At times this has asked of SGF role-players that they return and persist in ensuring compliance (eg: seeking quotations for procurement; opening a bank account). At times, it has meant providing greater financial capacity or technical input than was originally envisaged (eg: through the FAs and also greater than anticipated use of the EE's CFO time). Often it has involved extensive correspondence between the NIE and the EE in order to get accounts clear.

While this has placed unanticipated pressure on many project partners, all of this has ensured good attention to and compliance with the requirements of sound financial management, and developed the capacities and understanding of the whole system for what it takes to account in this way, which stands it in good stead going forward.

- **Assumptions made during the preparation stage, particularly objectives and agreed indicators, against current conditions** – section 1, above, identifies where assumptions made about SGR organisational (as distinct from CCA) capacity contributed to some of the challenges experienced as the project rolled out. It also suggests that objectives might have been rather too narrowly set (focused entirely on the 12/13 SGRs), whereas the need (current conditions), and potential for growing CCA lies in the broader municipal and social systems of which SGRs are a part. That said, indicators for the project as it has been conceptualised were found to be appropriate. Should a broader set of objectives be pursued in the future, indicators would obviously have to shift.
- **Factors affecting the achievement of objectives** – again, and while the MTE has focused on SGR systems and the functioning of the SGF as a whole, it noted that achievement of objectives was generally well on track, although attention might need to be paid to supporting sustainability of project outcomes upon closure of the SGF.

- **M&E systems and their implementation** – preoccupation with creation of systems that serve both compliance and responsiveness requirements, and then management of processes to run these smoothly has meant that monitoring and monitoring systems have focused largely on data collection and reporting. The MTE has developed examples of synthesis reporting, versions of which might be used going forward. These, used in the more intentional learning that the project will be undertaking going forward, will then enable greater strategic thinking and decision making, even as the SGF winds down. With this level of monitoring-as-learning in place, the project will be well positioned to frame end-of-project evaluation questions going forward, and to supply the data that will enable a thorough and systematic evaluation.

The Adaptation Fund Evaluation Framework also seeks to check that project outcomes can be questioned against the five aspects in the OECD lens. While the MTE was not focused on outcomes, early indications suggest that project outcomes will be *directly relevant to local conditions*. Project implementation has, on the whole been **effective**, although, and as noted, this has sometimes come at a cost to the individuals and individual organisations concerned. Use of the systems as they have now been developed, as well as continued collegiality in implementation, including trouble-shooting, will also increase **efficiency** of project management and therefore its outcomes. As indicated above, the project is well on its way to **achieving its stated impact**, although this remains to be investigated in an end of project evaluation. It is hoped that measures put in place will support its **environmental, institutional and financial sustainability** going forward although these might be limited given the one-off nature of the grants and engagements.

Finally, the Adaptation Fund’s guidelines “*Taking account of particular issues that pertain to adaptation projects and programmes*” offer helpful insights and counsel modesty when seeking to evaluate adaptation projects. Viewed with these considerations in mind, the SGF is achieving success in the greater-than-planned institutional capacity that it is building across the system (not just the SGRs, but in all participating institutions), and in the potential for district-wide and social impact that it has opened up. This suggests that the SGF is certainly **“Going beyond achievement of objectives.”** And while impacts have, and are happening, in the final impact evaluation, it may well be worth seeking **‘success’ even where impact is muted or less than anticipated**.

While climate variability was factored into SGR project design and has not affected risk levels, it is noted that in both districts, reference to drought was made in such a way as to suggest that this was even more severe than is thought common and does appear to have affected the choices made around which of the funding windows to utilise. This might offer an interesting and concrete example of **“short term climate variability affecting the outcomes of projects.”**

The MTE has found that projects are generally accomplishing their objectives and seem well on their way to success. This remains to be tested in the final evaluation. In the cases of successful projects that had no prior exposure to CCA thinking, and in the case of successful projects that integrate use of SGF sponsored infrastructure, livestock and other goods into their ordinary functioning, the case for **attributing improved capacity for CCA** directly to the SGF might be made. Furthermore, and especially in the case of successful projects that had prior exposure to climate-related thinking and practice at the start of the SGF (and given the inter-dependent social and community processes of which SGR’s are a part), the case for claiming SGF’s **contribution to improved capacity for CCA** might well be made.

Finally, and with regard to **“processes are better measured than impacts,”** the MTE has made a small attempt to offer a way of thinking about and doing monitoring that would enable better measurement of processes, while still seeking to measure those impacts that can be measured. In a future SGF, such an approach would make for a significantly altered project design and approach to project leadership and management.

D. Emerging lessons and associated recommendations that should be applied to the scaling up or redesigning of the SGF in anticipation of the GCF investment in the SGF and the remaining period of this pilot.

