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Investing in rural people

Report on IFAD's hosting of 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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For: Approval

Recommendation for approval

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

Report on IFAD's hosting of 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

1. As required by Governing Council resolution 108/XXI (1998), the Executive Board will continue to be informed about the administrative arrangements for housing the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD) and also about the activities of the Global Mechanism (GM).
2. In addition, at its ninth special session on 3 May 2012, the Executive Board adopted a resolution on the Amendment to the Memorandum of Understanding (MoU) Between the Conference of the Parties of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa and the International Fund for Agricultural Development Regarding the Modalities and Administrative Operations of the Global Mechanism. Pursuant to this resolution, the Executive Board committed to report on such modalities and operations to the Governing Council.
3. The Conference of the Parties (COP), which is the UNCCD's supreme governing body, decided that the GM should be hosted by an existing organization, and IFAD was selected as the host agency in 1997 at the first COP session. This decision was accepted by the Governing Council under resolution 108/XXI (1998), and an MoU between the COP and IFAD, setting out the modalities and administrative operations of the GM, was entered into on 26 November 1999.
4. Pursuant to this MoU, IFAD housed the GM from 1999 until recently and performed tasks in respect of the administration of the GM on behalf of the COP. Subsequently the COP, at its tenth session in October 2011, adopted decision 6/COP.10, which stipulated that the accountability and legal representation of the GM would be transferred from IFAD to the UNCCD secretariat, and mandated the Executive Secretary of the UNCCD to ensure that all accounts and staff managed by the GM were placed under one single administrative regime administered by the United Nations Office at Geneva, and managed under the financial rules and regulations of the United Nations. The decision also envisaged the possible end of IFAD's role as the host of the GM and the beginning of a process to identify a new housing arrangement for the GM.
5. In April 2012, IFAD and UNCCD negotiated a revision to the MoU to reflect the decisions adopted by the COP in decision 6/COP.10. Accordingly, IFAD was no longer authorized to undertake any actions with respect to the financial or human resources management of the GM except at the request and on behalf of the Executive Secretary of the UNCCD, or those to whom s/he has delegated such authority.
6. At its eleventh session in September 2013 (COP.11), having considered the report by the Executive Secretary on a new housing arrangement for the GM, the COP decided to transfer the Global Mechanism from IFAD in Rome to Bonn, to be co-

located with the UNCCD secretariat. Further recognizing the importance and need to continue coordination and interaction with United Nations agricultural agencies and the donor community in Rome, the COP decided to establish a liaison office in Rome with appropriate staff.

II. Staffing of the Global Mechanism

7. UNCCD has confirmed in writing that all Global Mechanism staff have signed letters of appointment with UNCCD starting from 1 April 2013. On that date, all the GM staff were recruited as UNCCD staff and were offered letters of appointment in accordance with United Nations Staff Rules and Regulations.
8. In April 2014, in accordance with the COP.11 decisions mentioned in paragraph 6 above, the GM vacated its offices at IFAD. We have been advised that most of the Professional staff have been relocated to Bonn. A liaison office has been established within the Food and Agriculture Organization of the United Nations headquarters in Rome and has been staffed by the UNCCD. Finally, several General Service staff of the GM have been offered contracts with IFAD, and the UNCCD secretariat has advised that others have continued their employment with the UNCCD.

III. Transfer of accounts

9. In accordance with the 6/COP.10 decision and the revised MoU, IFAD and the UNCCD secretariat worked on a plan for the handover of the GM accounts. On 22 October 2013, IFAD transferred to the UNCCD bank account US\$1,414,000, representing the balance of funds in the GM bank accounts less the amount placed in an escrow account as mentioned in paragraph 10 below. It is to be noted that until 30 September 2013, IFAD followed all GM instructions to make payments and operational disbursements and did not withhold or refuse any payments.
10. IFAD has, in various written communications to the UNCCD, expressed serious concern over the potential financial liabilities for IFAD. It is to be noted that IFAD had to initially advance its own donors' funds in order to pay, on behalf of the GM, an award by the International Labour Organization Administrative Tribunal (ILOAT). Therefore, in handing over the GM accounts, IFAD wished to obtain the assurance that all financial liabilities faced by the Fund because of the GM, including potential financial liabilities linked to appeals from GM staff, would be covered. IFAD's best estimate of the potential liability arising from such appeals is US\$4,575,000. Therefore IFAD has set aside this amount in an escrow account to be used in the eventuality that some or all of these liabilities crystallize. IFAD informed the UNCCD that this was a temporary measure.
11. On 6 March 2014, upon receiving confirmation of the payment of an invoice, IFAD transferred US\$645,553 from the escrow account to the UNCCD.
12. Management assures the Executive Board that it enjoys a close and cordial working relationship with the Executive Secretary of the UNCCD, with the shared aim of finding a swift and efficient resolution to these outstanding issues. IFAD welcomes a workable solution that would provide the assurance that all financial liabilities would be covered before all the funds are transferred to the GM.

IV. Legal matters

13. IFAD has received notification of three complaints filed with ILOAT by three GM staff members against IFAD and one complaint filed by a former GM staff member. In addition, the ILOAT has forwarded to IFAD 10 applications filed by GM staff to intervene and link their cases to the three complaints filed by GM staff. Subsequently, due to the joint efforts of IFAD and UNCCD, seven requests for withdrawal were filed with the ILOAT. These cases, including the requests for withdrawal, are pending at the ILOAT for adjudication at its 119th session. The

Registrar of ILOAT has informed IFAD that the Tribunal is expected to announce its judgments in February 2015.

14. As in the past, Management will keep the Executive Board informed of the outcomes of this and other matters related to the GM.

V. Conclusion

15. Management is committed to reaching, in close coordination with the UNCCD, a successful conclusion to these matters in order to minimize any potential liabilities for IFAD.