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Enabling poor rural people
to overcome poverty

Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa

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Abbreviations and acronyms

ACP	African, Caribbean and Pacific
APR	Asia and the Pacific Division (IFAD)
CFS	Controller's and Financial Services Division (IFAD)
COP	Conference of the Parties (UNCCD)
DIFS	Designing Integrated Financing Strategies (GM)
ECD	Environment and Climate Division (IFAD)
GM	Global Mechanism (UNCCD)
IFS	integrated financing strategy (GM)
IIF	integrated investment framework (GM)
LEG	Office of the General Counsel (IFAD)
MDP	Multi-donor Platform (GM)
NAP	national action programme to combat desertification (UNCCD)
NEN	Near East and North Africa Division (IFAD)
PEP	Poverty Environment Partnership
PTA	Policy and Technical Advisory Division (IFAD)
SLM	sustainable land management
UfM	Union for the Mediterranean
UNCCD	United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
UNDP	United Nations Development Programme

Recommendation for approval

The Executive Board is invited to approve the submission of this report to the thirty-fourth session of the Governing Council.

Progress Report on the Global Mechanism of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa

I. Background on the Global Mechanism at IFAD

1. Established under article 21 of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD), the Global Mechanism (GM) is a subsidiary body of the Convention. It is mandated to "increase the effectiveness and efficiency of existing financial mechanisms...[and]...to promote actions leading to the mobilization and channelling of substantial financial resources to affected developing country Parties."
2. The Convention states that the GM should be hosted by an organization whose mandate, objectives and capacity substantially complement its own. As the global agency leading efforts to tackle land degradation and reduce rural poverty in countries most affected by desertification, IFAD was selected to host the GM in 1997 by a ministerial-level assembly of over 113 country Parties. Since beginning its operations in October 1998, the GM has been hosted by IFAD.
3. IFAD's portfolio and expertise in financing projects and programmes have proven to be an enormous asset for the implementation of the Convention and in terms of the GM's impact. The Fund's broad base of collaboration with other international financial institutions and development agencies has greatly facilitated the work of the GM. Moreover, IFAD is the largest contributor to the GM's operations, with its contribution to date totalling US\$8.75 million.

II. Scope of the progress report

4. This report focuses on collaboration between IFAD and the GM in 2010. More information on the GM's operations during the 2010-2011 biennium is contained in the report (ICCD/COP (9)/5/Add.2)¹ on the implementation of the costed two-year work programme of the GM, submitted to the COP at its ninth session in October 2009.

III. GM budget in 2010

A. The core budget

5. The Managing Director of the GM is responsible for preparing, in full consultation with IFAD's Controller's and Financial Services Division (CFS), the GM's annual programme of work and budget, including proposed staffing, for review and approval by the President of IFAD. Following approval by the President of IFAD, the budget proposal is submitted to the UNCCD secretariat for presentation to the COP for final adoption.
6. The core budget is approved by the UNCCD COP on a biennial basis. Contributions from each Party are paid to the UNCCD secretariat and the GM's share is then

¹ <http://www.unccd.int/cop/officialdocs/cop9/pdf/5add2eng.pdf>

transferred to IFAD. Upon receipt, the core budget funds are deposited by IFAD in the core budget administrative account, in accordance with the President's Bulletin No. 99/10. GM staff contracts are aligned with the biennial budget.

7. The total amount approved for 2010 by the COP to meet the administrative and operational expenditures of the GM amounted to EUR 1,793,465 (equivalent to US\$2,573,174 using the exchange rate applied by Reuters), excluding programme support costs.
8. Programme support costs comprise the administrative overhead expenses incurred by IFAD in hosting the GM and IFAD's charges for the administrative services it provides to the GM. This cost item is calculated as 13 per cent of the programme support charge on all actual expenditures incurred, and is payable to the United Nations for administrative services provided to the GM. The 13 per cent is divided as follows: 8 per cent is paid to IFAD for administrative services provided to the GM and 5 per cent is retained by the UNCCD secretariat to cover part of its own operating expenses for administrative services, as per decision 4/COP.4.² The GM has reimbursed IFAD for programme support costs for 2010 amounting to a total of EUR 143,478 (US\$195,876).
9. At its ninth session held in Buenos Aires, Argentina, from 21 September to 2 October 2009, the COP adopted the UNCCD core budget, allocating EUR 4,094,216 (approximately US\$5,854,000) to the GM, which includes 13 per cent programme support costs.

