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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 (UNCCD)**

TO

**SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF
ACTION PROGRAMMES AND RELATED INITIATIVES**



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ABBREVIATIONS AND ACRONYMS

AFESD	Arab Fund for Economic and Social Development
AsDB	Asian Development Bank
CGIAR	Consultative Group on International Agricultural Development
COP	Conference of the Parties
FAO	Food and Agriculture Organization of the United Nations
FC	Facilitation Committee
GEF	Global Environment Facility
GM	Global Mechanism
IDB	Inter-American Development Bank
IsDB	Islamic Development Bank
MoU	Memorandum of Understanding
NAP	National Action Programme
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OPEC	Organization of the Petroleum Exporting Countries
SRAP	Subregional Action Programme
SRCF	Special Resources for CCD Finance
TA	Technical Assistance
UNCCD	United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme



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I submit the following Report and Recommendation 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 (UNCCD), in the amount of USD 1.25 million, to support a programme for the development and implementation of action programmes and related initiatives under the UNCCD.

**I. CONTEXT, OBJECTIVES AND OPERATIONAL STRATEGY
OF THE GLOBAL MECHANISM (GM)**

1. Land degradation, one of the greatest threats to the environment together with biodiversity erosion and climate change, is a major constraint on sustainable agricultural production and economic growth in most developing countries of Africa, Asia and Latin America. In Africa alone, the cost of land degradation and desertification is very high, both in terms of lost production and livelihoods and loss of human potential through starvation, disease and death.

2. The UNCCD was negotiated, and entered into force in December 1996, in the wake of the United Nations Conference on Environment and Development, held in Rio de Janeiro, Brazil, in 1992. The UNCCD defines desertification as land degradation in arid, semi-arid and dry sub-humid areas resulting from various factors, including climate variations and human activity. Developing-country parties to the Convention have undertaken to prepare national, subregional and regional action programmes (NAPs, SRAPs and RAPs) for combating desertification as a strategic framework for implementing its objectives.

3. In view of the multi-sectoral nature of interventions required to address the land degradation problem and the diversity of funding and technical assistance (TA) sources to be tapped for this purpose, the Global Mechanism (GM) was established *to help rationalize the allocation of resources and to mobilize additional financing, as appropriate*. The GM was conceived as a lean, efficient demand-driven mechanism guided by the principles of neutrality and universality.

4. The First Conference of the Parties (COP1) to the UNCCD, held in Rome in September/October 1997, selected IFAD to house the GM and endorsed collaborative institutional arrangements between IFAD, the United Nations Development Programme (UNDP) and World Bank in support of the GM. These agreements established the Facilitation Committee (FC), a consultative framework that brings together representatives of IFAD, World Bank, UNDP, the United Nations Environment Programme (UNEP), the Food and Agriculture Organization of the United Nations (FAO), the Secretariat of the Global Environment Facility (GEF), the Convention Secretariat, and the regional development banks (the African Development Bank (AfDB), the Asian Development Bank (AsDB) and the Inter-American Development Bank (IDB)). The FC's main role is to guide and support GM interventions and to provide a forum for debate on how UNCCD objectives can best be mainstreamed into the regular operations of the agencies concerned.



5. The GM was not conceived as a single source of funding for the UNCCD, the bulk of resources for investments in land degradation control being channelled directly to recipient governments and civil-society organizations by way of specific partnership agreements with the donor agencies. In this context, the GM's provision of catalytic financial resources has helped to mobilize both GEF and regular official development assistance (ODA) resources for land degradation control in Africa, Asia and Latin America. In other words, GM's catalytic support generates a multiplier effect by leveraging, over time, substantial investments from governments and donors, non-governmental organizations (NGOs) and the private sector to combat land degradation and poverty in the countries affected.

6. The GM's operational strategy is based on a two-pronged approach: first, to take advantage of existing regular funding sources by internalizing the NAP and SRAP objectives of combating desertification into governments' regular planning and budgeting processes and donors' normal programming cycles; and, second, to explore opportunities for tapping additional resources over and above normal ODA and debt relief, with special emphasis on the GEF, the private sector (foundations and corporations) and NGOs. The GM also seeks to forge strategic partnerships with subregional organizations with specific mandates and/or interest in the UNCCD, institutions of the Consultative Group on International Agricultural Research (CGIAR), bilateral agencies, and the NGO community.

