



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
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**REPORT AND RECOMMENDATION OF THE PRESIDENT**

TO THE EXECUTIVE BOARD ON A PROPOSED

**GRANT**

TO THE

**GLOBAL MECHANISM**

OF THE

**UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION IN THOSE  
COUNTRIES EXPERIENCING SERIOUS DROUGHT AND/OR DESERTIFICATION,  
PARTICULARLY IN AFRICA (CCD)**

FOR THE

**SPECIAL RESOURCES FOR CCD FINANCE**





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## ABBREVIATIONS AND ACRONYMS

CCD	United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
COP	Conference of the Parties
FAO	Food and Agriculture Organization of the United Nations
MoU	Memorandum of Understanding
NDFs	National Desertification Funds
NGOs	Non-governmental organizations
SRCF	Special Resources for CCD Finance
TAG	Technical Assistance Grant
UNDP	United Nations Development Programme





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EXECUTIVE BOARD ON A PROPOSED GRANT TO THE GLOBAL MECHANISM OF  
THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION IN THOSE  
COUNTRIES EXPERIENCING SERIOUS DROUGHT AND/OR DESERTIFICATION,  
PARTICULARLY IN AFRICA (CCD)  
FOR THE SPECIAL RESOURCES FOR CCD FINANCE**

I submit the following Report and Recommendation on a proposed technical assistance grant to the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (CCD) to support the Basic Framework for the Special Resources for CCD Finance, in the amount of USD 2.5 million for a one-year period, starting May 1999.

**I. BACKGROUND**

1. The First Conference of the Parties (COP) of the Convention to Combat Desertification (CCD), held in Rome, 29 September - 10 October 1997, selected IFAD to house the Global Mechanism of the Convention, and welcomed a collaborative institutional arrangement between IFAD, the United Nations Development Programme (UNDP) and the World Bank, to support the Global Mechanism. While it is a separate entity within IFAD, the Global Mechanism is an organic part of the Fund and as such, its managing director reports directly to the President of IFAD.

2. The overall objective of the Global Mechanism is to facilitate the mobilization and channelling of substantial resources in support of the implementation of the Convention. To this end, the COP has recognized five categories of functions to be performed by the Global Mechanism (Annex to Decision 24/COP.1), as follows:

- collecting and disseminating information;
- analysing and advising on request;
- promoting actions leading to cooperation and coordination;
- mobilizing and channelling resources; and
- reporting to the COP.

3. Within the context of the Global Mechanism's function aimed at "mobilizing and channelling resources", the COP has decided that the Global Mechanism should: <sup>1</sup>

- "Guide and direct, as requested and as appropriate, the channelling and allocation of resources mobilized for the purpose of the Convention from bilateral and multilateral sources through the host and other organizations in an adequate, predictable and timely fashion, to local, national and regional levels for the implementation of action programmes, projects and activities to combat desertification and/or mitigate the effects of drought in affected developing country Parties, particularly in Africa.

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<sup>1</sup> See the Annex to Decision 24/COP.1 - paragraphs 4e and 4f - of the Conference.



- Use, as requested and appropriate, its own resources made available to it through trust fund(s) and/or equivalent arrangements established by the host organization for the Global Mechanism’s functioning and activities, from bilateral and multilateral sources through the host organization and from the budget of the Convention.”

4. As the institution housing the Global Mechanism, IFAD has undertaken to support the Global Mechanism through the provision of grants, with a view to allowing it to provide financial support for “enabling activities” to be undertaken by the affected developing parties to the Convention, non-governmental organizations (NGOs) and civil-society organizations. Such an undertaking was included in IFAD’s proposal to the First COP to house the Global Mechanism, and has also been brought to the attention of the Executive Board through document EB 97/61/INF.4, paragraphs 20 and 48. Moreover, Article II.B(c) of the Memorandum of Understanding (MoU) between IFAD and the COP, approved by the Executive Board at its Sixty-Fourth Session in September 1998 (document EB 98/64/R.31), and subsequently approved in substance and made operational by the Second Session of the COP, stipulates, *inter alia*, that:

“The Fund will provide a grant contribution as part of the initial capitalization of the SRCF (Special Resources for CCD Finance) Account and seek matching financing from interested donors, taking into account the offer made by IFAD at the first ordinary session of the COP...”