B. Current IFAD grant: Programme for Designing Integrated Financing Strategies for UNCCD Implementation in Selected Countries in Asia and the Pacific, and Latin America and the Caribbean

10. The GM is currently implementing activities under the first instalment of US\$1.25 million of this IFAD grant (of US\$2.50 million) approved by IFAD's Executive Board at its ninety-third session in April 2008.³
11. The first phase has focused on enhancing, adapting and executing the GM's Programme for Designing Integrated Financing Strategies (DIFS) to promote capacity-building and knowledge exchange through four subregional workshops organized for the Common Market of the South (MERCOSUR), the Andean region, and South Asia and South-East Asia.
12. Subsequent actions have concentrated on designing integrated financing strategies (IFSs)⁴ in the selected phase I countries and on developing activities to address the linkages between climate change and land degradation as a means of mobilizing complementary funding.
13. A programme to build capacity in accessing climate change financing has been finalized. IFAD's Executive Board approved the second tranche of this grant in September 2009.

Latin America and the Caribbean

14. In Ecuador, the GM is currently providing technical support to the Ministry of the Environment, in partnership with other ministries and agencies such as the National Planning and Development Secretariat and the Ministry of Economic and Social Inclusion, to prepare the integrated financing strategy and integrated investment framework (IIF) for that country. Within the IFS framework, the GM is also supporting the development of a strategy to integrate sustainable land management (SLM) into the country's national microfinance strategy and is

² ICCD/COP(4)/11/Add.1.

³ EB 2008/93/R.15/Rev.1.

⁴ Integrated financing strategies aim to increase finance and investments in support of agriculture, sustainable land management and rural poverty reduction.

supporting actions to support the Ministry of the Environment of Ecuador in accessing finance from climate change financing mechanisms. The final versions of the IFS and the microfinance strategy are expected to be ready by the end of 2010.

15. In Peru, the GM is providing technical support to the Ministry of Environment, in partnership with the United Nations Development Programme (UNDP), to prepare the IFS and IIF for Peru. Also in Peru, is supporting the development of innovative financing mechanisms to support the IIF, involving issues such as climate change and the engagement of the private sector. Although the process suffered some delays due to the institutional changes in Peru which led to the creation of the Ministry of Environment in 2009, actions are now proceeding satisfactorily and a fully fledged IFS is expected by the end of 2010.
16. In Uruguay, the GM is currently providing technical support to the Ministries of Environment and Agriculture, in partnership with UNDP, for the preparation of the IFS. The process was delayed by institutional changes following on the presidential elections held in 2009. However, an agreement on how to proceed has now been reached with the new authorities and a first draft of the IFS is expected by the end of 2010.
17. In Brazil, due to the federal nature of the country, the development of a national level IFS was considered too cumbersome and impractical in light of available resources. Moreover, recent changes within the Ministry of Environment (UNCCD focal point) have entailed the establishment of a relationship with the newly appointed government official. It has been agreed IFS development will focus on the state level, in close cooperation with the Ministry of the Environment. The selection of the most suitable state is being undertaken together with IFAD, based on ongoing operations. It has been deemed advisable to delay intervention at state level until after Brazil's presidential elections because of the potential changes that may result. Therefore activities in Brazil will be completed no earlier than the first quarter of 2011.

Asia

18. The GM has organized capacity enhancement and knowledge exchange workshops on DIFS for SLM for the subregions of South Asia and South-East Asia. The aim of these workshops was to build the capacities of national stakeholders involved in SLM and in the preparation of IFSs in Asian countries to complement the development and/or implementation of their national action programmes to combat desertification (NAPs).
19. The subregional DIFS workshop for South Asia held in Galle, Sri Lanka, from 20 to 24 April 2009, was convened by the Ministry of Environment. It brought together 35 participants from Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka.
20. The second subregional DIFS workshop for South-East Asia, held in Ho Chi Minh City, Viet Nam, from 23 to 26 of June 2009, was convened by the Ministry of Agriculture and Rural Development. It brought together 35 participants from Myanmar, Thailand and Viet Nam.
21. Participants in the two workshops included senior officials from the ministries of finance, environment, forests, agriculture, planning and land use; UNCCD focal points; NGOs and representatives of partner organizations.
22. The GM organized a national capacity enhancement and knowledge exchange workshop on DIFS for SLM from 23 to 27 February 2009 in Siem Reap, Cambodia. The GM is currently providing technical support to the Ministry of Agriculture, Forestry and Fisheries, in partnership with UNDP, to prepare the NAP and IFS for Cambodia. The NAP/IFS is being prepared following a national consultation process and will be ready by December 2010.

