



GEF/A.1/7
March 2, 1998

GEF Assembly
New Delhi, India
April 1-3, 1998

SUMMARY REPORT OF THE STUDY OF GEF PROJECT LESSONS

The Global Environment Facility (GEF) is a financial mechanism that promotes international cooperation and fosters actions to protect the global environment. The grants and concessional funds disbursed complement traditional development assistance by covering the additional costs (also known as “agreed incremental costs”) incurred when a national, regional, or global development project also targets global environmental objectives. The GEF has defined four focal areas for its programs: biological diversity, climate change, international waters, and ozone layer depletion. Land degradation issues, primarily desertification and deforestation, as they relate to these four areas, are also being addressed. The GEF operates the financial mechanism for the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change. GEF projects are carried out by three implementing agencies: the United Nations Development Programme (UNDP), the United National Environment Programme (UNEP), and the World Bank.

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1. The Study of GEF Project Lessons was commissioned by GEF's Senior Monitoring and Evaluation Coordinator in April 1997. The study, conducted by Resource Futures International of Ottawa, Canada, synthesizes lessons learned to date from projects financed during GEF's Pilot Phase. It was prepared primarily for the benefit of project and task managers of GEF projects. This summary highlights the study's principal findings and their implications for the GEF.¹

2. In 1995 and 1996, the GEF conducted Project Implementation Reviews (PIRs) of projects active for at least one year. The first phase of the study built on these PIRs. The team analyzed 30 Pilot Phase projects that broadly represent GEF's focal areas and the portfolio's geographic distribution. Some of these projects were performing well and others had implementation problems. The study team examined documents and interviewed task managers, implementing agency GEF coordination units, NGO representatives and others. Their initial findings, together with a strong desire by implementing agencies for more detailed analysis of factors related specifically to the GEF and the fact that stakeholder participation is a key feature of the GEF, led the team to highlight three specific lessons that stood out from the experience to date and were identified as high priority by project managers and staff:

- *Innovative approaches are often needed to ensure effective private sector involvement in all stages of a project's development and implementation. This involvement helps ensure the sustainability of project results.*
- *Careful integration of project interventions with national policies and priorities is needed to ensure that linkages between project efforts and global environmental benefits can be effectively made and sustained.*
- *For community-based biodiversity and other projects to succeed, considerable time and effort must be devoted to building partnerships and understanding among project implementers and communities.*

3. The second phase of the study focused mainly on these topics. The team visited projects in Belize, Cameroon, Jordan, the Philippines and Zimbabwe. They discussed implementation experience with project staff, local NGO representatives, government agencies, private companies, and others. More detailed desk studies and interviews were

¹ This summary was prepared by the Monitoring and Evaluation team in the GEF secretariat in collaboration with RFI, based on the December 1997 report of the Project Lessons study. That report, *Lessons Learned During the GEF Pilot Phase*, is presently being circulated for comment. Anyone interested in receiving a copy for review may contact Scott E. Smith, Monitoring and Evaluation Officer, GEF secretariat, telephone: (202) 473-1618, fax: (202) 522-3240, or email: ssmith6@worldbank.org. In addition to this summary, the findings of the Project Lessons study have been reflected in the 1997 GEF Project Implementation Review and will be the basis for a series of "Project Lessons Notes" planned by the secretariat's Monitoring and Evaluation team beginning in 1998.

conducted on another six projects in Argentina, Bolivia, India, Mexico, Papua New Guinea and Slovakia and were included in the team's analyses. The team's report also identified key characteristics shared by successful projects that are lacking in problem projects.

PRIVATE SECTOR INVOLVEMENT

4. **Why is this important?** Private companies must be involved in finding and carrying out solutions to global environmental problems. Otherwise, the technologies and approaches piloted by GEF projects will not be widely applied or sustained. Private capital flows to developing countries are now five times greater than official development assistance. Private enterprises produce goods and provide services needed to address global environmental and development challenges. At the same time, private businesses are often the source of significant greenhouse gas emissions and ozone depleting substances, pollution of international waters, and threats to conservation and sustainable use of biological diversity. Thus, effectively engaging the private sector is essential, but often remains difficult to do in practice. The first generation of GEF projects provides lessons that offer some insights on the opportunities and pitfalls in this area.

