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**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

AsDB	Asian Development Bank
CACILM	Central Asian Countries Initiative for Land Management
CILSS	Permanent Interstate Committee for Draught Control in the Sahel
COP	Conference of the Parties (of the UNCCD)
CPP	country pilot partnership
ERSW & EC	Economic Recovery Strategy for Wealth and Employment Creation
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GEF-PDF-B	Global Environment Facility Project Development Fund
GM	Global Mechanism of the UNCCD
GTZ	German Agency for Technical Cooperation
NAP	national action programme (of the UNCCD)
OECD	Organization for Economic Co-operation and Development
OP	operational programme
PDF	Project Development Fund (of the GEF)
PRSP	poverty reduction strategy paper
RIOD	International NGO Network on Desertification and Desertification
SRAP	subregional action programme (of the UNCCD)
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. INTRODUCTION

1. In October 1997, at the First Session of the Conference of the Parties (COP.1) to the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD), IFAD was selected as the housing institution of the Global Mechanism (GM) of the Convention. Under the authority of the COP, the GM is mandated to promote actions leading to the mobilization and channelling of substantial financial resources, including resources for the transfer of technology, on a grant basis, on a concessional basis, or on other terms, to affected developing country Parties.

2. The GM began its operations in 1998, and has submitted reports to the Executive Board of IFAD yearly since December 1998 and to the Governing Council yearly since 1999. This seventh report to the Executive Board outlines achievements in 2005 in mobilizing resources for UNCCD implementation. It also contains a brief account of the way ahead for the GM in the next biennium. This was prepared in response to the changing environment in resource mobilization, particularly at the national level, which called for a consolidated strategy and an enhanced approach for the GM. While firmly rooted in the GM's mandate, the new strategy will reinforce the GM's operations in continuing to deliver valuable services to country partners at both the national and the regional levels.

II. PROGRESS IN IMPLEMENTATION: ACHIEVEMENTS AND EXPERIENCES IN 2005

A. GM Operations in the Different Regions

3. Based on experience, the GM's approach and operations are continuously evolving in order to reflect changes in the national and the international environment in which it works. In line with its mandate, the GM supports national, subregional and regional action programmes in Africa, Asia and the Pacific, and Latin America and the Caribbean. The GM's operations are guided by its operational strategy endorsed by the COP¹, which highlights the importance of aligning national action programmes (NAPs) with overarching national development frameworks and of building partnerships between developed and developing country Parties.

4. The GM has used the NAP as a vehicle for engaging a broad spectrum of stakeholders in policy dialogue. With the UNCCD national focal point institutions, the GM has successfully forged partnerships with technical ministries (such as ministries of agriculture, environment, health and social development) and non-technical ministries (such as ministries of finance, planning and external cooperation). Dialogue and partnerships have contributed to: facilitating the development of an enabling policy, legislative and institutional environment; achieving a shared recognition of the direct links between poverty and land degradation; enhancing coordination of ministries in order to harmonize policies across various sectors; and securing increased allocation of funds for sustainable land management from a broad range of domestic and international sources. A more detailed account of the GM's activities in the different regions can be found in Annex I.

¹ ICCD/COP(4)/Add.1(A).

B. Networking and Partnerships at the International Level

5. Given the limited capacity of the GM in terms of its human resources and the nature of its mission, networking and partnerships are crucial in order to maximize impact. To this end, the GM cooperates closely with member organizations of its facilitation committee, bilateral agencies, including the European Commission and the Organisation for Economic Co-operation and Development (OECD)/Development Assistance Committee, NGOs and the private sector.

6. Since the decision in October 2002 to designate land degradation as one of its focal areas, the Global Environment Facility (GEF) and its executing agencies have become complementary partners of the GM, sharing common objectives in increasing catalytic finance, partnerships and mainstreaming. The GEF's contribution is further strengthened through the adoption of the country pilot partnership approach.

7. Since 2000, the GM has supported the participation of NGOs in combating desertification through the Community Exchange and Training Programme (CETP). A comprehensive review of the CETP undertaken in 2004/05 indicated the importance of civil-society capacity in developing countries for an effective and sustainable NGO contribution to the UNCCD process.

8. Increasingly, international cooperation between the GM and other global players is leading to more concrete joint undertakings such as the Central Asian Countries Initiative for Land Management process in Central Asia and the TerrAfrica initiative, in which the GM is a partner.

C. Collaboration with IFAD

9. IFAD's new Operating Model with its enhanced approach to country-led development programming and the GM's consolidated strategy and enhanced approach will allow for harmonization of GM and IFAD activities at the country level, and provide a renewed opportunity for the GM to liaise with and contribute to IFAD's operations. The GM and IFAD have collaborated on numerous occasions: UNCCD NAPs have been integrated into IFAD's country and subregional strategic opportunities papers and new IFAD-supported projects are being linked with the GM-initiated NAP processes and UNCCD objectives. This has resulted in increased resource flows to UNCCD-related initiatives.