23. The political situation in Nepal led to some delays in the GM engagement process. However, the GM organized the inception workshop for IFS preparation in April 2010 in Kathmandu and is now following up with the Ministry of Environment to initiate the IFS preparation process.
24. The IFS inception workshop for Sri Lanka was held on 29 and 30 July 2010 in conjunction with the UNCCD secretariat and UNDP. Approximately 60 participants from government ministries and departments, academia and civil society organizations participated. It is expected that the IFS will be ready by the third quarter of 2011.

C. Voluntary contributions

25. In addition to IFAD grants, the GM receives voluntary contributions from multilateral agencies and bilateral sources. Approximately 75 per cent of the GM's operations, with a variability of 10 per cent annually, are financed through voluntary contributions.
26. Contributions are paid by donor agencies mainly on the basis of programme proposals covering two to three years of operations. However, some contributions are also paid as non-earmarked contributions to cover GM corporate activities in line with COP decisions.
27. Total financing available from voluntary contributions to the GM in the biennium 2010-2011 amounts to US\$7,085,845. The GM is negotiating additional contributions with donors for 2011 for an amount of approximately US\$6.7 million.
28. It should be underlined that, in the absence of a replenishment process for the GM, contributions from various sources are granted on a request basis. The processes and modalities of these sources of finance vary considerably, making it difficult to streamline financial flows and report on exact annual budgets from voluntary contributions.

IV. Operational activities of the Global Mechanism undertaken in cooperation with IFAD

29. IFAD's Strategic Framework and operating model have increased the scope for cooperation between the GM and the Fund. As a specialized international financial institution, IFAD is set to increase the integration of its portfolio into larger rural development programmes at the country level and to raise the percentage of cofinancing.
30. Moreover, the internal assessment undertaken by the GM and IFAD's Senior Management in late 2008 with a view to enhancing the mutual benefits and value added of cooperation from a strategic and operational standpoint, recommends that future cooperation at the strategic level concentrate on emerging opportunities such as innovative financial mechanisms, including climate change and carbon-based funding, and private-sector partnerships at the policy or corporate level, while ensuring reciprocal participation in relevant discussion forums.

A. West and Central Africa programme

31. The GM's West and Central Africa programme is collaborating with IFAD through the exchange of information both at headquarters and at the national level, as members of SLM-related platforms such as TerrAfrica.
32. In Côte d'Ivoire, both the GM and IFAD are supporting the SLM-related processes. Following discussions on the country strategic opportunities programme (COSOP) process, opportunities are being explored for IFAD to support regional consultation platforms on SLM in Korogho, Bouaké and Bouna.
33. For Chad, the GM provided input to IFAD COSOP development as a country programme management team member.

34. In Burkina Faso, the GM and IFAD are supporting the Global Environment Facility (GEF) cofunded Country Partnership Programme (CPP) and participated in the CPP launching workshop. Both institutions support the SLM roadmap within the CPP and TerrAfrica framework.
35. In the Niger, the GM has engaged in the TerrAfrica SLM framework and is a partner of the Pilot Programme for Climate Resilience. Furthermore, the GM contributed to the review of the GEF component of the Agricultural and Rural Rehabilitation and Development Initiative.