5. **Provide a forum for public-private sector cooperation.** A key finding of the Project Lessons study is that successful projects created a place or forum where the private sector could participate as a partner in addressing global environmental issues. Even when such vehicles exist, however, participation by private interests will not be automatic. One incentive that was particularly effective was providing an opportunity for direct involvement with government agencies in decision-making on issues that affect them. An example is the Batangas Bay demonstration site in the Philippines, part of the Prevention and Management of Marine Pollution in the East Asian Seas project. An association of private companies is a member of the council that oversees and implements the environmental management plans for the bay region. As a result, these companies have negotiated voluntary agreements with central and local governments on waste reduction and participate in marine pollution monitoring programs. Some firms have provided technical assistance to help others develop waste audits and management plans. Such fora can also help erode unproductive stereotypes that cloud communication and understanding between business and government. This approach requires a willingness by national governments to delegate responsibilities to local governments and to groups on which private firms are represented.

6. **Reduce risks and provide specific benefits.** Appeals to the private sector cannot be based on altruistic concepts related to the global environment. They must directly address costs and perceived risks, and offer benefits to private firms. For example, the Patagonia Coastal Zone Management project in Argentina provided information to local whale-watching and fishing industries that helped make them more efficient, without continuing to threaten coastal biodiversity. These groups have become an important constituency for the project. Alternative energy projects in India and Zimbabwe offer another example. In India, the project called for solar installation companies to borrow funds to pay for photovoltaic equipment and then charge and collect payments from rural customers. In part because the firms bore the repayment risk, this approach did not work despite highly favorable interest rates offered by the project. In Zimbabwe, on the other hand, customers received loans from

a government bank for the purchase and installation of solar equipment. Private firms were much more responsive, since the bank covered the repayment risk.

7. **Financial incentives can undermine sustainability.** Especially in the climate change area, most GEF projects reviewed for the study that involved private businesses in the delivery of products or services provided a range of financial or other incentives to encourage their participation. For example, the Zimbabwe and India photovoltaic projects offered below-market interest rates and equipment free of import duties and other taxes. In Zimbabwe, the project has achieved its target for solar panel installations and has stimulated the creation of hundreds of jobs and nearly 50 companies that install and maintain these systems. However, it is unclear how these accomplishments will be sustained or replicated once the project is completed. Subsidized importation and warehousing of solar equipment by the project weakened local manufacturing capacity, and without continued project funding as many as 75 percent of the installation companies are expected to close.

8. **Capacity building may be needed.** The study found that the heterogeneity of the private sector affects the approaches needed for project activities to succeed. In particular, new companies that emerge to take advantage of a project opportunity may need assistance in developing business and marketing skills, in addition to technical knowledge related to a specific product or service. To illustrate again from the Zimbabwe experience, there were considerable differences between large, established solar industries and the small firms with which the project has mostly worked. The latter had a variety of experience and resources that required the project, unexpectedly, to devote efforts to build business skills. Direct assistance to strengthen private companies can also require new approaches and changes in government perspectives and roles.

9. **Raise awareness among customers and assure product quality.** Successful projects played a role in raising the awareness of potential customers of new products and services offered by participating companies, and in assuring product and company legitimacy and quality. Setting and enforcing quality and performance standards by governments or industry associations have been effective, especially when continued participation in project activities depends on remaining in good standing. The Tunisia Solar Water Heating and Zimbabwe PV projects employed such mechanisms. Another approach is the development of a project label for use in marketing information or on the product itself. For example, the Zimbabwe project designed T-shirts, caps and stickers to promote solar energy, and the Poland Efficient Lighting project developed a logo that was affixed to energy efficient light bulbs to increase awareness of, and confidence in, these products. These marketing efforts were complemented with presentations at trade fairs, workshops and other events, and radio and newspaper advertisements.

10. **What are the implications of these lessons for GEF programs?** Projects need to identify vehicles to engage the private sector as a partner on an equal footing with others with a stake in an issue or activity. These vehicles are most successful when they offer firms an input on decisions that affect them, or when they provide information that allows them to conduct their businesses more efficiently, as well as more soundly from a global environmental perspective. Subsidies and other incentives to reduce risk and attract private

companies into providing new products or serving new customers should not distort the marketplace in ways that will make continuation of these initiatives difficult. Where such incentives are needed, there should be a specific strategy from the outset to gradually migrate to market conditions or to use project experience to illustrate the benefits of changing policies that limit broader replication. Finally, in addition to stimulating specific business activities, helping industry associations and others set and enforce quality standards and raise customer awareness of and confidence in new products and services appears to promote widespread adoption of environmentally sound practices.