10. IFAD's efforts to support the UNCCD are further strengthened by its role as an executing agency of the GEF. The GEF's Operational Programme on Sustainable Land Management (OP15) uniquely positions IFAD to link projects addressing land degradation to poverty reduction and development concerns. With IFAD, the GM has collaborated and/or cofinanced the development of GEF proposals for the Bolivarian Republic of Venezuela, Brazil, Burkina Faso, Jordan, Morocco and Tunisia, and has been actively involved in other OP15 initiatives in Ethiopia, Kenya and Mexico. These collaborative efforts illustrate the value added of the GM's partnership with IFAD and the GEF in promoting initiatives based on land rehabilitation and sustainable land management.

11. The establishment of the GM advisory group in 2004 has also contributed to more systematic and regular interaction and cooperation between the GM and IFAD, in terms of programme development and collaboration in a number of countries.

D. Information and Communication

12. The GM's Financial Information Engine on Land Degradation (FIELD) developed in 1999 was technically updated in 2004. Currently, it contains over 10 000 cross-referenced records, including about 5 500 projects and 1 700 reports or publications related to the implementation of the UNCCD as

well as over 400 profiles of financing organizations. FIELD offers a detailed analysis of Official Development Assistance (ODA) financial flows using the OECD's Rio Marker data.

III. CHANGING ENVIRONMENT

A. Policy Developments at the International Level

13. Poverty reduction, particularly in rural communities, has become the first political priority of the international development community. Global consensus and agreements such as the Millennium Development Goals and the changing understanding of resource allocation for development as outlined inter alia in the Monterrey Consensus pose challenges that need to be met by new approaches and strategies in support of desertification-affected countries.

14. The GM has been working within this changing international context and has been emphasizing the poverty/environment nexus in line with the spirit of the Convention. However, recommendations for improving aid effectiveness through strengthening countries development strategies and operational frameworks, aligning aid with country priorities and eliminating duplication (Paris Declaration on Aid Effectiveness) have to be turned into a more coherent approach to resource mobilization.

B. Implications at Country Level

15. The call for country leadership and for the country-driven identification of development priorities through, inter alia, poverty reduction strategy papers, mirrors the current changes in resource allocation procedures by international organizations and bilateral donor agencies. As a result, resource allocation will increasingly be subject to national-level negotiations within the government as well as between the government and the international community. As donors are increasingly aligning their priorities with those of recipient countries, articulating land degradation as a development priority of both government and donor becomes crucially important. The importance of domestic public budget allocations increases considerably through new approaches such as basket funding and direct public budget support.

16. These developments call for changes in the approach of the GM to resource mobilization and demand improved instruments to meet the challenges ahead. More responsive and strategic support is needed to provide country partners responsible for UNCCD implementation with adequate tools to compete for the allocation of resources in this emerging "development marketplace". This includes increased interaction with sectors or areas not traditionally part of the UNCCD agenda and above all, the identification of suitable entry points into poverty reduction strategy papers (PRSPs) for desertification-related interventions.

IV. CONSOLIDATED STRATEGY AND ENHANCED APPROACH FOR THE FUTURE

17. The following sections address aspects of GM support to NAP processes, mainstreaming, instruments of national financing strategies, partnership-building and the coordinated support of the member organizations of the facilitation committee and bilateral donor agencies. These represent the core elements for the GM's consolidated strategy and enhanced approach for the future.

A. Strengthening the National Action Programme Process

18. In general, the NAPs are elaborated as stand-alone action plans, as opposed to more comprehensive policy tools embedded within overarching national development frameworks such as PRSPs. As a consequence, relevant NAP priorities have not been financed since they rarely feature in national budgetary discussions or in negotiations with donor agencies and development banks. The

NAPs have not been fully effective in providing strategic guidance for enhancing the enabling environment for addressing land degradation issues in a sustainable manner. This has further hindered the mobilization of domestic and foreign financial resources.

19. Drawing on the GM's resource mobilization experience, it is becoming increasingly evident that the elaboration process for the NAP is as important for securing financing as the final NAP document itself. Such processes can be lengthy, taking between three and five years to design a coherent strategy that mobilizes substantial financing from both national and external sources. This process-oriented approach that the GM has been pursuing requires consolidated strategic approaches that meet the long-term needs of countries.

B. Revisiting Mainstreaming

20. In the context of the UNCCD, mainstreaming is the process that makes it possible for desertification-affected countries to incorporate UNCCD principles and priority activities, and NAP objectives into relevant national policies and strategies. Mainstreaming leads to an increased recognition of the role of land management in development and could increase investments from domestic public budgets as well as from international financial resources available at the country level.

21. With a view to becoming more strategically and operationally responsive, the GM uses *mainstreaming* as a generic term for various action-oriented and ongoing processes:

- integrating UNCCD concerns/principles into policy frameworks;
- engaging stakeholders and forging partnerships to implement the UNCCD;
- building up and disseminating knowledge to implement the UNCCD; and
- mobilizing and allocating financial resources to implement the UNCCD.

22. These processes are interlinked and cannot be steered independently of broader national policy processes. In order to ensure synergies and increase overall coherence, the processes need to be managed to form an integral part of national decision-making. It is the role of governments to manage the different processes and build them into national decisions. The GM contributes to the effectiveness of these efforts and their inclusion in policymaking by facilitating the mobilization of resources.