CURRENT SGF –

- The difference between rate of spending on SGRs (taking into account yet-to-start SGRs as well as those that have been slower than others) vs the rate of spend on other project components is a cause for concern.

While it is understood that extensive support time and energy were required to get SGRs approval-ready (more than was anticipated) and while it is to be hoped, and expected, that all of the *de facto* project learning will translate into smoother communications and less transactional cost at every level, there remains the legitimate concern that the support and management budget will run out before grants do. In this regard, the **LOE exercise** currently underway will provide valuable management information and guidance for activities for the way forward.

- Provision will also need to be made on a project by project basis for **reduction of contact time** from those projects that are indeed more able to exercise project implementation AND fulfil reporting requirements. Furthermore, detailed analysis of the work of the EE and the FAs may identify areas of overlap where work is being duplicated. (This will be covered through the Level of Effort exercise underway).
- That the **NIE and the EE determine what the minimum requirements are for successful accomplishment of the SGF**, going forward. This should start with the EE and evaluators identifying the proposed areas and proposing these for final resolution to the NIE. In addition to determining the minimum requirements, items for discussion for this exercise should include:
 - o strategising for project end including what is needed to support SGRs to think through sustainability questions of both capital goods and changed practices and also to access other sources of funding.
 - o strategising for what to do with value that has been delivered be it administrative and management capacity or capital goods.
 - o using selected concrete examples, opening a conversation about deviance, when in the field, from existing project plans. It may be that it is simply not possible to manage to the level of details required in the original project plan; and it may be that it is simply not possible to permit the flexibility required, at least not in a way that also allows for smooth turn around in decision making. This needs careful discussion and resolution.
 - o to avoid overruns in future expenditure on the project, clear stipulation of the amounts and areas where there have been shortfalls in the budgets of FAs and the EE, and where they have supplemented with their own contributions.
 - o identification of the elements of project leadership needed going forward how this will be exercised, and by whom.
 - o discussion and agreement on a concrete plan of action for how SANBI will pull back from elements of project management once the minimum requirements have been agreed to.

- Revisit the major **compliance requirements** (eg: those for fulfilling ESP policy requirements) and identify ways of either incorporating these fully into an empowerment/capacity building practice with SGRs and/or create processes by which compliance is largely undertaken by FAs/EE as a technical and upward reporting exercise, with SGRs supported to engage without becoming solely responsible for these exercises.
- Using the current reporting templates, create **summarised reports at SGR level** to ground fieldwork with SGRs, supporting them to read and respond to their own information and accounts that show expenditure and its link to level of effort, bringing these together with reflective narratives.
- Furthermore, create systems to **generate synthesised accounts of SGR summaries** that can provide smooth and legible upward reporting, against key questions that have been agreed to by everyone in the project.
- Currently, the manner in which the targets for each output is recorded is not conducive to easy reporting. A strong recommendation in this regard is **for the most important, quantifiable targets be recorded on the spreadsheets** so that:
 - a) they can be used within the SGR for reflections and revision of plans and
 - b) so that individual project reporting upward, as well as cross-cutting analysis of performance can be reported upward. Common to many projects, for example are measures of reach (e.g. number of direct and indirect beneficiaries), provision of equipment (e.g. number of water tanks) or extent to which knowledge dissemination around climate change has been attempted (e.g. number of community or interest-group meetings).
- With the new reporting templates up and running and roles increasingly clear, it is recommended that the FAs and EE strategise together to see how best to use freed up capacity and/or newly arrived capacity to ensure that even greater focus is brought to bear on supporting accomplishment of project outcomes and especially their **sustainability**. This might involve reflecting on all of the projects and their sustainability plans in particular with a view to identifying those that are at risk of running out of steam at the close of the SGF funding, and devising ways of supporting them to anticipate this in the coming months. The sustainability plans might also be reviewed to check what provision there is for seeking alternative sources of funding where this is necessary, as the SGF winds down and to offer active support towards securing this. Sustainability plans should also address what it would take to sustain changed practices going forward, regardless of the availability of, or need for, funding.
- That in the project period post the MTE, the **EE/SSN accompanies the FAs on some site visits** to the SGRs, and the number of onsite visits to the SGRs be increased to 2 per year by the EE. This recommendation is based on the need to bridge the gap between the EE and the SGRs, serve as a means of monitoring and evaluation, assist with the compilation of reports that can contribute to more effective and efficient grant making. If accepted, this recommendation would need careful resourcing.
- Work towards **preparing for the final project evaluation** through generating simple and accessible accounts of project activity over time, drilled down to individual projects and also synthesised across the project as a whole.
- Furthermore, out of the MTE and through the learning process, identify issues for particular attention in the final evaluation. Amongst these, include –

- the question of ‘investment windows’ – how these have played out in practice and how they might be used in the future to support responsive project management.
- what constitutes ‘capacity’ to undertake effective climate adaptation activities that generate benefit, and how this might change over time, including in response to the outcomes of this SGF, as well as other CCA activities underway in SA.
- what it means to focus on benefit for women, beyond counting the number of direct beneficiaries.
- what the unintended, but nevertheless beneficial outcomes of the SGF have been, both for project beneficiaries and for institutional capacity across the system.