PROJECT-POLICY COHERENCE

11. **Why is this important?** GEF projects are designed to produce global environmental benefits. However, these global benefits will be achieved and sustained only if they are consistent with national policies and priorities, or if they provide experience on which to base policy changes that are in the national interest of participating countries. Project activities at the local level can only be sustained and replicated if they fit national policies and priorities.

12. **Contribute to policy development.** The Project Lessons study found illustrations of this key lesson in almost every project it examined. In several, GEF projects have contributed to national policy development. For example, as part of an effort to improve the performance of the Protected Areas Project, the government of Mexico developed a new strategy for biodiversity protection. As a first step in implementing this strategy, it established a national council composed of representatives of conservation NGOs, the academic community, business and social sectors and indigenous peoples to provide ongoing policy advice at the ministerial level regarding the national protected areas system. In Slovakia, the manager of the Biodiversity Conservation project participated directly in developing the national strategy.

13. **When projects and policies are not aligned.** Other experience in the Pilot Phase projects studied shows the difficulties that can be encountered when project activities are not in sync with national policies. In Cameroon, activities at 10 field sites supported by the Biodiversity Conservation and Management project are uncoordinated and represent different approaches in the absence of a national strategy. There has been little contact between the project and a strategy development process. In Zimbabwe, high import duties affect the affordability of alternative energy sources such as solar equipment. The Photovoltaic project dealt with this problem by importing the equipment it financed duty free, but this had adverse effects on local manufacturers and avoided addressing the general impact of the duties. Zimbabwe's solar industry has been hesitant to commit greater resources of its own in the absence of a clear direction from government. In India, high price subsidies for rural electricity effectively eliminated the market for solar energy, despite substantial incentives in the GEF project. And in Jordan, even though the Conservation of Dana Wildlands and Azraq Wetland project succeeded in building political support to bring the Azraq oasis back to life, a long term solution will require fundamental changes in national water policy to ease pressure from growing urban water demands. Experience in Jordan also shows that arrangements to address local problems--e.g., establishing legal tenure

for refugee pastoralists to land in buffer zones adjacent to the Dana Reserve--can sometimes be made only if they are acceptable at the national level and do not set what could be considered by others as precedents for change elsewhere.

14. **Projects cannot ignore politics.** GEF-funded projects cannot ignore politics and how political events, such as elections and other changes in leadership, affect the pace of project implementation and extent of policy change that is possible. For example, in Papua New Guinea, a logging contractor active in the project area had substantial political influence at the national level and had established a strong local power base. The Biodiversity Conservation and Resource Management project, on the other hand, had little political support and a smaller local network on which to draw, and was ultimately unsuccessful at that site.² Upcoming elections in Belize delayed passage of legislation crucial to the Coastal Zone Management project's success. And in Bolivia, the Protected Areas project developed a very close relationship with one administration, but when the government changed following elections, it cast doubt on the project's sustainability.

15. **Build broad political support.** Building broad support from political leaders and middle managers, and from the variety of government agencies that influence a project, is time consuming. It requires conscious effort and, often, as much attention as other project activities. For example, securing agreement to pump water back into the Azraq oasis to restore it was the result of persistent efforts over more than two years to generate political and community support. An information campaign, including media coverage of the plight of the oasis and the communities who depend on it, was developed. The project director built contacts with government agencies and universities. The project also helped create a local organization, Friends of Azraq, which became a strong advocate for rehabilitation and sustainable management of the wetland. Similarly, the NGO that executed the Patagonia project in Argentina was led by influential people from the region who, together with the director of its U.S.-based partner NGO, played a valuable role in fostering government support. In addition, local media covered the project extensively and a beach walk organized to take a census of trash and birds damaged by oil spills attracted over 4,000 volunteers and raised national awareness. At the same time, those involved in the Papua New Guinea project warn that, despite the temptation to ally with political leaders, projects must remain politically neutral. If not, they risk compromising their integrity following changes of local or national leadership.

16. **How a project is structured makes a difference.** The management and administrative structure of a project can help or hinder its integration with national policies. Experience under the Coastal Zone Management project in Belize illustrates this point. The project was originally located in the fisheries department, but was later placed under four ministries, including environment and tourism, natural resources, and economic development. This helped efforts to integrate marine issues across the government, but reduced project ownership since no one agency was responsible. The project design also

² For a full and excellent discussion of the experience and lessons learned from this project, see *Race for the Rainforest: Evaluating Lessons from an Integrated Conservation and Development "Experiment" in New Ireland, Papua New Guinea*, by Rob McCallum and Nikhil Sekhran, UNDP, 1997.

called for a ministerial-level council. However, it was later agreed not to create this body but to let the steering committee of senior officials in each ministry to take on both policy and coordination functions. The steering committee helped define policies for marine management, clarify departmental jurisdictions, and develop links to the government's wider economic goals. But, in retrospect, the absence of ministerial commitment to the project and understanding of marine issues has contributed to delays in passing legislation needed for the project to achieve its objectives.