23. Increasing financial resources is dependent on the mobilization of a range of resources. Under the GM, "resources" refer to:

- instrumental resources: strategic frameworks, policy instruments and plans;
- human resources: stakeholders, organizations and institutions;
- knowledge and information resources; and
- financial resources.

24. The GM considers both domestic and external resources. The GM is aware that resources are found at different levels (not only international or national), evolve over time, and can be built up and organized to achieve UNCCD objectives.

C. Supporting Domestic Approaches to Sustainable Land Management Financing in Drylands

25. The evolving processes and modalities for financial resource allocation also call for an enhanced and consolidated approach for mobilization of both domestic and international resources at the national level. Based on its experience in resource mobilization for NAP implementation, the GM

will develop a concept for national financing strategies as an instrument to support and service the NAP processes. The objective would be to improve the investment climate and increase, organize and manage financial flows from different sources in support of sustainable land management.

26. The strategy will identify the complementary roles of the different sources of financing – domestic, foreign, public and private. Implications for UNCCD financing of recent developments in international cooperation – such as debt relief, direct budget support and performance-based allocations – will also be evaluated. The concept will include indicative elements such as implications of macroeconomic reform and fiscal policies on land rehabilitation. Key issues would be related to public financial management and budget processes.

27. Recognizing the limited resources of the GM and the complexity of the issues, the development of the country approach to sustainable land management financing will be progressive and undertaken in close collaboration with members of the GM facilitation committee and other relevant partners.

D. Coordinated Support by Facilitation Committee Members² and Bilateral Organizations

28. To improve programmatic convergence among the facilitation committee members, the committee established, in 2004, detailed joint work plans with the GM based on the recommendations of the external evaluations of the GM. However, a facilitation committee analysis indicates that the joint work plan instrument has not proved to be sufficiently effective. The committee has developed the new approach of establishing a generic joint work plan that is flexible, reduces administrative planning and aims to contribute to a global strategic vision.

29. The focus of this enhanced coordination will be achieving coherence between NAPs and national development programming under PRSP and other overarching policy frameworks. The facilitation committee members are also invited to join deliberations on thematic and strategic issues for more effective and coordinated support to UNCCD implementation at the national and regional levels.

30. For the GM to be able to position itself more effectively, it is also important that cooperation with committee members leads to an improved understanding of procedures, modalities and policies of bilateral organizations.

E. Partnerships of the Future

31. To ensure the delivery of its mandate, the GM builds on the comparative advantage of partners, including, inter alia, bilateral and multilateral development partners, governments, business and civil society. The continuously changing global economy calls for new and effective partnerships that will significantly impact on resource mobilization and allocation. Also, the diversity of partners and the cross-sectoral nature of the partnerships require new capacities and skills.

32. In light of the above, the GM will engage in new forms of collaboration and strategic alliances in order to take advantage of the changes in development financing. To this end, the GM is fully involved as a partner in the TerrAfrica initiative, has joined the Global Donor Platform for Rural Development, is joining the Landscape Restoration Partnership and is engaging in the High Level

² The facilitation committee of the GM includes IFAD, the United Nations Development Programme (UNDP) and the World Bank, as the three founding members, as well as the UNCCD Secretariat, Food and Agriculture Organization of the United Nations (FAO), the United Nations Environment Programme (UNEP), the GEF secretariat, the Consultative Group on International Agricultural Research and the regional banks, namely the African Development Bank, the Asian Development Bank and the Inter-American Development Bank.

Commission on Legal Empowerment of the Poor launched by the Nordic countries. The GM is also involved in the development of SolArid, a South-South cooperation initiative of francophone Sahel and Saharan countries. All these new engagements are based on the long-standing cooperation among facilitation committee members as well as with other institutions such as the Organization of American States, the African Union, the New Partnership for Africa's Development, the United Nations Regional Economic Commissions, among others.

V. FOCUSING GLOBAL MECHANISM'S OPERATIONS

33. The envisaged consolidated strategy and enhanced approach of the GM will impact on GM's operations. The GM needs to increase its analytical and synthesis work to substantiate further its support to strategies and approaches such as the NAP, and partnership approaches such as the country pilot partnership (CPP) at the regional and international levels. Through such substantive work, the limited interventions of the GM will have a broader impact on national, regional and international processes.

A. Country Partner Support and Cooperation at Regional Level

34. For its core business planning, the GM will support three types of interventions in line with its mandate:

- (i) longer-term support to country-level processes (three to five years) for a limited number of interested country partners;
- (ii) strategic small-scale interventions at the national and regional levels; and
- (iii) support to and/or initiation of analytical work on country-level experiences to inform regional and international expert consultations on policy processes, operational partnerships and mainstreaming.

B. Strategic and Thematic Foci

35. The GM has identified a variety of thematic and strategic issues that are essential to its future work under the consolidated strategy and enhanced approach. The GM's support to a broad variety of activities has yielded profound knowledge and experiences, which need to be reflected in NAP processes and strategy development at all levels. In order to support its core business and to improve its services to country partners, the GM will strengthen its thematic and strategic foci. The mechanism will retain its scope of facilitating body, which means that the GM will not develop in-depth in-house expertise, but rather make available knowledge, information and advisory services from sources outside the GM. The foci will, in particular, support the GM in its longer-term interventions as discussed above.

