

GEF/C.9/5

GEF Council
April 30 - May 1, 1997
Agenda Item 8

PRINCIPLES FOR GEF FINANCING OF TARGETED RESEARCH

(Prepared by the Scientific and Technical Advisory Panel)

Recommended Council Decision

The Council reviewed document GEF/C.9/5, *Principles for GEF Financing of Targeted Research*, and approves the principles as the basis for considering GEF funding of goal oriented research that supports the GEF operational strategy. The GEF Secretariat is requested to organize a Research Committee to review targeted research proposals as part of the procedures for project preparation.

INTRODUCTION

1. The Global Environment Facility is a relatively new entity and it addresses a field with many uncertainties. The success of the implementation of the GEF objectives therefore depends to a considerable extent on research and the use of accumulating experience. Research on the global environment and human activities affecting it, as required by the GEF, is carried out by governments, international organisations and research institutes world-wide. As the GEF proceeds, the reservoir of knowledge and experience is growing.

2. Still, specific information needs emerge as the GEF strategy and its operational programs are being implemented. When such needs cannot be met through the ongoing research activities it may be necessary for GEF to address such needs. For example an opportunity to improve the effectiveness of a certain type of project may require information that can be attained through specific, goal oriented research. Another example is a request from the Council, responding to additional guidance by the conventions. Also the development of the GEF itself may require research to support this process. Goal-oriented, or targeted, research can meet such information needs as they arise. For the purpose of this paper Targeted Research is defined as:

"goal-oriented research that supports the GEF operational strategy by providing information, knowledge and tools that improve the quality and the effectiveness of the development and implementation of GEF projects and programs".

3. Targeted Research should not be confused with the normal information needs of the individual investment projects. Such needs are addressed as an integral part of such a project. Targeted

Research, as defined in this paper, addresses the information and knowledge needs of a series of projects, or a specific operational program. Targeted Research is not a goal in itself but a means to support the core activity of GEF. Therefore, the resources allocated for Targeted Research should be limited to a small portion of the total of GEF resources.

4. In principle the identification, development, approval and implementation, and evaluation of Targeted Research projects and the organisations involved are the same as for normal GEF projects. The governments, the relevant Convention Bodies, the GEF Implementing Agencies, the GEF Secretariat, and STAP play their usual role in the project cycle. An important feature of Targeted Research projects is that in many cases (but not always) more than one country would be involved.

5. This document has been developed by STAP in consultation with the Implementing Agencies, the GEF Secretariat, and representatives of the secretariat of the relevant Convention Bodies. UNEP has provided specific input in the form of an earlier paper on Targeted Research. The principles presented in this paper were developed using as a basis, the provisions in the Instrument for the Establishment of the Restructured Global Environment Facility and the Principles and operational programs set out in the Operational Strategy.

6. This document presents the principles for GEF financed Targeted Research. It describes what Targeted Research is and sets certain limits to what the GEF should do in this field. The paper sets out the principles for GEF financing Targeted Research. The last section is about project identification, development and implementation.

GENERAL CONSIDERATIONS

7. A broad interpretation of the GEF mandate could justify GEF financing of research activities whenever such activities would deepen our understanding of the nature and processes through which man's use of land, water, or other natural resources affects the global environment in the focal areas of the GEF. A deepened understanding will indeed help enabling activities, the operational programs and the projects they comprise address climate change, biodiversity, international waters, and the ozone layer more effectively. However, the GEF will have to set limits to what it can and should do in the field of research. The GEF chooses therefore to limit its role to Targeted Research defined as:

"goal oriented research that supports the GEF operational strategy by providing information, knowledge and tools that improve the quality and the effectiveness of the development and implementation of GEF projects and programs".

8. To complement this definition, Targeted Research is defined as the systematic investigation of a well defined problem. It should produce knowledge that will offer solutions to specific project and/or program development challenges. The research process incorporates a well defined hypothesis, a defined methodology for the gathering of information, analysis of data and for the interpretation of the data to formulate conclusions.

9. GEF financed Targeted Research is particularly justified when there is evidence that the absence of research has hampered the development and implementation of GEF projects and programs, including enabling activities.

10. GEF financed Targeted Research is similarly justified when there is a need to adjust the GEF operational strategy in the light of the evolving guidance of the Conventions. This might require research into the feasibility of adding and/or deleting operational programs.

11. So the role of GEF in the field of research is not directed towards a better understanding of the global environment per se, but it is focused on generating knowledge aimed at improving the effectiveness of GEF's core activity. In this regard GEF's role is to complement existing and planned national and international programs in such a way that the specific information needs emerging from the implementation of the GEF strategy can be met.

12. With regard to monitoring and data gathering aimed at improving our understanding of the global environment and changes therein, GEF can and should not shoulder the cost of long-term efforts in this field. However, in specific cases the GEF may help with start up funds for globally significant monitoring systems where there is a commitment by governments to maintain them over the longer term. Similarly, GEF may also be willing to assist in the financing of monitoring and data gathering when driven by the need to monitor the success of a GEF portfolio of projects or a specific program.