The results of inquiry into these questions will offer deeper insight into what it means to pursue climate adaptation at community levels, in the current SA context (and contexts of different communities) and ultimately, into what it takes to attain ‘enhanced direct access’.

- Ensure that the **learning budget** is used to **identify the core and essential systems and skills, that an SGF of THIS nature** requires (ie: using global multilateral funding with high reporting and compliance and risk management). This is not straightforward and everyone in this project has learned, not least the SGRs; and not only the SGRs.
- What kind of grantmaking process, practice AND system is needed for a successful SGF in the future? This is not just technical – it is also the ability to translate technical requirements, on an ongoing basis, into comprehensible messages to the ground (and to *each* ground: each region is, and will be, different. Not just in its climate challenges but in its social and political histories, its cultures and local economies). This needs ongoing serious work. While the requirements may be unyielding in some respects, so too must the translation of these into manageable tasks show flexibility and responsiveness to the needs and abilities of the people affected.
- Furthermore, make sure that this **learning function is programmed specifically into operations** for the coming months. This means making provision for time to be spent in generating learning (by all parties, including the NIE, EE, FAs and SGRs), facilitation of these processes such that it emerges systematically and explicitly, and documentation of these in ways that serves the needs of capacity development as well as knowledge production. In this regard it may be necessary to provide for specialised external learning expertise to support the generation and production of final learning products.

FUTURE DESIGN

As this SGF draws to a close and the GCF SGF is designed, the following practical considerations are suggested:

- Consider what is the **Theory of Change** of this new iteration of the SGF? Does it seek to transfer funds to specified grassroots communities as a means of building climate resilience or are there lessons from the current SGF that suggest broader strategies? In this regard, the notion of ‘capacity’ bears revisiting, and the Theory of Change going forward might well research and then articulate what view is being pursued. Capacity for CCA, especially in remote rural contexts, characterised by poverty and dispossession, requires knowledge of CCA and organisational and networked, or relational ‘capacity’. And both require project management and administrative capacity. However, each form of capacity (CCA, organisational & relational and project management/administrative) is built in different ways, of which the provision of training is but one. Can the future SGF identify and articulate the ways in which capacity is built, and the ways in which it will intentionally be built going forward?

One suggestion is that the SGF is seen as one part of a broader intervention into the relationship of whole regions/districts/municipalities to climate change and the challenges of effective adaptation. This might reach to other government competencies (eg: environment, water, agriculture) as well as other local institutions. Seen in this way, 'capacity' is understood to be embedded within a web of relationships and the SGF project becomes a lever for structural change - for supporting change in whole contexts - rather than simply helping to meet the needs of specified individuals and small communities. In this way of seeing, an SGR is also a pilot project in, for example, new farming practices, or breeding, or water harvesting, or community-based saving and can be undertaken from the start, with a view to linking it to further research, or accessing extension or municipal services, or joining forces with other related initiatives (be it in climate, or health, or any other field).

If so, this would require greater understanding of local context and making more intentional provision for local civic and institutional development and stronger networking and outreach, beyond a narrow focus on supporting the implementing capacity of SGRs and those tasked to support them.

- Developing the ToC might also involve continuing the **consultation and research** that was begun with the benchmarking exercise and, in a targeted way, seeking out
 - A) those donors/grantmakers that conceive of their role as catalysing and intervening across time and space, rather than simply transferring funds to specified beneficiaries and
 - B) those donors/grantmakers with specific experience of managing large funds from multilateral global bodies and managing the accompanying compliance and reporting requirements (eg: those in public health receiving HIV/AIDS funding).
- In this regard, there is rich and extensive experience in the SGR for further detailed study and the making of theory and knowledge about what has been created and learnt. This would benefit the sector as a whole, both in South Africa and globally. If it were possible to support **funded academic research**, in the next iteration of the SGF, not instead of the applied functions of M&E and learning, but alongside them, this would maximise the benefit of what the SGF has created and learnt.
- Reconsider the ways in which **project governance** is conceptualised with a view to reducing the levels of decision making and simplifying processes in support of decision making.
- Consider the use of traditional objective-oriented project management approaches and the extent to which these (necessary for control and oversight) can better interface with the need for systematic adaptive management. This might include **revisiting roles of the various levels of leadership, oversight and decision making in project execution** (not just governance) with a view to simplifying the processes, if possible; ensuring that there is clarity across whatever future system as to the various roles played by different parts of the system and ensuring also that the smooth functioning of the project management process, including management of blockages, is a clearly delegated and resourced responsibility to one responsible party (and within that, individual) whose role is to exercise project leadership.
- Continue to fund projects that offer **infrastructure/capital expenditure**, incorporating lessons from this SGF on what that asks of SGRs and those tasked with supporting them, especially around reporting, procurement, management and sustainability of both goods and outcomes.
- Seek to provide for a future SGF that makes provision for **multiple grants, growing grants and differentiated grant sizes, with accompanying criteria for each type**. Envisage a wider scope of 'small' (and consider naming the project differently). Don't pre-empt size of grants, or number of grants, neither in actual planning nor in marketing of the opportunity. Instead, have