36. **Strategic foci** include: (i) information, communication and knowledge management; (ii) private-sector involvement; (iii) NGO involvement; and (iv) South-South cooperation.

37. **Thematic foci** include: (i) economics, fiscal reform and financing instruments; (ii) market access and trade; (iii) ecosystem services and forestry; and (iv) public education.

C. Quality Policy

38. The GM will assess and manage its results and performance more comprehensively and systematically with two quality objectives:

- improve the GM's contribution to the implementation of the UNCCD in the affected countries; and

- identify the most effective paths, models and instruments of intervention for the GM, as an institution that interacts with a variety of stakeholders.

39. Based on a quality policy, benchmarking through criteria and indicators will allow a coordinated, consistent and systemic analysis of performance. It will also help identify the most effective interventions for achieving the targets and transfer good practices to a variety of situations, within and outside the GM.

40. The quality management approach will naturally lead to monitoring and evaluation as a core part of management. The monitoring and evaluation system will entail mixed internal and external exercises and ensure standard management oversight and accountability. It is expected that the GM will monitor:

- inputs in terms of financial and human resources applied;
- process quality in terms of satisfying GM corporate principles;
- outputs in terms of access to, use of and satisfaction with strategy products; and
- performance of individual interventions in terms of effectiveness and efficiency of GM service provision and management.

41. The evaluation results will serve as a basis to report on and disseminate GM achievements and the numerous reporting requirements will be facilitated. Through the monitoring and evaluation system, the GM will reduce detailed planning in order to enable the institution to react flexibly to changing requirements without losing accountability and transparency.

VI. CONTRIBUTIONS TO GLOBAL MECHANISM FINANCIAL RESOURCES

42. The core GM budget in 2005 amounted to roughly USD 1.9 million (excluding management fees) based on assessed contributions approved by COP.6. Proceeds of the core budget are deposited into the GM first account to finance administrative and operating expenditures associated with normal core staff tasks. The GM also received voluntary contributions from bilateral sources. These voluntary contributions are split between its second and third accounts, through which GM provides funding in the context of its strategic approach and in collaboration with facilitation committee members.

43. Annex II shows, by donor, contributions to the second and third accounts until 15 October 2005 amounting to approximately USD 18.8 million for 2005. Total contributions received from 1998 to October 2005 (as per pledges and signed agreements) amount to approximately USD 11.8 million for the second account and USD 7.0 million for the third account. IFAD has contributed 33% of the total amount of the two accounts (11 % of the second account and 71 % of the third account).

GLOBAL MECHANISM ACTIVITIES IN 2005

North Africa

1. Subsequent to integration of Tunisia's NAP into the Tenth Socio-Economic Development Plan, the NAP Financing Plan, developed by Tunisia, the GM, the United Nations Development Programme (UNDP) and the German Agency for Technical Cooperation (GTZ), has led to reported investments of approximately USD 14 million in grants and a USD 100 million in loans for financing NAP projects. In addition, the GM together with IFAD cofinanced and developed a Global Environment Facility-Project Development Fund B (GEF-PDF-B) intervention, which proposes a financing package of USD 29 million including a GEF grant of USD 5 million. The project was approved for GEF pipeline entry.
2. Together with the Tunisian Government and the GM's key partners, a new phase of NAP implementation was launched in early 2005 to consolidate the mainstreaming process concluded in the first phase and to adopt a process that will ensure continuous integration of local-level needs into the regular planning process. This entails the formulation of subregional action programmes (SRAPs) at the district level to function as vehicles for articulating local-level land degradation issues and facilitate their integration into the upcoming Eleventh National Socio-Economic Development Plan (2006-2011).
3. In Morocco, GM support contributed to the development of a resource mobilization strategy and the elaboration of a NAP priority project portfolio in line with national strategic programming priorities. The process served to reinforce intersectoral coordination and integration through encouraging technical ministries to take the lead in developing projects that fell within their competencies, in close collaboration with other relevant stakeholders. The early involvement of development partners in the process facilitated preliminary financing commitments.
4. In order to consolidate financing, Morocco's NAP priority project portfolio was presented at a country financing partnership forum in September 2004. Fifty-three projects were presented to development partners. As a consequence, Spain committed to supporting a project costing USD 1.5 million. In addition, the GM and IFAD cofinanced the elaboration of a GEF PDF-B project in collaboration with the United Nations Industrial Development Organization with a financing package of USD 16 million, including GEF grant financing of USD 6 million. The project was approved for pipeline entry by the GEF in October 2004. A second phase of GM support will further advance the resource mobilization efforts after the country financing partnership.
5. At the subregional level, GM support to the SRAP Arab Maghreb Union focused on strengthening civil-society involvement in NAP implementation and contributed to the mobilization of USD 75 000 through IFAD's Extended Cooperation Programme. Currently work has been initiated on supporting capacity-building of the International NGO Network on Desertification and Drought (RIOD) in North Africa.