17. **Recognize existing attitudes.** Another area where coherence between projects and their context is important can be government attitudes about public participation (including by NGOs and private businesses), iterative project implementation, coordination among agencies, and delegation of authority to lower administrative levels and/or local governments. While these approaches are increasingly seen as associated with successful projects, not all governments are used to working this way.

18. **What are the implications of these lessons for GEF programs?** Designers and implementers must look beyond individual projects, and the immediate actions they can take to make them work, to understand the policy context in which project activities occur. Sometimes, national strategies or policy development should precede project activities. Unless there is a favorable policy environment, a conscious plan for focusing attention on policy issues as part of the project may be needed. GEF projects should be, by definition, "country-driven". However, they often need to make concerted efforts to more fully involve a wider range of government officials and gain broad support from senior and middle managers, as well as other influential political leaders. These efforts need to be factored into the project design and implementation process.

BUILDING PARTNERSHIPS WITH COMMUNITIES

19. **Why is this important?** The conservation and sustainable use of biological diversity can succeed in most places only in cooperation with the people who inhabit areas of high diversity and earn a living from these resources. Community attitudes and behaviors are also critical to the success of other activities carried out to achieve global environmental benefits, including ones that address pollution of international waters and seek to promote alternative sources of energy. Therefore, the effectiveness and sustainability of such GEF projects will depend on their ability to understand and form productive partnerships with these communities.

20. **It takes time.** The GEF projects examined by the Project Lessons study show that developing partnerships and understanding among outside staff and communities is not easy or straightforward. It takes a considerable amount of time, effort, modesty, persistence and resources, usually much more than was originally expected.

21. **Understanding communities is essential.** A key lesson documented by the study is that project staff must understand the communities with which they work. The process of learning is at least as important for project staff as it is for communities. A conclusion reached by those involved in the Papua New Guinea project is that the overall success of a

conservation project is likely to be determined by the quality of social relations developed between project workers and local stakeholders. Project implementers need to know the views of various groups in the community, how they came to hold the attitudes they have, and how decisions are made. This is difficult, since communities are often complex and diverse, leadership is not necessarily clear, and communications with outsiders are sometimes channeled through members who may not fully represent community views.

22. **Address community needs.** Community-based projects must address community priorities and provide benefits to community members. In fact, one of the first lessons from the experience of the Papua New Guinea project is that socio-economic criteria--the feasibility of addressing communities' social and economic needs--should determine the selection of sites for biodiversity conservation projects. Community priorities usually include earning a living. Therefore, identifying alternative sources of income that conserve or sustainably use biological resources will be very important. Several GEF projects have successfully addressed this need. For example, in the Conservation of Dana Wildlands and Azraq Wetland project in Jordan a variety of activities that were alternatives to grazing and hunting in the Dana Reserve were designed and carried out jointly by the reserve managers and the community. They include jobs in managing the reserve itself, growing and preserving organic fruits and vegetables, and producing handicrafts (e.g., jewelry, camel hair rugs) using local materials, as well as sharing reserve entrance fees with local communities and developing sustainable agricultural activities in a newly-created buffer zone. The Seychelles Biodiversity Conservation project retrained artisans who produced souvenirs from shells of threatened turtles, and directly involved them in designing the training program.

23. **Work with communities.** The way project staff interact with communities, especially at the outset, is critical to gaining and keeping their respect, and avoiding expectations of rapid or easy returns. It is important to understand communities' past experience with outsiders and how that shapes their expectations about the project. For example, in Jordan, the earlier approach to reserve management led surrounding communities to see the reserve as a threat to their traditional rights. In Papua New Guinea, the presence of an industrial logging company in the project area led communities to expect rewards from participating in the project in exchange for little work on their part. Ultimately, the project was not able to "compete" successfully with the company, and ceased operations at that site. Projects that display wealth--e.g., four-wheel drive vehicles, imported food, "affluent" lifestyles of foreign advisors, luxurious facilities relative to local standards--are likely to reinforce community expectations of easy returns. While material incentives can provide tangible support for community priorities, successful projects found ways to do this that engendered long-term partnerships, not dependence on external resources.