II. FINANCIAL RESOURCES OF THE GLOBAL MECHANISM

7. The GM's core budget, as negotiated and agreed by (developing- and developed-) country parties to the UNCCD, has been increasing steadily in recognition of its services. However, the present core budget is still significantly below the level that IFAD, at the time of its submission to UNDP as a prospective host to the GM, estimated as the critical mass of core resources that would enable the GM to function under optimum conditions. In the meantime, voluntary contributions have allowed the GM to respond to requests from an increasing number of countries for assistance in action programming, and for moving from planning to action.

8. A grant of USD 2.5 million was approved by the Executive Board in 1999 (from a total pledge of USD 10.0 million) as part of the initial capitalization of the Special Resources for CCD Finance (SRCF) account, pending mobilization of matching financing from other donors. IFAD's contribution has enabled the GM to earmark financial assistance to countries as catalytic inputs towards mobilizing resources for field investments. It is to be recalled that, when IFAD offered to host the GM and contributed to the SRCF account, it was understood that further contributions beyond that first instalment would be contingent on contributions from other donors. In this context, it is most encouraging to note that, in addition to collaborating with the GM on substantive issues, World Bank is now contributing to its financial resources. In June 2000, World Bank approved a grant to the GM of USD 1.25 million and a further amount is expected for 2001. Whenever the GM has acted as facilitator for specific events or for the preparation of substantive papers, contributions have been channelled through the GM from such partners as World Bank (USD 50 000); GEF (USD 25 000 through the World Bank); IFAD (USD 50 000); the Arab Fund for Economic and Social Development (AFESD) (USD 52 100); the Islamic Development Bank (IsDB) (USD 20 000); and Canada (USD 30 400).

9. In 2000/2001, voluntary contributions have been received from the Congressional Hunger Centre (CHC) (USD 79 600); Denmark (USD 350 000 in 2001); Norway (USD 95 655 in 2000; USD 236 529 in 2001); the Organization of the Petroleum Exporting Countries (OPEC) (USD 40 000); Sweden (USD 527 535 in 2000); and Switzerland (USD 71 461 in 2000; USD 76 220 in 2001). Consultations are under way with Finland, Italy and The Netherlands on possible voluntary contributions to the GM. Details of voluntary contributions received since 1998 are contained in Table 1 of Appendix I.



III. OVERVIEW OF GLOBAL MECHANISM INTERVENTIONS IN 2000/2001

10. In response to requests, the GM has undertaken to provide technical or financial assistance to a number of countries and (sub)regions in 2000/2001.¹ GM assistance in these countries (see footnote) is related to the formulation or implementation of NAPs or SRAPs in North Africa; East, West and Southern Africa; Latin America and the Caribbean; and West and Central Asia. The GM has also financed a number of enabling activities, including a framework programme of community exchange and training, development of indicators for land degradation assessment, and strategic initiatives in relation to debt relief and carbon sequestration as potential sources of funding to combat land degradation and poverty.

11. Examples of GM-supported analytical and advisory work in collaboration with the FC member institutions include: (i) assisting in analysing and providing advice on the links between the provisions of NAPs under the UNCCD and sectoral and national planning frameworks; (ii) assisting in identifying the interface between NAPs and poverty reduction strategies; (iii) capacity building (assessing the requirements and identifying/analysing opportunities); (iv) supporting diagnostic reviews of the root causes of land degradation; (v) undertaking comparative reviews of links between investment priorities under NAPs and ongoing/planned donor-funded projects; (vi) drawing up donor profiles and promoting database development at the country and subregional levels; and (vii) analysing investment gaps and the financing mechanisms required to fill such gaps.