different types (levels of support offered, purpose of grant) and sizes that allow a range of options for potential SGRs. Also seek ways of creating some latitude – allowing local supporters of the SGR (local fund administrators/FAs) to significantly influence the final portfolio.

- Reconsider the **frequency and level of detail required in reporting**. If quarterly reports are to be continued, these should be more in the nature of light monitoring, with more extensive reporting reserved for annual, or at most 6-monthly cycles.
- **Find ways of addressing project management/administrative capacity** - particularly for administration of these kinds of grants - outside of the SGR contract period, but as a clearly factored in part of the broader SGF project. This might involve embracing the idea of using existing institutional capacity in target areas in small grant project design.
- Do **more extensive social and institutional baselining** – using these as opportunities to also build relationships with existing local capacity, build awareness of climate and the need to undertake community development and serve work with a lens for climate resilience. This would involve looking at local capacity: ie – government services, local business, churches and other places of worship, and NGOs.
- Increase the **minimum number of intended beneficiaries**, but also set goals more carefully in relation to both the specific climate challenges and the social and institutional contexts in which beneficiaries are located.
- Improve the **selection and preparation** process by doing onsite due diligence/project assessments to verify the internal systems and procedures, organisational capacity and financial management capacity. The onsite due diligence provides an opportunity for capacity gaps to be identified at an early stage and can inform the learning and capacity development support strategy and plans for the duration of the project and even for small grants and capacity development work prior to actual grant-making.
- It is just a fact that funding from this source, even when delivered with the best intentions of enhanced direct access, make stringent technical demands on SGRs and those supporting them. The SGF's early struggles to create **simple systems that were comprehensible** to both the NIE and the SGRs (and the FAs in-between) have resulted in a hard-won system that works increasingly well.

The levels of experience and skill that has been developed in the process should not be underestimated. Whoever implements any kind of SGF going forward needs good grounding in these systems, their rationales, rigours and non-negotiables. And in the fact that their job is to *protect* the SGRs from technical excess, while still building capacity and making the necessary level of reporting and detail accessible to the NIE. This is a particular job and specialised. It cannot be simply left to completion of a template, no matter how well-resolved that template is; no matter how well documented the system. Rather, it's a **human capital development** job to get the responsible party on board, fully cognisant of the dynamic complexity they are being asked to managed. Without this essential induction, all that has been learned will be lost.

A1. PROJECT BACKGROUND (From the MTE ToR)

"The Small Grants Facility (SGF) is a four-year community-based adaptation pilot project which aims to ensure that vulnerable, rural communities in two project target areas in South Africa (Namakwa District in the Northern Cape and Mopani District in Limpopo) have reduced vulnerability and increased resilience to the anticipated impacts of climate variability and change.

The SGF is piloting a small granting mechanism known as enhanced direct access (EDA), which allows civil society organisations to access climate finance to implement locally relevant adaptation projects at the community level in at least one of the three investment windows:

Climate-Smart Agriculture, Climate-Resilient Livelihoods and Climate-Proof Settlements.

The project has three components:

- Component 1: Providing small grants to vulnerable communities that deliver tangible and sustainable benefits;
- Component 2: Empowering local institutions to identify and implement adaptation response measures; and
- Component 3: Compiling and sharing lessons learned to facilitate future scaling up and replication of small grant-financing approaches

The SGF is funded by the Adaptation Fund, implemented by the South African National Biodiversity Institute (SANBI) as the National Implementing Entity (NIE), and executed by SouthSouthNorth Trust (SSNT) as the Executing Entity. The SGF is locally facilitated in the target districts by Conservation South Africa (CSA) as the Namakwa Facilitating Agency and CHoiCe Trust as the Mopani Facilitating Agency. The project is endorsed by the Department of Environmental Affairs as the National Designated Authority (NDA) and is locally supported by the Namakwa and Mopani District Municipalities.