24. **Educate community members.** Projects like the one in Papua New Guinea also found it necessary to help communities expand their menu of development alternatives through extensive education programs. This was particularly important where there was open opposition from some members of the community toward conservation approaches. Unlike public awareness programs, which are appropriate when a basic conservation philosophy already exists, *education programs are often lengthy* and may not be able to achieve their effect in time in places where threats to biodiversity, such as clear-cutting of

forests or mine development, can proceed rapidly. An effective way of educating communities, and promoting dialogue with them, is by involving them in monitoring the biophysical and socio-economic results of the project. For example, respected members of the community play an important role as park rangers in Jordan's Dana Reserve, and act as witnesses to the effects of improved area management.

25. **What are the implications of these lessons for GEF programs?** Project designers and implementers must be realistic about where and when it is possible to carry out a community-based activity successfully, and when to call it quits. Project activities need to be based on sound science, but socio-economic criteria are often more important in determining the chances to succeed. Implementing agencies need to resist pressures for rapid implementation in order to give project staff sufficient time to understand and build lasting partnerships with communities. In this regard, it is clear in retrospect that most implementation plans for Pilot Phase GEF projects have been extremely optimistic, and this experience needs to be reflected in expectations about current and future projects. Finally, people and organizations (including NGOs) involved in community-based projects must have a collaborative, sensitive, and empowering attitude. In addition to technical knowledge, they need skills and training in listening, teamwork, conflict management, and social assessment. This is not a one-time process: project staff need constant support from implementing and executing agencies and freedom of action to flexibly work with and respond to communities.

OVERALL CONCLUSIONS

26. **Learn from experience.** The Project Lessons study underscores that even well designed projects evolve continuously, and their managers need to be able to deal with a variety of technical, social and political issues at the same time. Successful projects and their staff consistently learn and benefit from their own experience, and that of others. They pay careful attention to feedback from project staff and participants, and make modifications and improvements promptly in response. In addition, they regularly look beyond their own four walls for ideas and solutions. Although it is sometimes difficult to get this information--and almost always difficult to find time to read and digest it--the most effective project managers make this a priority. The projects examined by the study provide many examples to illustrate this point. The Slovakia biodiversity project is one of several projects in Central and Eastern Europe that regularly share experiences through workshops. Lessons learned in working with the Dana village in Jordan were applied to more recent work with pastoral communities. That project also experimented with many potential income generating alternatives and pursued those that proved most promising. Personnel from Batangas Bay in the Philippines visited the East Asian Seas project's first site in Xiamen, China to learn of its experience. Those involved with the Papua New Guinea biodiversity project sought insights from other integrated conservation and development programs and, when their efforts at their first site ran into insurmountable obstacles, they documented their lessons so others could benefit from them, and began to apply them at a new site.

27. **Learning within the GEF.** To take full advantage of this finding, GEF projects should budget time and resources for learning and disseminating lessons, and make sure that incentives for staff favor learning from their experience and that of others. Another

implication is that the GEF should seek opportunities for comparison, cross-fertilization and sharing of experiences, both within and among its four focal areas. The study recommends that GEF systematically document lessons learned and good practices, experiment with different types of mentoring programs, and provide relevant and timely information to project and task managers through a variety of print and electronic media, as well as workshops and training opportunities.

28. **Three dimensions of participation.** Stakeholder involvement is a main feature of the GEF. This emphasis has brought a wide range of new players into GEF-funded projects. By focusing on the topics discussed above, the Project Lessons study, in effect, looks at participation from three perspectives: participation by the private sector, participation by different levels of government, and participation by communities. It came to remarkably similar conclusions in each area. Although GEF projects are designed to have global environmental impacts, they will succeed on a sustained basis only if they meet the needs of their participants. Participation of stakeholders at all levels has to be full and genuine. Project staff need to understand stakeholders' perspectives and how they came to have their attitudes and practices. They need to deal effectively, but neutrally, in a political environment. This cannot be achieved by intermittently informing participants of what the project intends to do, or even by periodic consultations with them. It must be a continuous, long-term process to involve them in making decisions about matters that affect them. For this to occur, a vehicle is often needed to bring together stakeholders and give them a voice. This all takes time and is hurried at the expense of project success and sustainability. It means that project staff and organizations need social, political and managerial skills as much as technical knowledge, which requires training and continuous support. Attention to these matters is a central feature of projects that have succeeded, and needs to be explicitly built into current and future GEF activities.