13. Targeted Research is not a goal in itself, but a means to support the core activity of the GEF. Therefore, the resources available should only be a small part of the total GEF resources. The actual resources used will depend on the specific research needs encountered, the gains to be achieved through addressing such needs and on the number and size of Targeted Research proposals that meet the principles set out in this paper and get Council's approval. Under all circumstances the total resources used for Targeted Research should be limited to a small percentage of the total GEF funds.

14. The Operational Strategy of the Global Environment Facility adopted in October 1995 by the GEF Council, the enabling activities, and the Operational Programs provide the framework for the identification of information and knowledge needs and the development of Targeted Research projects.

PRINCIPLES

15. **Convention Guidance.** Targeted Research activities must be consistent with the guidance approved by the Conference of the Parties to the Convention on Biological Diversity and the Conference of the Parties to the Framework Convention on Climate Change for purposes of each Convention's financial mechanism.

16. **Consistent with the GEF mandate, objectives and operational strategy.** Information needs as emerge from the mandate of the GEF and the full range of GEF operational activities qualify in principle for Targeted Research: the focal areas Biodiversity, Climate Change, International Waters and Ozone Depletion as well as Land Degradation as it relates to the focal

areas. This includes the Operational Programs and Enabling Activities, as described in the GEF Operational Strategy, and subsequent documents on these activities as approved by the Council.

17. Based on programmatic needs. Proposals for Targeted Research should be motivated by information needs emerging from: i) the development and implementation of specific GEF Operational Programs and projects or, ii) the need to identify opportunities for projects with multi-focal area benefits (including Land Degradation) or iii) major revisions of the Operational Strategy itself, in response to changing circumstances and/or additional guidance from the Conventions (see also Paragraph 16).

18. Economically feasible. Given the inherent uncertainties in research and project implementation, the cost of a specific Targeted Research project should not be more than a small portion of the potential gains to be achieved by the application of the research results in future projects. Targeted Research proposals should include an estimate of the gains (or avoidance of losses) that can be achieved through the use of the Targeted Research results in the GEF Operational Programs.

19. Incrementality. The overall GEF approach with regard to global benefits and incremental cost will also apply as a guideline for the funding of Targeted Research activities. In particular:

(a) Activities should build on (but not build up) solid underlying general research capacity. An important criterion is that GEF activities in this field should primarily be carried out by recipient country research institutions. When appropriate, interactions with, and capitalization on research institutions that already have a comparative advantage in the relevant research field should be encouraged;

(b) GEF support should be motivated by indicating the baseline research activities and the incremental cost of obtaining the information required for improvement of the quality and effectiveness of GEF operational program's and projects;

(c) Wherever possible, GEF support should leverage additional investment from other sources, including the national governments, bilateral, regional or multi-lateral organizations and foundations and the private sector. When appropriate, some flexibility should be given to effective complementarity with the activities of well recognized research organisations, especially when they can provide knowledge for the development of GEF Operational Programs; and

(d) Activities should not duplicate existing or planned activities by others, and should be planned on the basis of thorough literature review.

20. Scientific Soundness. Targeted Research activities should be based on sound research techniques and approaches in the fields of natural, social and economic sciences. As with all GEF projects, the Implementing Agency submitting the proposal for GEF funding has the primary responsibility for the quality of the project, including scientific and technical quality. The STAP Roster is the formal resource base for selecting reviewers. Before being submitted for approval by the Council, all Targeted Research proposals will be considered by a Research

Committee. This committee will be organized by the GEF Secretariat as part of its procedures for project preparation and chaired by STAP. It will include members from the Implementing Agencies and the GEF Secretariat. The Research Committee will provide advice to the GEF CEO with regard to the quality of the proposal and the eligibility and consistency with the principles agreed upon by the Council.

21. Consistent with recipient country interests. As with all GEF projects, being "country driven" and producing "global benefits" are major criteria in project identification, development and approval. The global benefits criterion has been referred to in Paragraphs 15 through 19. However, the criterion of being country driven may be a difficult hurdle as Targeted Research is primarily aimed at improving the quality and effectiveness of GEF as a whole. As a consequence, it is not self evident that recipient governments will put Targeted Research projects high on their agenda. Consistent with the "country driven" criterion, the GEF Secretariat and the Implementing Agencies might play a catalytic role in engaging recipient country research institutions in the identification and development of projects that bring together the needs and priorities of the recipient country and of the GEF as a whole.

22. Overall eligibility. With regard to overall eligibility for GEF funding, Targeted Research projects are dealt with as normal GEF projects, i.e. convention ratification is a criterion for Biodiversity and Climate Change projects. With regard to the other focal areas and fields of GEF activity, the guidance is found in the GEF Operational Strategy and subsequent documents approved by the Council. When a Targeted Research project covers more than one focal area, the most relevant one is the determining factor.