The project has a duration of four years (to September 2019) and a total budget of USD 2,442,682."

A2. EVALUATION GUIDELINES AND CRITERIA

In addition to pursuing the evaluation objectives, the evaluation approach seeks to be in alignment with general evaluation criteria of the Adaptation Fund Evaluation Framework. This includes, using the OECD lens, checking that project outcomes are -

- Relevant to local conditions;
- Effective;
- Efficient;
- Seek, contribute to or achieve stated Impact
- Sustainable (environmentally, institutionally and financially).

The evaluation will further use the guidelines offered in the Adaptation Fund's *"Taking account of particular issues that pertain to adaptation projects and programmes"* which qualify and counsel

modesty when seeking to evaluate adaptation projects, offering for consideration the lessons already learned in adaptation work, including -

- The need to consider “success when no impacts happen”
- The dangers of “evaluation for results occurring too early in the predicted timeframes”
- “Uncertainty of climate scenarios producing uncertainty of risk levels”
- “Short term climate variability affecting the outcomes of projects” (this especially so when addressing project outcomes)
- “Going beyond achievement of objectives”
- “Contribution rather than attribution”
- “Processes are better measured than impacts.”

OUTCOMES OF BENCHMARKING EXERCISE: THE LEARNING EXCHANGE

A learning exchange/benchmarking workshop was convened which included SANBI, SS-N and a range of small-grant funders in exchange on their experience and lessons.

This exchange confirmed that government agencies such as SANBI are well placed to receive and distribute funds for enhanced direct funding to small community-based initiatives, in partnership with intermediary grant makers working in rural contexts and facilitating agencies who are able to connect more directly and developmentally with community-based organisations working on climate change.

It was observed that the translational role played by intermediaries is an important one in bridging the divide between a small rural based organisation with limited capacity to manage big grants and a government department or agency that has very little room to manoeuvre or be flexible.

The cost of grant making has to be centred around what the real costs are of making an impact and achieving sustainable outcomes with a move away from blanket overhead costs that hamstring grantees.

1. What constitutes a small grant?

Range: This word has multiple meanings, depending on who is speaking and the perspective and size of their institution. In community grant making in South Africa a small grant falls within the range of as little as R20 000 up to R250 000.

Pace: One of the main purposes of small granting is to speed up access to funds/enhanced direct access by organisations that would not be able to access bigger grants due to capacity limitations or bigger donors' reluctance to directly support community-based organisations.

Intermediaries for capacity: There is a tendency for big government agencies and bi-lateral donors, foundations and trusts to use intermediaries because they do not have the capacity to provide support to the recipients of small grants. This is due to the level of support, mentoring, training and capacity building that is needed as a complementary element to the small grant to build the institutional capacity of a small community-based organisation.

Two-way learning: The grant making process capacitates organisations and this includes both the organisation receiving the grant and the one disbursing the funds (funder). In other words, the learning is a two-way process. Grant making has to happen in a learning way. During a seed funding period, which can be between 3 to 12 months depending on the phase in which the organisation or project is in, an intermediary is able to learn how it can accompany the grantee and the grantee is able to learn and know how to comply.

Failure rate: A failure rate has to be factored into small grant making because in the experience of one of the participants who is working with big grants for projects on scale there is a failure rate of between 30 – 35% and these are capacitated capable organisations with a track record. Despite the failures the lesson was that donors should consider risks and support smaller organisations as well.

2. Valued practices in small grant funding

Trust and quality of relationships: Trust is a key component in the relationship between parties in a funding relationship. Trust comes with accepting a measure of risk. Building and sustaining trust all boils down to the quality of relationships between the different parties.

Specificity in oversight role: The oversight role of donors must be limited to due diligence and key requirements, not detail; finding the balance between what is *required* and what is *done*.

Flexibility and agency: There has to be a level of flexibility and agency for the grant-maker, and this requires that they structure flexibility into their relationships with donors and with grantees. This requires that the relationship with the donor is carefully built and managed.

Reflection: Reflection moments are a key way in which flexibility, agency and trust can be maintained.

Bridging and translation: To have a bridging/translation function as a grant maker adds value to the relationship between donor and grantee/recipient. This requires a lot of work and liaison between the donor and the grantee. The impact may seem low, but to people in the communities it is huge.

Striving for a bottom up approach: A lot of energy goes into ticking the boxes/compliance and we forget what communities want to do on the ground; losing sight of the bigger picture and the context in which they operate. What we need to see and work towards is ownership on the ground.