12. The GM has used its own resources (voluntary contributions from governments and development institutions) to forge partnerships aimed at mobilizing larger amounts of financial resources. In other words, GM catalytic support generates a multiplier effect by leveraging, over time, substantial investments from governments and development partners to combat land degradation and poverty. Examples of GM interventions include:

- cofinancing and facilitation of stakeholder workshops at both the subregional (Fouta Djallon Highlands strategic plan, the Niger/Nigeria initiative for coordinated management of natural resources in the transboundary areas in West Africa) and global levels (e.g. Land Degradation Assessment Initiative) that have resulted in three GEF planning grants for an overall amount of USD 1.4 million in 2000/2001, and plans for three GEF-funded projects in 2003 for a total cost of more than USD 30.0 million;
- initiating and/or supporting the elaboration of partnership frameworks at the country, subregional or regional levels for the development – for funding by relevant multilateral and bilateral funding agencies – of project pipelines relevant to UNCCD objectives. Cases in point here are the AsDB/GEF-spearheaded country partnership for integrated ecosystem management in China; provision of GM seed money to establish a subregional facility to combat land degradation and poverty in Southern Africa, in collaboration with the World Bank-coordinated and IFAD-supported group of donors coming together in support of the Southern African Development Community within the so-called multidonor Hub; cofinancing the Africa-wide Integrated Land and Water Initiative supported by World Bank, UNDP, GEF, UNEP, IFAD and FAO; and promoting a regionwide programme to combat desertification in Latin America and the Caribbean with the support of IFAD, IDB and other bilateral and multilateral partners;

¹ This includes, but is not limited to: Algeria, Argentina, Burkina Faso, Central Asian countries, Chile, China, Cuba, D.R. Congo, Egypt, Ethiopia, India, Iran, Haiti, Mali, Mauritania, Mongolia, Morocco, Niger, Pakistan, Senegal, South Africa, Tunisia, Uganda, Viet Nam and Zimbabwe.



- jointly cofinancing a regional grant with AsDB to combat land degradation and poverty in Asia, and help the governments of a number of Central Asian countries and China, India, Nepal and Pakistan to remove identified barriers to UNCCD mainstreaming and lay the groundwork for a UNCCD-oriented pipeline of projects.

13. The GM's efforts to mobilize and channel resources have involved, among other things, a systematic review of multilateral and bilateral agencies' country cooperation frameworks (e.g. IFAD's Country Strategic Opportunities Papers (COSOPs); World Bank's Country Assistance Strategy, etc.) to identify options for support to NAPs/SRAPs under such frameworks. For instance, one such review is under way with IFAD and it is anticipated that, of a total annual lending programme of USD 400-500 million, approximately 25-30% may be dedicated to projects and programmes relevant to UNCCD objectives in the countries concerned. The GM is also assisting IFAD's operational divisions to mobilize GEF planning grant/project funding to address regional or global environmental concerns, thereby enhancing the environmental sustainability of the Fund's poverty-oriented interventions. A similar exercise is going forward with other financing institutions in the context of a 'business plan' approach within the FC. Likewise, the ongoing inventory of private-sector foundations will provide the basis for identifying the interface between NAP priority areas and the strategic thrust of such private funding sources. The GM also intends to collaborate with IFAD in support of the CGIAR system as a means of promoting research-based contributions to UNCCD implementation.

14. This approach also entails providing support to country parties in generating a pipeline of programmes and projects for GEF funding based on the NAPs and SRAPs. GM has also cooperated in drawing up new project proposals, developing requests for GEF planning grants and mobilizing cofinancing to match GEF contributions. Now that IFAD has become a GEF executing agency, and while land degradation is a prospective fifth GEF focal area, the GM has already undertaken to enhance its response capacity.

15. The use of IFAD's first grant to GM (USD 2.6 million, including interest) is shown in Table 2 of Appendix I.

IV. PURPOSE OF THE GRANT

16. Given IFAD's standing commitment to support the GM and as a follow-up to its first grant approved in 1999 (from a total pledge of USD 10 million), it is proposed that the next tranche of USD 2.5 million should be split in two instalments of USD 1.25 million each, from the Fund's TA grant resources for 2001 and 2002, respectively. This arrangement is proposed in view of IFAD's overall lower level of TA grant resources for 2001 and availability of committable grant resources. Release of the second instalment of USD 1.25 million will be submitted for the approval of the Executive Board at its Seventy-Fifth Session in April 2002.