West and Central Africa

6. In Western Africa, 8 out of 13 countries have received GM technical and/or financial support to implement actions leading to resource mobilization. In Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Mali, Mauritania, Niger, Senegal and Togo, the GM intervention has focused on national partnerships and mainstreaming the NAPs into major national development frameworks. Consequently, the preparation of a country-driven operational programme (OP) has been fostered. Achievements include, inter alia: in Burkina Faso: (a) agreement by the majority of stakeholders on the OP and its integration into the PRSP three-year (2004-2006) action programme; in Senegal (b) country financial partnerships established; (c) funding secured for two projects; (d) effective

political support for and awareness of UNCCD implementation; (d) funds allocated from the national budget in support of UNCCD implementation; in Mauritania (e) a draft OP submitted for government approval; in Togo (f) funding collaboration between the GM and UNDP office leading to successful implementation of four community exchange and training programme pilot projects, partnership-building and mainstreaming UNCCD objectives into development frameworks; in Benin (g) collaboration on mainstreaming with the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) since early in 2005; in Niger (h) contribution to the establishment of the National Environment and Desertification Fund and preparation of a donor consultative meeting on environment and desertification. In Guinea, Guinea-Bissau and Sierra Leone, the GM has supported NAP elaboration in collaboration with UNDP/GEF and local partners.

7. Burkina Faso is an example of the GM's role as facilitator in resource mobilization. A preliminary grant of USD 130 000 has secured USD 175 million under the PRSP framework for a three-year action programme comprising a broad range of desertification activities. Furthermore, the ongoing GEF-funded country pilot partnership (CPP) co-led by UNDP and IFAD is expected to drain a USD 10 million allocation, which does not include USD 500 000 already mobilized to implement the CPP PDF-B.

8. At the subregional level, effective collaboration has been established with the subregional institutions, the Economic Community of West African States and CILSS. The Subregional Facility Fund has been set up, hosted by CILSS. Countries have already benefited from its financial and technical support. The Subregional Facility Fund will also support West African NGOs in development of their subregional strategic action programme, and in partnership-building and networking, including with NGOs from developed countries. Finally, two subregional projects were developed in collaboration with the United Nations Environment Programme: the Integrated Ecosystem Management of Transboundary Areas between Nigeria and Niger Project and the Integrated Management of the Fouta Djallon Highlands Project.

9. In Central Africa, GM provided financial support to the Conference of the Ministries for the Forests of Central Africa on behalf of member states of the Economic Community of Central African States as a subregional facility fund to initiate SRAP formulation. In total, funding mobilized for NAP processes in the two subregions has exceeded USD 2.1 million, excluding the technical assistance provided.

East and Southern Africa

10. The GM provided about USD 1.2 million in catalytic funding to facilitate major actions in East and Southern Africa.

11. The GM is supporting Angola to formulate and mainstream its NAP into relevant development frameworks of the country such as the *Estratégia de Combate à Pobreza* or PRSP. Support is also being provided to the country to identify investment opportunities. Working closely with IFAD, UNCCD concerns will be reflected in the country strategic and opportunities paper (COSOP) for Angola currently under formulation. The COSOP will take into consideration the threat of land degradation to agricultural productivity and poverty reduction and propose measures to address this threat in IFAD's future programming.

12. Currently, discussions are being finalized with the Government of the Republic of Seychelles to define the best approach to NAP formulation in order to capture synergies with other conventions. This initiative will facilitate the formulation of a roadmap towards UNCCD implementation in the Indian Ocean Island States.

13. Mainstreaming of UNCCD/NAP into national development and planning frameworks, such as poverty reduction strategies, continue to underpin the GM's work in East and Southern Africa. Grants have been provided to five countries – Eritrea, Ethiopia, Kenya, the United Republic of Tanzania and Uganda to mainstream NAPs within their respective PRSPs and relevant sector policies and strategies, and also forge partnerships for NAP implementation.

14. Under government leadership, the GM is supporting Ethiopia in mainstreaming its NAP into the Sustainable Development and Poverty Reduction Programme. Support is being provided to the country to prepare a five-year investment plan as part of this mainstreaming. The GM's positive interactions with the Government of Norway, Ethiopia's Chef de File, and other development partners are galvanizing support for more comprehensive, coherent and coordinated NAP implementation.

15. The GM is supporting Eritrea in mainstreaming its NAP into the PRSP while working with IFAD to ensure that Eritrea's country strategic and opportunities paper recognizes the threat of land degradation to agricultural productivity and poverty reduction efforts. In the United Republic of Tanzania, the GM is discussing with the World Bank the leveraging of additional support for mainstreaming through the Danish Trust Fund. The resources earmarked for the United Republic of Tanzania under this fund build on the GM's work in the country.

16. The Government of Uganda has been supported in mainstreaming and prioritizing the NAP in the Poverty Eradication Action Plan. Uganda's mainstreaming has proved successful and is providing a strong basis for investments in sustainable land management. Following the mainstreaming, a notable number of projects and programmes that address UNCCD concerns are emerging through the framework of the Programme for the Modernization of Agriculture, a multi-donor support programme to promote growth and reduce poverty in Uganda. The Government has also requested development partners, including IFAD, to support NAP implementation.