3. Compliance (related to reporting and oversight)

Compliance levels and procedures are of concern within small grant funding, across the board, although for the SGF this may be especially acute because of the relatively large grant size. Close liaison with a shared commitment to learning and developing systems can help to hold compliance while developing systems appropriate to grantees needs and abilities. SGF has a dedicated budget for learning and clearly articulated learning plans and activities. Moving forward it will be necessary to review the current learning plans, revise if they are not serving the needs of the SGR and the project management team and develop a coherent plan for taking learning forward.

Close liaison and a fieldwork presence on the ground also helps to support compliance in appropriate ways. In the SGF, the FAs play a critical role in providing support, mentoring and monitoring and evaluation of the SGRs and projects. The level of effort that was needed to provide support to the SGRs in the beginning phase and during the implementation phase was considered during project and proposal design phase but may have been under-estimated.

The experiences of other small grant-makers in mitigating the sometime disabling effects of complex compliance procedures include –

Training and development for institutional capacity: Funds should be made available for grantees and intermediaries (as is the case with the SGF) including for grantees to address self-identified areas of capacity building that can strengthen the organisation's institutional capacity (over and above technical capacity to accomplish project goals eg: in climate adaptation).

Simple application processes and decision-making processes: These work well when there are advisory systems close to the ground, which also enable small grants to be disbursed in a period of, for example, between three and six months from the time an application is made to payment of the first tranche.

On-site fieldwork capacity: This can provide mentoring, monitoring, evaluation and support to the local development agency/intermediary and significant time on sharing and learning together with partners in one province or across provinces, if there is a national programme³¹.

Categorize funding and organisations: have different categories, and sizes, of funding linked to growth in ability to manage funds and linked to anticipated investment in support that will be required³². In

³¹ In addition to the actual grant for the project or programme and overhead costs one organisations spends an additional R100 000 extra for capacity building on the local development agencies over the grant period. For a grant of R200 000 between 4-8 days per year are spent on site by fieldworkers. Over and above this at least 4 more days are spent on sharing and learning together with partners in one province or across provinces.

³² Another grant-maker has two categories of funding viz. R50 000 and R250 000 per project per year for a maximum of 3 years. There is a level of expectation associated with the grant practices in each category e.g. an organisation receiving a grant of R50 000 requires hand holding. By the time an organisation graduates to a grant of R250 000 or receives this size grant there is an expectation that they are capable of managing the funds. They have calculated a ratio of 1:2 for every R1 spent on the R50 000 grant there is R2 spent on the project expenditure to the recipients. In the case of the R250 000 size grant, there is a 60:40 ratio where 40% goes out to the initiative and they spend 60% disbursing the grant

addition, categorise organisations according to their levels of ability to manage funds and undertake complex work³³.

4. Application processes (Operational systems and processes)

While there is not a one-size fits all approach to application processes, it is essential to have clear criteria. The SGR application process is thorough and is comparable with other small grant makers' approaches. There is a call for proposals which is advertised widely through multiple mediums, concept phase, due diligence (desk) and finally detailed proposal phase.

For future scaling up of the SGF it is recommended that the process be improved so that it is more effective by doing onsite due diligence/project assessments to verify the internal systems and procedures, organisational capacity and financial management capacity. The onsite due diligence provides an opportunity for capacity gaps to be identified at an early stage and can inform the learning and capacity development support strategy and plans for the duration of the project. There is engagement with the applicants in the detailed project proposal phase that includes experts, technical advisors and support provided by the FA as well.

Approaches to application processes amongst other grantmakers include –

Call, shortlist, decide: One grant-maker puts out a call for proposals to two different categories of potential grantees. The final decision on shortlisted applicants and project approval is done by a Committee.

Rolling applications: Another does not put out calls for proposals, they work on a first come first serve basis. The turnaround time is two to three months. Annually grantees reapply for a grant and may continue to be supported based on performance over the year period. The recommendation to fund an organisation is presented to the Board of Trustees for the final decision on whether to fund or not.

Advertise, shortlist, assess, decide: Two others both advertise calls for proposals; and do an internal assessment, shortlist and due diligence/organisational assessments before recommending for funding to their respective Advisory Committees. These Advisory Committees comprise representatives from the participating donors in the basket funds. Not all participating donors opt to be part of the Advisory Committee.

5. Adaptation and learning

Release institutional capacity on the ground: consider the utilisation of more implementing/facilitating agencies for there to be greater impact on the ground or, find ways of releasing the capacity of existing agencies to more fully undertake and support the necessary on-the-ground institutional capacity building work described above.

Rolling grant making, with support: implement an incremental rolling grant making system. Where the performance of the project or organisation is linked to the incremental increase of the grant over a set period of time, with clear objectives and an agreed to plan developed in consultation with the people working in and with the projects/organisations for providing capacity development and support.