B. North Africa and South-South Cooperation programmes

36. In the framework of its South-South cooperation programme, SolArid, the GM is involved in implementing the Union for the Mediterranean (UfM) and in promoting decentralized cooperation as an innovative source of financing for the development of local communities in arid zones.
37. In response to an expression of interest by IFAD's Near East and North Africa Division (NEN) in learning more about the UfM and the initiatives undertaken within the framework of French decentralized cooperation, the GM organized meetings with the Presidency of the French Republic, which hosts the French mission for the Union for the Mediterranean and the French Global Environment Fund, and arranged for joint participation in a workshop on decentralized cooperation organized by Agence Française de Développement.
38. Discussions between IFAD, the GM and the UfM led to the positioning of IFAD and the GM as partners in the UfM. Results included the identification of potential synergies and areas of cooperation between the UfM programme and IFAD, the recognition of IFAD as a potential partner in the region and recognition for IFAD's involvement in the UfM development process. Moreover, NEN and the GM have agreed to build partnerships with the French Ministry of Foreign Affairs and Agence Française de Développement in order to promote decentralized cooperation in rural development and SLM in North Africa.
39. To help formulate a corporate approach to South-South cooperation, IFAD's Asia and the Pacific Division (APR) organized internal rounds of consultations to tap into IFAD's collective experience and knowledge. The GM actively participated in these consultations and shared its knowledge, materials and experience gained through the SolArid programme and the scope|acp project on south-to-south cooperation between African, Caribbean and Pacific (ACP) countries.
40. APR was also involved in the GM consultation on the design of ACP regional platforms for partnership building and exchange of experience on SLM financing.

C. Asia and Pacific programme

41. The GM's Asia and Pacific programme has been working closely with APR to mainstream SLM and climate change-related considerations into the operations of select countries.
42. In the Lao People's Democratic Republic, the GM worked in close cooperation with the Division Director and the country programme manager to ensure that the Ministry of Agriculture and Forestry's Agriculture and Natural Resource Strategy for Agricultural Development to 2020, and associated Master Plan and Investment Plan, effectively integrated SLM and climate change-related considerations. The GM also developed a set of SLM and climate-smart investment project ideas totalling US\$82 million to address gaps in the Investment Plan.
43. In Viet Nam, the GM team developing the IIF for SLM in Ninh Thuan Province engaged the IFAD project development team to provide SLM and adaptation to climate change-related enhancements to the Sustainable Agriculture and Rural Development Project.

44. The GM is also working closely with IFAD's NEN Division on the implementation of a grant of US\$200,000 to support Lebanon and Jordan's efforts in implementing their IFSs. The objective of the project is to build the capacity of communities in SLM planning and implementation. It will work with selected pilot local communities in Lebanon and Jordan to prepare local development plans, using a participatory approach, complementing IFAD projects in the countries such as the Hilly Areas Sustainable Agricultural Development Project in Lebanon, and the Agricultural Resource Management Project in Jordan.
45. One of the main highlights of this project is the translation of the IFS approach to the local level, with a view to improving the livelihoods of rural communities through SLM practices. The project will have a twofold approach: it will promote the development of a local, comprehensive action plan and will assess the relevant financial mechanisms to fund it. This will provide the two selected communities in Lebanon and Jordan with the tools and knowledge they need to implement SLM activities in an integrated manner.

D. Climate change finance programme

46. The GM has worked together with a number of partners (World Bank, Common Market for Eastern and Southern Africa, New Partnership for Africa's Development, Asian Development Bank and governments) towards the overall objective of increasing the national capacity of developing countries to access investments and financial flows to address climate change. In Viet Nam and the Lao People's Democratic Republic, the GM has contributed to the work of IFAD in this regard and is intending to increase its interactions at country level in close cooperation with IFAD's Environment and Climate Division (ECD), based on the new Climate Change Strategy endorsed by the Executive Board in April 2010, the ECD business plan and the regional climate and environment specialists being placed in IFAD's regional departments.
47. In the context of international cooperation and policy dialogue, IFAD and the International Institute for Sustainable Development co-organized a side event on arid land within the Agriculture and Rural Development Days during COP15 of the United Nations Framework Convention on Climate Change in December 2009, to which the GM contributed with a presentation on climate and land inter-linkages and the related financing mechanisms.
48. The GM has also been invited to participate as a member of the IFAD Policy Reference Group on Environment and Natural Resource Management.

E. Policy and investment analysis programme

49. The GM is a long-standing partner of the Poverty Environment Partnership (PEP)⁵ since its establishment in 2002. In 2010, IFAD's Policy and Technical Advisory Division (PTA) and the GM organized a joint mission to the 2010 PEP meeting in Malawi, in view of the number of issues of relevance to the work of both organizations, including: the green economy, environmental mainstreaming, environmental policies and strategies, and preparations for the Rio+20 Summit.
50. As co-organizers of the next PEP meeting, to be held in Austria in February 2011, the GM and IFAD are currently exploring the possibility of cofinancing the participation of delegates from developing countries. The GM and IFAD have also offered to co-host one of the next meetings of the PEP in Rome.
51. The Environment Management Group (EMG)⁶ is mandated to engage the collective capacity of the whole United Nations system and to develop coherent management responses to issues that warrant a "One United Nations" approach. In 2010, the GM's Policy and Investment Analysis Coordinator worked in close consultation with

⁵ <http://www.povertyenvironment.net/pep/>

⁶ <http://www.unemg.org>

colleagues in PTA to prepare substantive input to the EMG report, "Global Drylands: a UN Response", which provided an invaluable opportunity to exchange ideas and views.