17. The grant will be used to leverage additional funds to enable the GM to respond to a growing number of requests from governments, intergovernmental organizations, NGOs and community-based organizations. In light of GM's experience to date, the current needs of countries requesting GM assistance would be better served were the proposed grant of USD 1.25 million to be divided between its Second (USD 0.25 million) and Third (SRCF) Accounts (USD 1.00 million).

18. GM's use of the grant will be guided by the memorandum of understanding (MoU) between the COP and IFAD to the effect that contributions to GM resources 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)", as also outlined in President's Bulletin 99/10 of 4 October 1999.



19. The GM will not be involved in implementing/supervising field activities or in administering the grant funds, as these tasks will be entrusted to a number of bilateral and multilateral institutions, including members of the FC. It will, however, monitor implementation and provide IFAD with a detailed report on the allocation and use of the grant. A second review/evaluation of GM policies and operations will be undertaken before the Sixth Session of the COP in 2003. In this context, special attention will be paid to the role of IFAD as host institution and how IFAD/GM links can be further strengthened, taking account of IFAD's corporate strategy and regional/country assistance frameworks.

20. As part of the review process, the GM's Technical Advisory Group (GM/TAG) was established to provide advice on the objectives and scope of activities to be funded under the Third (SRCF) Account. This group consists of representatives from FAO, the GM, IFAD and the UNCCD Secretariat, as well as others invited by GM, as appropriate. The GM/TAG meetings constitute part of a continuing process of technical reviews and consultations that also include sessions of the FC and continuous interaction between GM and members of the Committee.

V. THE WAY FORWARD: MEETING NEW CHALLENGES

21. Country parties to the UNCCD increasingly recognize the relevance of the GM as holding promise in terms of helping to rationalize and improve resource allocation to address land degradation through multi-sectoral intervention. On the occasion of the Spring 2001 session of the Ad Hoc Working Group to review implementation of the UNCCD and the Fifth Session of the COP (COP.5) in October 2001, country parties stressed their appreciation of GM's efforts to fulfil its mandate and its positive role in donor mobilization. Note was also taken of the GM's increasing responsibilities in terms of facilitating and monitoring follow-up activities for the process of matching supply and demand, as was the need for stronger GM support to subregional and regional programmes.

22. The GM will continue to pursue efforts to assist in NAP mainstreaming on both the demand and supply sides of the financial resource equations. At the same time, opportunities for using other institutional relays (e.g., specialized agencies, and intergovernmental bodies) will be reviewed. However, GM's analytical and advisory role will increasingly focus on both enhancing GEF support to the UNCCD and exploring new sources of funding. Finally, the GM will continue to focus on capacity-building and knowledge networking.

VI. RECOMMENDATION

23. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, both the Special Resources for CCD Finance (SRCF) and Voluntary Contributions Administrative Expenses Account (Second Account) to Support the Development and Implementation of Action Programmes and Related Initiatives of the Global Mechanism of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD), shall make a grant not exceeding one million two hundred and fifty thousand United States dollars (USD 1 250 000) to the Global Mechanism of the UNCCD.

Lennart Båge
President

FINANCIAL TABLES

Table 1. Voluntary Contributions to the Global Mechanism¹
(USD '000)

	Country/Organization	1998	1999	2000	2001	2002*	Subtotal
Second Account	Canada				30.4		30.4
	CHC				79.6		79.6
	Denmark				100.0		100.0
	Germany	100.0					100.0
	Norway			95.7	236.5	241.6	573.8
	Portugal		50.0				50.0
	Sweden	121.2		527.5			648.7
	Switzerland	72.8	64.3	71.5	76.2		284.8
	AFESD				52.1		52.1
	IFAD				50.0		50.0
	IsDB		12.0		20.0		32.0
	OPEC				40.0		40.0
	World Bank			250.0	75.0		325.0
	Subtotal	294.0	126.3	944.7	759.8	241.6	2 366.4
Third Account	Denmark				250.0		250.0
	IFAD		2 500.0				2 500.0
	World Bank			1 000.0			1 000.0
	Subtotal		2 500.0	1 000.0	250.0		3 750.0
Total	294.0	2 626.3	1 944.7	1 009.8	241.6	6 116.4	