³³ One way of disbursing small grants in the context of small, rural based projects may be to categorise the organisations, as practiced by one grant-maker to guide the size of the grant that can be disbursed to the organisation and the level of support that needs to be provided to make sure that the organisation is able to manage the grant. Each category has a set of characteristics that defines the phase in which the organisation is in. The three main categories are emerging/new, developing and established. These are not static phases as an organisation can move from being established back to the developing stage due to circumstances outside of their control. The categorisation of SGRs in the scaling up phase of the SGF project will be helpful in determining the level of support required, informative for capacity development and learning plans and is a more developmental approach to community grant making.

Rewarding adaptation; rewarding learning: Consider – The SGF is providing small grants to enable projects to adapt to climate change. But, in cases of failure, is it failure to learn or failure to adapt that is encountered? The learning component is built into the project and is one of three main objectives. So, in SGF, are you allowed to fail to learn?

A bottom-up project design: Consider working with the projects differently in the beginning or concept phase of the SGF, assess the capability of the projects and let them write individual proposals. Project design phase is crucial to the success or failure of a SGR. Allow the needs and realities of the ground, and the imagined projects in response to these, to shape the SGF.

Categorising the work of grantees: Government is complex and government as a funder is even more complex. Government cannot do small grant making for good reasons; but we want someone to walk alongside organisations, even those that initially fail. Flexibility within came up as a value for small granting. Is it possible that a shared language of categorisation of grantees can be developed across grantmakers, so that we are able to identify the level of flexibility on the ground, and is this realistic?

Different intermediaries have different abilities: No one party has all the abilities that are needed in this process. Some intermediaries are stronger on climate related issues; others on grant-making in community. Both sets of skills are needed. How to address this?

6. Cost benefit – at what cost and to whose benefit?

Absorption capacity: There is a tipping point between disbursing too much money and too little. Money can destroy a community by creating chaos or high expectations. It is good practice to pay attention and take the time to interact with people and familiarise yourself with the community. The risk and/or cost of destroying or causing damage by contributing to conflict in a community is higher than the cost of the funds allocated. Assess what can be absorbed by the community in terms of mitigation of identified risks and the ability to be resilient.

Co-financing: A distinction must be made between the actual grant and the cost of the grant making. For the SGF, co-financing by the EE was part of the original SGF proposal and SS-N's own contribution to the project has been R1m per year. One contributor to the benchmarking workshop proposed that the co-financing requirement be removed as under-resourcing places an additional stress on facilitating agencies and executing entities/intermediaries.

Measuring impact: It is necessary to develop a compelling story for why this work (community grant making) is important. Measuring impact is important. For some contributors, it was thought that projects, in most cases, will never be sustainable. The focus must rather be on the projects/organisations becoming less dependent. The role of the intermediary is to close the gap and make sure that the organisation implementing the project is able to account for funds, including through audit. This creates and builds trust for more qualitative measures to be used.

Adaptation theory: The timelines must be realistic. Capacity building takes time. In the case of one established community grant maker they have partners that have been supported for more than 15 – 20 years. Progress is not linear and at the project design phase it is good practice to work from the ground up. The lesson is that the longer the funding relationship with the grantee, the less support needed as the individuals in the organisation develop skills that strengthen the organisation over time. It gets proportionately cheaper as the years of funding to a grantee lengthen.

APPENDIX C

WORKPLAN Mid Term Evaluation

SANBI – SOUTH AFRICAN NATIONAL BIODIVERSITY INSTITUTE

Feb – May 2018

PHASE	TOTAL NO OF DAYS	ACTIVITY	NUMBER OF DAYS	RESPONSIBLE PERSON	DATE OF COMPLETION	NO OF HOURS/DAYS
PHASE 1 INCEPTION						
1. INCEPTION	13	BRIEFING MEETING	1	SUE AND LINDA	21 FEBRUARY 2018	5 HOURS
		REFINING TERMS	HALF DAY	SUE	23 FEBRUARY	?
		PROCESS MANAGEMENT	HALF DAY	SUE		
	4	DOCUMENT REVIEW – GRANT MAKING SYSTEMS AND PROCEDURES AT SSN, CONTRACT, REPORTS FROM BENEFICIARIES	2	LINDA	14, 15 MARCH 2018	
		WRITING UP DOCUMENT REVIEW PROCESS	2 DAYS	LINDA		
		DISCUSSION	HALF DAY	SUE AND LINDA		
	4	PAG INCEPTION WORKSHOP	2 DAYS	SUE AND LINDA		
		PREPARATION	HALF DAY	SUE AND LINDA		
		INITIAL CONVERSATIONS WITH SELECTED CONTRIBUTORS	HALF DAY	SUE		
		DESIGN	HALF DAY	SUE AND LINDA		
		HARVESTING AND DETERMINING NEXT STEPS FORWARD	HALF DAY	SUE AND LINDA		
		WRITING AND PRODUCE INCEPTION REPORT	1.5 DAYS	SUE	13 MARCH 2018	
PHASE 2 SYSTEMS REVIEW DATA COLLECTION, BENCHMARKING						
2. SYSTEMS REVIEW AND DATA COLLECTION 1 EXTRA DAY (CONTINGENCY)	16	DOCUMENT REVIEW	4 DAYS		MARCH 2018	
		TECHNICAL SYSEMS REVIEW	4 DAYS		MARCH 2018	
		INTERVIEWS DONORS BACK DONORS SGF TEAM MEMBERS MANAGERS	2 DAYS	SUE AND LINDA 1 DAY EACH	MARCH 2018	
2.1 BENCHMARKING		READING ON BEST PRACTICES	1	LINDA	1 ST WEEK APRIL 2018	