EXCLUSIONS

GEF resources will not be available for research activities that are:

23. Not primarily driven by information needs, as described in the definition of Targeted Research. The collection of general purpose data and statistics, general purpose geographic mapping, routine product testing, experimental production, routine monitoring, and activities whose main purpose is the training of scientific and technical personnel are not considered as Targeted Research. Such activities may be eligible for GEF support when they are a necessary part of GEF supported "enabling activities", "capacity building", or normal projects. In that case the normal GEF criteria for these types of projects would apply.

24. Within existing operational mandates. Neither basic research, nor applied research, nor data collection and monitoring lying within the operational mandates of intergovernmental organizations, UN specialized agencies, or UN supported institutions is eligible. However, if specific information is urgently required for GEF implementation or development purposes, the incremental cost of generating such specific information could be eligible for funding, provided the baseline activities are funded through the existing financing mechanisms of the type of organizations referred to above (see also Paragraph 19 (c) on incrementality).

25. Scientifically or technically unsound (including economic infeasibility in view of the potential gains). No proposal that has been rejected as unsound by qualified peer reviews or by

experts from the STAP Roster or STAP itself will be eligible. The Research Committee (see also Paragraph 20) will provide advice on these aspects before project proposals are forwarded by the CEO to Council for approval.

26. For short term measures as defined in the GEF operational strategy. These measures are described as single projects, which are evaluated on their individual rather than on their programmatic benefit. As such they are highly likely to succeed and to be cost effective. With little uncertainty about their impacts and without the prospect of follow-up activities there is no scope for research. When activities, now described under short term measures, are considered for upgrading into an operational program, Targeted Research to investigate the feasibility of such an upgrading might qualify.

27. Project or project preparation work. GEF project development studies should not be considered as "Targeted Research". When funding is required for preparation of a single normal GEF project, the PDF (Project Preparation and Development Facility) of the GEF is the appropriate funding mechanism.

28. Not specifically targeted on recipient countries. Monitoring, development of techniques, methodologies and databases for which non-recipient countries have an interest in carrying out for their own purposes, including meeting their own commitments under international conventions are not eligible. However, recipient country participation in such activities is eligible when recipient country governments explicitly express their desire to participate in such activities, and the project follows the principles set out in Paragraph 15 through 22.

IDENTIFICATION, DEVELOPMENT AND IMPLEMENTATION OF PROJECTS

29. Project identification. There are basically three different ways the need for Targeted Research activities can be identified:

(a) In the process of GEF program and/or project implementation it may become evident to the parties involved that effective implementation is hampered by lack of information, knowledge or tools. To improve that situation for future projects one or more recipient countries with support of the relevant GEF Implementing Agency may investigate the feasibility and the potential gains of Targeted Research.

(b) Additional convention guidance may require the adjustment of existing operational programs or the development of new programs. This in turn may require the support of Targeted Research dealing with concrete questions as identified through consultative processes.

(c) The development of the GEF, in response to the experience gained and knowledge accumulated, may require a review of existing project implementation practices and a reconnaissance of alternative practices. The need to carry out Targeted Research to support such adjustments may be expressed by governments, the Council, the GEF Secretariat, the Implementing Agencies or STAP, either directly or as an outcome of the formal monitoring and evaluation process.

30. Project development. Once a question or problem has been identified the feasibility of Targeted Research can be explored through the development of a project proposal. In cooperation with the relevant government(s) such a proposal can be developed and implemented by any of the three Implementing Agencies, individually or jointly, depending on the nature of the project and the comparative advantage of the Implementing Agencies. The Project Preparation and Development Facility (PDF) can be used to carry out the necessary project development activities. The implementing agency will follow the normal administrative and procurement procedures for project preparation and cooperation with third parties. For a Targeted Research proposal this includes the building of partnership with recipient country research institutes and experts.

32. Essential elements of project development are: (i) preliminary eligibility check by the initiator and the relevant Implementing Agency; (ii) endorsement by GEF operational focal points of the countries that are directly or indirectly (through field research) involved in the project; (iii) project proposal review by the Implementing Agency including use of the STAP Roster expert(s); (iv) consideration of the Targeted Research proposal by the Research Committee providing advice to the CEO regarding quality, eligibility and consistency with the principles as agreed upon by the Council; and (v) after these steps have been taken with success the project will be put forward to the CEO for Council approval.

33. Project implementation including monitoring and evaluation. Also in this phase a Targeted Research project is handled like most of the normal GEF projects. One of the Implementing Agencies has the formal responsibility for the project. An executing agency may be charged with the daily management and supervision of the project. As with normal projects the STAP may decide to do a "selective review". Normal reporting procedures are applied.