17. In Kenya, the Economic Recovery Strategy for Wealth and Employment Creation (ERSW&EC) provides a strategic entry point for resource mobilization for NAP implementation. The ERSW&EC, Kenya's equivalent of the PRSP, provides a strong basis for donor support particularly in light of the donor community's increased focus on alignment and aid harmonization. The GM is providing guidance to the National Environment Management Authority to translate the NAP into tangible investments through the ERSW&EC.

18. Ghana is being supported in mainstreaming its NAP into the PRSP. As part of this process, the GM and key partners organized a consultative meeting to discuss coordination among stakeholders and additional resources for NAP implementation.

19. Two grants were awarded to the Intergovernmental Authority on Development secretariat. Through the support, a subregional support facility to support the implementation of the IGAD's SRAP has been established. The subregional support facility is creating linkages that complement member states' national-level activities. A grant was also awarded to the UNCCD Secretariat to launch the Africa Regional Thematic Programme Network on Renewable Energies (TPN 5). With GM support, a web site and CD-Rom for TPN 5 have been developed. Additionally, a five-year action plan and three project proposals have been elaborated.

20. GM is actively supporting the development of the TerrAfrica initiative. TerrAfrica aims to promote a new paradigm for framing and implementing sustainable land management in sub-Saharan Africa. Ethiopia and Uganda will participate in the pilot implementation of the initiative.

21. In South Africa, a public-private partnership was launched in November 2004 and an agreement for South African Rand 500 million to support renewable energy initiatives under the NAP has been signed.

22. The Intergovernmental Authority and Development (IGAD) subregion has been supported in devising a more effective mechanism for working with NGOs through the opening of a NGO window within the IGAD subregional support facility. Support was also provided to Ethiopia in collaboration with an NGO to test a community-based approach to addressing wetland and catchments rehabilitation. This will facilitate the development of an approach for wider application in other affected areas and also build synergies with other conventions such as the Convention on Wetlands of International Importance Especially as Waterfowl Habitat (the Ramsar Convention).

Asia and the Pacific

23. Since its inception, the membership of the Strategic Partnership Agreement for UNCCD Implementation in Central Asian Countries (SPA) has grown. Current members are the GM, the Asian Development Bank (AsDB), the Canadian International Development Agency, the UNCCD Project of GTZ, the Swiss Agency for Development and Cooperation, IFAD, the International Center for Agricultural Research in the Dry Areas and UNDP. A significant new initiative, launched by the SPA and led by AsDB, is the GEF country programme partnership, the Central Asian Countries Initiative for Land Management (CACILM).

24. CACILM will be implemented over a ten-year period (2005–2014) and will support a sequenced set of priority activities identified in national programming frameworks under development. Activities will include: (i) strengthening the enabling policy, legislative and institutional frameworks for pursuing sustainable land management; (ii) capacity-building of key institutions; and (iii) identifying priority investments and technical assistance.

25. CACILM aims to leverage USD 700 million over ten years from the participating countries, the GEF and multilateral and bilateral sources. Current earmarked financing for programme implementation includes USD 450 million of AsDB's programming resources over ten years and USD 20 million from GEF's third replenishment. The GEF Secretariat approved the PDF-B application in early 2005 and made available USD 700 000; cofinancing from the Central Asian Countries, AsDB, the GM and others amounts to USD 1.6 million. The project design phase was initiated in April 2005 and the full project is scheduled for submission to the GEF Council in May 2006.

26. In 2004, the GM entered into an agreement with the Government of Jordan for developing a resource mobilization strategy for NAP implementation. To launch the process, the GM and IFAD cofinanced and developed a GEF OP15 PDF-B proposal. The project seeks to enhance ecosystem services and to improve the enabling policy, regulatory and institutional frameworks. The GEF Secretariat approved the proposal and provided USD 350 000 for undertaking the design phase; cofinancing from the Government, the GM, IFAD and others totals USD 335 000. The expected total financing for this project is USD 39.3 million, including a GEF grant of USD 6.5 million. The GEF project will constitute a substantial input to the resource mobilization strategy under development.

27. Drawing on the GM's mainstreaming and resource mobilization experiences, a capacity-building initiative is being developed under the Regional Programme for Sustainable Development of the Drylands of West Asia and North Africa. The initiative seeks to enhance the capacity of national stakeholders to elaborate and implement national and multi-country strategies for mobilizing finances for UNCCD implementation. This initiative is being financed by the Swiss Agency for Development and Cooperation and the Organization of the Petroleum Exporting Countries Fund for International Development.

Latin America and the Caribbean

28. The Global Mechanism is supporting NAP implementation in Peru through the establishment of a country financial partnership, which seeks to enhance programmatic convergence among the various actors and bring about a more coordinated and targeted use of current and potential resources. The operational and institutional modalities of the partnership are currently being finalized with the UNCCD Secretariat, UNDP, the Government of Peru, GTZ and civil-society stakeholders. As part of this process, GM has contributed to the establishment of the National Desertification Commission (which is to be formalized through parliamentary decree). The Commission comprises various ministries of the Peruvian Government, and civil society and international agencies. In order to strengthen the national financing process, the GM contributed to the establishment of the National Desertification Fund currently financed by the Dutch Government.