		GRANT MAKING AND MODELS OF GRANT MAKING				
		RESEARCH AND PREPARATION FOCUS GROUP DISCUSSION WITH COMMUNITY GRANT MAKING EXPERTS – BENCHMARKING EXERCISE	1	SUE AND LINDA	1 ST WEEK APRIL 2018	
		FOCUS GROUP DISCUSSION WITH COMMUNITY GRANT MAKING EXPERTS- LINKED TO BENCHMARKING	1	SUE AND LINDA	13 APRIL 2018	
		WRITING INITIAL REPORT ON SYSTEMS AND BENCHMARKING	2	LINDA	24 APRIL 2018	
		PREPARATION AND PRESENTATION OF DRAFT REPORT, FEEDBACK, ENGAGEMENT ON NEXT STEPS	1.5 DAYS	SUE AND LINDA	26 APRIL	
		REFINEMENT OF QUESTIONS FOR FIELDWORK	HALF DAY	SUE AND LINDA	27 APRIL	
PHASE 3 FIELDWORK AND DATA COLLECTION						
3. SEEKING IMPACT IN THE FIELD CROSS-COMPARISONS OF IMPACT OF SYSTEMS AND EMERGING IMPACT IN CLIMATE SMART FIELDS	10	FIELD WORK IN LIMPOPO	3 DAYS	LINDA	18 , 19, 20 APRIL	
		FIELDWORK IN NAMAKWALAND	3 DAYS	SUE		
		REPORTING WRITING AND TRANSCRIBING LIMPOPO	2 DAYS	LINDA	21, 22 APRIL	
		REPORTING AND TRANSCRIBING NAMAKWALAND	2 DAYS	SUE		
PHASE 4 SENSE MAKING AND REPORTING						
4. SENSE MAKING AND REPORTING	11	SYNTHESIS AND ANALYSIS OF FINDINGS AND COMPILATION OF DRAFT REPORT	5 DAYS	SUE AND LINDA	23, 24 APRIL	
		PREPARATION REPORT TO PAG	1 DAY	SUE AND LINDA	25	
		PRESENTATION OF SYSTEMS REPORT DRAFT FINDINGS OF SYSTEMS REVIEW AND FIELDWORK TO PAG	2 DAYS	SUE AND LINDA	26 APRIL	

		FINALISATION OF REPORT	3 DAYS	SUE AND LINDA		
		SUBMISSION OF FINAL REPORT AND FINAL INVOICE SUBMISSION		SUE	14 MAY	
TOTAL NUMBER OF DAYS	51					

APPENDIX D

FIELD INSTRUMENTS

G1. CATEGORIES AND QUESTIONS FOR EACH OF THE PROJECTS/OF EACH OF THE PROJECT AGREEMENTS

		1	2	3	4	5	6	7	8	9	10	11	12
1	What is the grant agreement period?												
2	What is the grant agreement amount?												
3	How many contracts for this organisation (and amounts, and periods)?												
4	What is the disbursement cycle, and amounts?												
5	What is the situation in relation to unspent monies?												
6	What capacity building (training and other) has been done on climate related issues?												
7	What organisational capacity building assessment, and work (training and other) has been done eg: financial systems and training, fundraising, governance, gender, project management, including planning and reporting?												
8	The history of the relationship – the trajectory of grant approval and management; key dates.												
9	What has been the timeframe from time of concept note to full proposal to first payment?												
10	What partnerships have you built over the funding period? Local, provincial or national including with government agencies and community structures/organisations?												
11	What contextual conditions outside of your control have impacted on the implementation of the activities? Including environmental (weather), political, social and cultural events.												
12	What has changed in terms of women’s involvement and development as a result of the project? Can be told in a story format.												
13	Have you been able to access other funds after receiving funds from the AF/SGF. Has this relationship helped your organisation to access more funding?												