F. Global Donor Platform for Rural Development

52. The GM and IFAD are both members of the Global Donor Platform for Rural Development, which aims to reduce poverty and promote economic growth in rural areas of developing countries through increased and more effective aid for agriculture and rural development. It supports donors and partner-country governments in implementing the principles established by the Paris Declaration on Aid Effectiveness (2005) and the Rome Declaration on Harmonization (2003).
53. On 26 and 27 January 2010, the Annual General Assembly of the Platform was organized and successfully co-hosted in Rome by IFAD and the GM. The GM and IFAD are participating together in several of the Platform's working groups and substantive discussions, including on climate change and aid effectiveness. In close cooperation with the Chair of the Platform's board and the Chair of the Platform's steering committee, currently held by IFAD, the GM is supporting efforts to further the dialogue on cross-sectoral coordination between aid for trade and agriculture and rural development.

V. Administrative support provided by IFAD to the Global Mechanism

A. Office of the General Counsel

54. The Office of the General Counsel (LEG) provides substantive legal advice to the GM, including on human resources matters. The excellent legal advice from LEG has greatly enhanced and facilitated the GM's operations, and the timely and professional recommendations provided by LEG have been well received.

B. Controller's and Financial Services Division

55. IFAD's Controller's and Financial Services Division (CFS) provides services related to the Fund's administrative and operational expenses, such as payment of suppliers, staff payroll, consultants' emoluments and travel. Moreover, CFS oversees and manages staff medical insurance and compensation policy matters. CFS has supported the financial management of the GM effectively. The excellent cooperation between CFS and the GM is recognized as having contributed to the consolidation of the GM's financial situation and its overall budget administration.
56. The GM has worked with CFS and LEG to establish a Multi-donor Platform (MDP), the aim of which is to pool diversified voluntary resources and implement the GM's results-based management system through its biennial programme of work and budget. The MDP consists of a system that allows for more predictable financial flows through a "finance alliance" with donor agencies and international financial institutions – including IFAD – thereby improving planning and budgeting of voluntary contributions. The MDP was introduced as a result of the IFAD Executive Board decision of December 2006 (EB 2006/89/R.56) regarding the procedures governing the Global Mechanism's Special Resources for the CCD Finance (SRCF) Account, which constitutes the MDP account. The GM's core budget provided by the UNCCD COP is held in the core budget administrative account (or first account) and is subject to separate budget administration and auditing by the COP.

C. Human resources

57. During 2010 IFAD's Human Resources Division ensured the timely and accurate issuance of over 150 consultancy contracts, and supported GM fixed-term staff on issues relating to recruitment, secondment, remuneration, benefits, performance evaluation and in other areas such as alternative work arrangements and social security benefits.

58. IFAD has also provided guidance to the GM to ensure that all established human resources policies and procedures are adhered to according to the IFAD Human Resources Procedures Manual.
59. The IFAD staff development and training unit has regularly notified the GM of upcoming training courses and has encouraged staff to participate. The GM has undertaken a number of training modules through IFAD.

Overview of voluntary contributions to the Global Mechanism for the biennium 2010-2011

(In United States dollars)

<i>Donor</i>	<i>2010</i>	<i>2011^a</i>	<i>Total</i>
IFAD	1 250 000		1 250 000
Denmark	1 339 390 ^b		1 339 390
European Commission	3 299 925 ^c		3 299 925
Finland	479 680		479 680
Spain	716 850		716 850
Total	7 085 845		7 085 845

^a The Global Mechanism is negotiating with its donors on further contributions for 2011, amounting to approximately US\$6.7 million.

^b Agreement signed in December 2009 entitled "Integrating land and water into climate change investments and financing strategies in Africa". Contribution not reflected in the 2008-2009 biennium.

^c Agreement EuropeAid/DCI-ENV/2008/168964/TPS signed in December 2009. Contribution not reflected in the 2008-2009 biennium.