29. In Argentina, the GM, in close collaboration with IFAD and the Government, has mainstreamed UNCCD priorities into IFAD's operations in the country. In 2004, IFAD approved a new lending portfolio for USD 25 million to directly support the UNCCD and rural development in the Patagonia region. In partnership with Italy, the GM has mobilized EUR 150 000 for the elaboration of a EUR 3.5 million project for the centre-west region.

30. The Border Action Plan (PAN-FRO) in the Dominican Republic with the support of the GM and FAO has been successful in mainstreaming UNCCD priorities into: (i) national policy and institutional frameworks through the establishment of an inter-institutional working group. This is made up of ministries (including Planning and Finance), international cooperation agencies such as FAO, the GM, UNDP, the Canadian International Development Agency, GTZ and organized civil society; and (ii) the transboundary projects financed by bilateral cooperation of Canada and Germany to serve as a baseline for a bi-national GEF OP 15 full-size project.

31. The GM's catalytic support to Haiti has led to the formalization of a UNDP-GTZ-FAO/GM partnership, which has been a key element in the mainstreaming of the UNCCD as second priority of the Environment Programme of the Interim Cooperation Framework. As a result, the European Commission, and Spanish and Canadian cooperation have expressed their interest in supporting the partnership.

32. The GM has promoted a high-level policy dialogue conducive to strengthening the regulatory and institutional frameworks through the joint UNEP/GM Harmonization of Public Policies initiative in Mexico. As a result, a federal law for sustainable rural development, which includes the establishment of a national system for combating desertification, has been prepared and approved. Through the Harmonization of Public Policies project, collaboration between the GM and IFAD in Mexico (within the framework of the law for sustainable rural development) has increased the financial allocations from the domestic budget which in turn have contributed to the streamlining of IFAD's support to Mexico, amounting USD 40 million.

33. In support of the Caribbean small island developing states, the GM, in close collaboration with UNEP, has facilitated the establishment of the Partnership Initiative on Sustainable Land Management involving also FAO, the Caribbean Community and Common Market (CARICOM) Secretariat and the University of the West Indies, civil society (RIOD), the GTZ and the Caribbean small island developing states. The Partnership Initiative on Sustainable Land Management has been successfully mainstreamed into the package of partnerships under the Caribbean small island developing states programme and has been endorsed by the Mauritius International Meeting (January 2005). The Partnership Initiative on Sustainable Land Management has been strengthened in specific thematic areas offered through South-South collaboration with other countries in the Latin America and the Caribbean region such as Argentina, Cuba, Dominican Republic, Mexico, the Bolivarian Republic of Venezuela.

34. In partnership with UNEP and the Tropical Agricultural Research and Higher Education Center, the GM is supporting activities related to a tri-national OP 15 project in the *Golfo de Fonseca* transboundary area shared by El Salvador, Honduras and Nicaragua. This project is expected to enter the GEF pipeline in late 2005. Also in partnership with UNEP, the GM is promoting the development of two GEF projects (i.e. a full-size project to support selected priority areas identified in the SRAP and a medium-size project related to the mining sector initiative currently being undertaken with the Economic Commission for Latin America and the Caribbean). The projects are seen as part of the financing strategy for the Puna Americana SRAP and are expected to be submitted at the end of 2005.

35. Within the framework of the ongoing processes in Hispaniola, the GM in collaboration with FAO, the GTZ and UNDP is supporting the development of a full-size GEF project for the Artibonito transboundary watershed.

36. Building on the recently finalized international framework agreement signed by the five countries involved in the Puna Americana SRAP, the GM and the Economic Commission for Latin America and the Caribbean are jointly supporting an initiative to engage the private mining sector companies that operate in the countries of the Puna Americana. The main purpose of this initiative is to foster a consultative process between the stakeholders of the Puna Americana SRAP and the mining companies with operations in the area to identify potential investment opportunities in support of the priorities of the SRAP.

37. The Global Mechanism is collaborating with several partners such as FAO, the GTZ, the Organization of American States, Ecosecurities, the Central American Bank for Economic Integration and IFAD to develop methodological approaches and corresponding tools for the systematic and sustainable identification, design, negotiation and implementation of locally owned projects related to payment for environmental services. In Nicaragua, for example, the GM has supported the development of a study on the use of Payment for Environmental Services mechanisms to support NAP implementation. In addition, an agreement between the Government of Nicaragua, Ecosecurities and the GM has been initiated to identify concrete proposals for financing through the different existing mechanisms such as the Carbon Management Funds of the World Bank.

38. Furthermore, under the umbrella of the Peru-Ecuador Bi-national Development Plan, the GM is also supporting the identification of resource mobilization opportunities through carbon trading in partnership with local organizations such as *El Fondo Nacional para el Ambiente* in Peru, the national clean development mechanism promotion office in Ecuador (CORDELIM) and Ecosecurities.

