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MANAGEMENT RESPONSE TO THE ROLE OF THE LOCAL BENEFITS ENVIRONMENTAL PROGRAMS, PART ONE: NATURE AND CONCLUSIONS OF THE STUDY

(Prepared by the GEF Secretariat and Implementing Agencies)

I. INTRODUCTION

1. The document, *the Role of Local Benefits in Global Environmental Programs*, is an important analytical review of the inter-relationships between local and global environmental benefits in the GEF portfolio. It also identifies opportunities for the GEF to further articulate and improve its projects to better address the relationships between global environment and sustainable development, and their linkages to poverty reduction.

2. The review is particularly timely considering increased acknowledgement of the link between global environmental protection, sustainable development and human welfare, and the negative impacts, particularly on the poor, of not addressing global environmental challenges as recognized in the Millennium Development Goals and the Plan of Implementation of the World Summit on Sustainable Development.

II. FINDINGS

Strong linkages between local and global benefits

3. We fully agree with the finding that local and global benefits are strongly interlinked in many areas where the GEF is active. Based on this understanding, the Programming Document for GEF-4 reflects considerable strategic thinking to move towards integrated natural resources management as well as to strengthen the environment and development link. The Programming Document highlights the importance of working with countries to ensure that global environmental perspectives are taken into account in their sustainable development policies and programs, including national poverty reduction strategies (PRSPs). Moreover, the development of the strategic priorities within GEF focal areas for GEF-3 and their continued refinement for GEF-4 represent a shift towards a strategic, programmatic and project level inclusion of both development and environmental objectives with emphasis on local communities.

4. In addition, the GEF has also made a tangible attempt to proactively address the links between development/poverty alleviation objectives and efforts to maintain or increase global environmental goods and services through the establishment of new operational programs (OPs), such as the OP 12 (integrated ecosystem management), 13 (agriculture biodiversity), and 15 (sustainable land management).

Considerable achievements in developing local incentives to ensure environmental gains

5. The study recognizes the considerable achievements within some of the GEF projects in addressing local benefits to ensure global environmental gains. The key successful tools and approaches that were identified were: use of social assessment during project design and implementation; market and affordability assessment; role of committed and skilled internal and external project stakeholders; monitoring of local-global linkages; and local participation in project design and implementation. The good practices on global-local linkages that were identified through this study are useful for drawing lessons and for potential replication in future strategy development and projects.

Challenges to achievement of local-global linkages

6. The study finds that the majority of GEF projects did not fully operationalize their intent to link local and global benefits in project design or implementation. This is an important finding. We expect to learn from the success and failure of our earlier projects and to operationalize the recommendations made by the study.

7. To strengthen its learning capacity, the GEF is currently reviewing its monitoring tools and approaches, as well as developing a knowledge management system to improve the learning from our projects. It is important to note, however, that the large proportion of projects that were analyzed for this study were implemented and designed during the GEF Pilot Phase or soon after, when GEF had less experience addressing both local and global benefits and stand-alone GEF projects were common.

8. As the study notes, new projects that are approved during the GEF-3 programming period demonstrate a stronger and consistent approach to the integration of local incentives and social issues into global environmental projects and programs across all focal areas. This approach has been further strengthened in the GEF-4 Programming Document.

Constraints on win-win outcomes

9. Finding a win-win solution for both local communities and environment has been a challenge for all donors and partners, including the GEF. During the last decade, approaches such as Integrated Conservation and Development Projects (ICDPs), which were widely proposed as win-win solutions, proved ineffective in many parts of the world. Successful approaches and good practices were often highly context and site specific, and replication of these approaches has proven difficult.

10. Environment and development practitioners have become increasingly aware of the trade-offs between the different levels of intervention. GEF projects that were recently developed and implemented are using more sophisticated approaches to address this issue, while identifying appropriate compensatory and incentive approaches.

III. RECOMMENDATIONS

11. The study identifies four main recommendations. We find that the recommendations are useful starting points for the GEF to develop practical operational guidance.

Recommendation 1: Where local benefits are an essential means to achieve and sustain global benefits, the GEF portfolio should integrate them more strongly into its programming

12. We agree with this recommendation. As noted above, the GEF has substantially strengthened its ability to address global-local linkages in our programming through its GEF-3 and 4 Programming Documents, and strategic priority setting.

Recommendation 2: Integration of local benefits should be more systematically carried forward into all stages of the project cycle.

13. We agree with this recommendation, particularly in those instances where local benefits are essential means to achieve and sustain global benefits. For the past years, we have made initial efforts in incorporating approaches and tools within the project cycle to strengthen the global-local benefit linkages. For example, stakeholder identification and development of public participation strategies are required in appropriate stages of the project cycle. Social assessment and social experts are utilized during project preparation, implementation, and monitoring and evaluation period. We will review and strengthen these approaches through the ongoing review of the GEF project cycle and appraisal criteria, while making sure that these remain simple and do not make the project review process more complex.

Recommendation 3: GEF activities should include processes for dealing with trade-offs between global and local benefits in situations where win-win results do not materialize.

14. We agree with the study that the assumption that projects involving the GEF would always result in “win-win” gains in both development and global environmental management, is not realistic. Some of the projects require an assessment of the potential for “win-win” gains or “trade-off” outcomes between global environmental and local livelihood benefits. The issue is discussed as part of the project design and sustainability analysis for each project at appropriate stages of the project cycle. During the last decade, the Implementing Agencies have also strengthened their safeguard and related policies to monitor issues of local costs and benefits derived from projects. Moreover, the introduction of the logical framework during project preparation has helped clarify assumptions and risks associated with projects while identifying additional project activities to reduce the risks, when necessary.

Recommendation 4: In order to strengthen generation of linkages between local and global benefits, the GEF should ensure adequate involvement of expertise on social and institutional issues at all levels of the portfolio.

15. As the findings of the study indicates, the involvement of expertise on social and institutional issues may have been incoherent during the early days of GEF programming. Today, it is a regular practice at every stage of the project cycle to involve appropriate expertise and tools related to social and institutional issues by all Implementing Agencies. Stakeholder consultation, participatory rural assessments, and social assessments are widely used in GEF projects by structuring multi-disciplinary project teams that include social scientists. In fact, the study’s own data show that 80 percent of the most recently approved projects have involved social assessment, while it was only 39 percent in the study’s overall sample. The ongoing review of the GEF project cycle and appraisal criteria will assess the relevance of having these tools and approaches as operational requirements for future projects.

IV. CONCLUSIONS

16. The study provides useful insights into the complex interactions that exist between local and global benefits in GEF projects. Some of the findings and recommendations have already been integrated in GEF programming on GEF-3, while the Programming Paper for GEF-4 incorporates specific steps towards furthering the integration between environment and development and, consequently, between global and local benefits.