5. The MoU therefore envisages the opening of an account called the Special Resources for CCD Finance (SRCF) Account, in which the Fund’s contributions and matching financing will be held by the Fund, upon receipt. It should, however, be noted that two other accounts are also envisaged under the MoU. These are as follows:

- (a) The Core Budget Administrative Account, in which amounts received from the allocation of the Core Budget of the Convention by the COP will be held, in order to meet the administrative and operational expenditure of the Global Mechanism; and
- (b) The Voluntary Contributions Administrative Expenses Account, in which voluntary contributions from multilateral and bilateral sources, including NGOs and the private sector, to meet the administrative and operational expenditures of remuneration to the Global Mechanism for services rendered to a specific donor or group of donors, will be received.

6. The opening of the second account is envisaged in recognition of the limitations that the Global Mechanism will face, taking into account the authorized level for its core administrative budget. It should, however, be emphasized that such amounts will be used primarily to cover additional administrative and operational expenditures, while the proceeds of the SRCF will only be provided to the affected developing country parties and other stakeholders, as defined in Part III of this report.

## II. RATIONALE/RELEVANCE TO IFAD

7. IFAD recognizes that the CCD provides an important instrument for enhancing the effectiveness of its efforts to promote sustainable development, alleviate conditions of rural poverty and promote local initiatives in dryland areas. The CCD provides a welcome basis for a coherent framework to facilitate coordination of efforts to address the environmental, food-security and poverty-alleviation dimensions of dryland development. National action programmes and their regional and sub-regional complements, are perceived by IFAD as a dynamic and ongoing process of policy, institutional and technological adaptation, combined with investment to better address the needs of dryland areas and their populations. In this regard, the Fund considers the Global



Mechanism a critically important element for the successful implementation of the Convention, particularly with regard to the two-way linkages between mobilization of resources and their effective utilization at the local level.

8. It is within the above context that the Fund offered its institutional framework and capacity to house the Global Mechanism. It was also in recognition of the Fund's comparative advantage that the First COP welcomed IFAD's offer and selected the Fund as the institution to house the Global Mechanism. While it is under the policy direction of the COP and should also benefit from the advice and assistance of the Facilitation Committee, IFAD has, nevertheless, a special responsibility and obligation to ensure that the Global Mechanism functions with adequate efficiency and effectiveness. The Fund, in analysing the various strategies and approaches that may contribute to this objective, has concluded that the Global Mechanism's ability to act as a financial catalyst is one such approach. Of course, Global Mechanism activities should by no means replace its main *raison d'être*: facilitating the financing of the Convention's implementation through a multi-channel and multi-source approach.

### III. THE PROPOSED GRANT

9. As indicated above, the proceeds of the SRCF are expected to be used solely for financing enabling activities, rather than specific investment projects. Its proceeds will therefore be used primarily for the following activities:

- (a) **Financing the preparation of national and regional and subregional action programmes.** *Objective: act as a catalyst for launching or completing national, regional or subregional action programmes undertaken by the parties in conformity with the CCD.* The Global Mechanism will, in certain cases, also provide financial assistance for the preparation of the local area development programmes that correspond to the national action programmes. The Global Mechanism, in participating in this particular area, will adopt a prudent and selective approach, with a view to avoiding the creation of project pipelines for which the finance for their implementation has neither been received nor ensured.
- (b) **Finance for civil society.** *Objective: ensure the availability of finance for a major group of stakeholders that are not parties to the Convention.* The importance of civil-society organizations in general, and NGOs in particular in the implementation of the Convention, has been clearly emphasized in the text of the Convention. It is expected that the parties will respond positively to this need. Nevertheless, the Global Mechanism should monitor this and ensure the adequacy of the flow of resources through the NGOs. Moreover, the Global Mechanism will be a catalyst for meeting this objective by using the financial resources available to it.
- (c) **Financing technology cooperation.** *Objective: ensure the ability to finance the transfer of technology and the use of indigenous and traditional knowledge and technologies at all levels in affected developing countries.* The Global Mechanism will play a catalytic role in seeking to ensure the following: (i) funding is secured for the exchange of information on technology, including indigenous technology; and (ii) funding is available to assist developing countries in undertaking the inventories of indigenous technologies referred to in Article 18 of the CCD. Through IFAD and other members of the Facilitation Committee (i.e., the World Bank and UNDP), it will seek to ensure that appropriate attention is given to dryland research within the international agricultural research system. Notwithstanding the above, the resources of the SRCF will enable the Global Mechanism to intervene in selected cases, thus influencing the



direction of the flow of financial resources towards priority areas, identified in consultation with the Facilitation Committee and the various stakeholders. Promoting research on enhancing and adapting indigenous technologies and know-how could be one such area.