FINANCIAL CONTRIBUTIONS TO THE GLOBAL MECHANISM IN 2005
Global Mechanism second and third account
as per signed agreements/receipt of funds as at 15 October 2005
in US dollars

SECOND ACCOUNT	Donor	1998	1999	2000	2001	2002	2003	2004	2005	Subtotal
	Canada 1				31 951					
	Canada 2 ^{1/}					62 420		(17 469)		
	Canada 3 ^{2/}					22 940		(22 940)		
	Canada 4 ^{3/}					38 988		(14 536)		
	Canada 5 ^{4/}					134 852		(12 654)		
	Canada 6						70 346			
	Canada 7						13 590			
	Canada 8							181 348		
	Canada 9							107 011		595 847
	Denmark				100 000					100 000
	Finland 1				150 739					
	Finland 2					353 567	72 867			
	Finland 3								257 596	834 769
	Germany (pooled resources)	100 000								100 000
	Italy 1					150 758				
	Italy 2							192 496		
	Italy 3							212 888		
	Italy 4								202 344	
	Italy 5								180 983	939 469
	Netherlands					112 454	130 484			242 938
	NORAD ^{5/}						852 833			852 833
	Norway ^{6/} ministerial meetings				30 000					
	Norway 1			95 655	206 529	250 811				
	Norway 2						423 787			1 006 782
	Portugal (pooled resources)		50 000							50 000
	Sweden (pooled resources)	127 171								
	Sweden ^{7/} (ministerial meetings)			30 000						
	Sweden 1			497 535						
	Sweden 2					319 289				

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

ANNEX II

	Donor	1998	1999	2000	2001	2002	2003	2004	2005	Subtotal	
SECOND ACCOUNT	Sweden 3						364 601				
	Sweden 4							393 489			
	Sweden 5								390 975	2 123 060	
	Sweden Ministry of Foreign Affairs							119 588		119 588	
	Switzerland (pooled resources)	72 834	64 329	71 461	74 905						
	Switzerland 1					75 758	75 758				
	Switzerland 2							120 000		555 045	
	AFESD (ministerial meeting) ^{8/}				52 085						52 085
	IFAD TAG 447 ^{9/}								180 000		
	IFAD TAG 561				250 000						
	IFAD TAG 581					250 000			75 000		
	IFAD TAG 540 (ministerial meetings)				50 000						
	IFAD TAG 702								500 000		1 305 000
	IsDB ^{10/}		12 000		20 000						32 000
	OPEC Fund (ministerial meetings) ^{11/}				40 000						
	OPEC Fund 1 ^{11/}				350 000						
	OPEC Fund 2 ^{11/}							300 000			690 000
	United States of America (CHC) ^{12/ 13/}				79 600	103 500			(49 673)		133 427
	World Bank (ministerial meeting)				50 000						
	World Bank (IBRD 1) ^{14/}			250 000					100 000		
	World Bank (IBRD 2) ^{15/}					250 000	150 000				
	World Bank (IBRD 3)								1 250 000		
	World Bank (IBRD ILWI) ^{16/}				25 000						2 075 000
Subtotal		300 005	126 329	944 651	1 510 809	2 125 337	2 454 266	3 314 548	1 031 898	11 807 842	

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

ANNEX II

THIRD ACCOUNT	Donor	1998	1999	2000	2001	2002	2003	2004	2005	Subtotal
	Denmark				250 000					250 000
	IDRC					11 523				11 523
	IFAD TAG 447 ^{9/}		2 500 000					(180 000)		
	IFAD TAG 561				1 000 000					
	IFAD TAG 581 ^{17/}					1 000 000		(75 000)		
	IFAD TAG 702							750 000		4 995 000
	World Bank (IBRD 1) ^{14/}			1 000 000				(100 000)		
	World Bank (IBRD 2) ^{15/}					1 000 000	(150 000)			1 750 000
	Subtotal	0	2 500 000	1 000 000	1 250 000	2 011 523	(150 000)	395 000	0	7 006 523
	Total	300 005	2 626 329	1 944 651	2 760 809	4 136 860	2 304 266	3 709 548	1 031 898	18 814 365

Notes

- 1/ USD 9 730 refunded to donor and balance no longer receivable
- 2/ USD 20 231 refunded to donor and balance no longer receivable
- 3/ USD 14 536 refunded to donor
- 4/ USD 12 654 refunded to donor
- 5/ NORAD: Norwegian Agency for Development Cooperation
- 6/ Transferred from Norway 1
- 7/ Transferred from Sweden 1
- 8/ AFESD: Arab Fund for Economic and Social Development Transfer of USD 180 000 from third to second account
- 9/ technical assistant grant
- 10/ IsDB: Islamic Development Bank
- 11/ OPEC Fund: Organization of the Petroleum Exporting Countries
- 12/ CHC: Congressional Hunger Council
- 13/ USD 49 673 refunded to donor.
- 14/ Transfer of USD 100 000 from third account to second account
- 15/ Transfer of USD 150 000 from third account to second account
- 16/ Integrated Land and Water Initiative
- 17/ Transfer of USD 75 000 from third account to second account