*Commitment

Table 2. GM Allocation of the Proceeds of IFAD's First Grant

Type of Activity	Total USD
Support to national action programmes²	1 080 000
Support to subregional action programmes³	450 000
Support to regional action programmes⁴	150 000
Enabling activities⁵	725 000
Strategic activities⁶	200 000
Total	2 605 000

¹ Account 1 relates to the GM administrative budget.

² Algeria, Argentina, Burkina Faso, China, Cuba, Ethiopia, Haiti, Mali, Senegal, selected Asian Countries, Tunisia.

³ West and Central Africa: Fouta Djallon and Niger/Nigeria; West Africa; Latin America and the Caribbean, Hispaniola (Dominican Republic and Haiti).

⁴ Asian Thematic Network on Range Land Management and Sand Dune Fixation; Asian Thematic Network on Agroforestry.

⁵ Community Exchange and Training Programme, Desertification Monitoring/Physical Indicators on Land Management; Subregional and Regional Workshops on Approach to Resource Mobilization for the UNCCD.

⁶ Debt Relief; Carbon Sequestration.



THE WAY FORWARD AND NEXT STEPS

There is growing recognition among country parties to the UNCCD that, as an institution, the GM holds promise of helping to rationalize and improve resource allocation to address land degradation through multi-sectoral intervention. The GM will continue its efforts to assist, in response to requests, in NAP mainstreaming on both the demand and supply sides of the financial resource equations. Consideration will also be given to using other institutional relays (e.g. specialized agencies, intergovernmental bodies). The GM's analytical and advisory role will be increasingly focused on both enhancing GEF support to the CCD and exploring new sources of funding. Finally, the GM will play a sustained brokering role in the area of capacity-building and knowledge networking. In order to consolidate achievements made in the first 18 months of the 2000/2001 biennium and to respond to new challenges in UNCCD implementation, a number of GM initiatives will be followed up. These include:

- consolidating GM human resource development and internal organization, in response to growing external demands for support, coupled with strengthening of operational collaboration (through a 'business plan' approach) with relevant partners;
- facilitating the organization of, and follow-up to, meetings on partnership building and resource mobilization;
- replicating and adjusting, as required, partnership frameworks that hold promise for resource mobilization;
- enhancing its capacity to respond, operationalizing a GEF node within GM's existing organizational structure in view of emerging opportunities to mobilize GEF resources (and related cofinancing) in a more predictable fashion;
- following up on Decision 25/COP.1, which recommends that "the GM be granted observer status on the GEF Council";
- reviewing the country cooperation frameworks of multilateral financing institutions and other members of the FC with a view to enhancing the land degradation thrust of their respective country portfolios;
- continuing to support GM-spearheaded collaborative action-research on drylands success stories as part of the GM's communications strategy aimed at mobilizing resources and as a contribution to knowledge networking;
- completing the ongoing inventory of private foundations and identifying the interface between the foundations' respective focal areas, the strategic thrusts of the UNCCD and opportunities for supporting specific NAP-related activities and projects in selected countries and (sub)regions;
- monitoring progress (as recommended by Decision 9/para.8/COP.3) in relevant intergovernmental negotiations and pursuing dialogue with the constituencies concerned in order to identify opportunities for resource mobilization. Special attention will be paid to following up on the recent signing of the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC) and to exploring opportunities related, *inter alia*, to carbon trading and to the Clean Development Mechanism and the Adaptation Fund of the UNFCCC;



APPENDIX II

- as stipulated in Decision 9/para.12/COP.3, identifying economic and trade opportunities arising from and related to the Convention; and
- elaborating a strategic plan for collaboration on information systems with FC members, relevant bilateral partners and the Development Assistance Committee of the Organisation for Economic Co-operation and Development.