- (d) **National desertification funds.** *Objective: act as a catalyst for the establishment of national desertification funds (NDFs).* The NDFs, as foreseen in the CCD and similar mechanisms such as village development funds, will play an important role in grass-roots activities and participatory decision-making. Domestic resource mobilization should contribute, along with external contribution, to the establishment and capitalization of NDFs. The Global Mechanism will emphasize this process in all its functions, including through the provision of advice and its marketing activities. It will also play a catalytic role in contributing financially to the establishment of the NDFs.

#### IV. IMPLEMENTATION ARRANGEMENTS

10. In paragraph II.C, the MoU provides that for the amounts received by the SRCF Account, “all these amounts shall be received, held and disbursed and the said accounts shall be administered by the Fund in accordance with the rules and procedures of the Fund, including those applicable to the management of the Fund’s own supplementary funds (trust funds)”.

11. Taking the above into account, the SRCF will be managed by the managing director of the Global Mechanism on the basis of detailed implementation procedures that will be issued by the President of IFAD. Such implementation procedures will include the following:

- The proposal for each grant will be approved by the President of IFAD, upon the recommendation of the managing director of the Global Mechanism.
- The proceeds of the SRCF will be kept by IFAD in an account as defined in the MoU (paragraph 4). The administration of this account, including the disbursement of the proceeds of approved grants, investment of an appropriate portion of resources, auditing and reporting will be the Fund’s responsibility.
- The technical review of each proposal and its priority will be the responsibility of the managing director of the Global Mechanism. In doing so, he will benefit from the advice of a technical advisory group. The group, chaired by the managing director, will consist of: one project economist/financial analyst (IFAD); one rural management specialist (IFAD); one gender and household food security expert (IFAD); two additional Global Mechanism staff members; one staff member of the Food and Agriculture Organization of the United Nations (FAO) Investment Centre; and one representative of the Executive Secretariat of the CCD.
- Priority will be given to the African country parties to the Convention, in line with the spirit and the objectives of the CCD.
- Consistency between SRCF activities and IFAD policy, strategy and procedures will be ensured.
- Each grant will be provided to the selected beneficiaries (paragraph 9) under a specific grant agreement. Such agreements will be concluded by the managing director of the Global Mechanism.



- Disbursements against withdrawal requests from each grantee will be made by IFAD, upon the approval of the managing director of the Global Mechanism.
- The Global Mechanism shall not undertake the implementation or supervision and administration of any of the approved grants. Instead, it will use the capacity of existing institutions such as FAO, the United Nations Environment Programme, the United Nations Office for Project Services, UNDP and IFAD itself. The Global Mechanism shall, however, monitor the implementation process through, *inter alia*, appropriate progress reports. In fact, such reports will enhance the Global Mechanism's knowledge of the practical issues involved in the development of national, regional, subregional and NGO activities, as well as the way NDFs and similar mechanisms are faring at the field level.
- An account of the mobilization of resources for the SRCF and the use of its proceeds will be provided through the annual report that the managing director will submit to the Executive Board of IFAD and the COP.

12. To facilitate the mobilization of the resources for SRCF in a coordinated manner, a framework for the SRCF, in conformity with the basic provisions in this report, will be prepared by IFAD as a standard reference for all donors to the SRCF. The framework will specify the terms and conditions under which IFAD will receive and use such contributions.

## **V. INDICATIVE COSTS, FINANCING AND DISBURSEMENT**

13. The Fund's participation in the SRCF will act as a catalyst. In other words, it is expected that IFAD's contribution will be matched on a reasonable basis by interested donors. Consequently, of the USD 10 000 000 contribution suggested for IFAD, USD 2 500 000 is proposed as an initial contribution by the Fund. This amount could be increased in the future, subject to the satisfactory performance of the SRCF and the approval of the Executive Board.

14. Withdrawals authorized by the Global Mechanism, and subsequent disbursements from the SRCF for approved grants, will be made on the basis of a disbursement schedule to be specified in each grant agreement.



## VI. RECOMMENDATION

15. I recommend that the Executive Board approve the proposed grant in the following terms:

RESOLVED: that the Fund, in order to finance, in part, the Special Resources for CCD Finance (SRCF) of the Global Mechanism of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (CCD), for one year, commencing in May 1999, shall make a grant not exceeding two million five hundred thousand United States dollars (USD 2.5 million) to the SRCF, as envisaged in the Memorandum of Understanding between IFAD and the Conference of the Parties of the CCD and on such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Fawzi H. Al-Sultan  
President