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Enabling the rural poor
to overcome poverty

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

Executive Board — Eighty-ninth Session
Rome, 12-14 December 2006

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Contents

Abbreviations and acronyms	ii
Recommendation for approval	iii
I. Introduction	1
II. The changing international policy context	1
A. The international financial architecture and GM's response	1
B. Policy developments within the UNCCD	2
III. Progress in implementing the GM's strategy	2
A. Results-based management and the GM Business Plan for 2007–2010	2
B. Country engagement strategy	3
C. Corporate outcomes	4
D. RBM and future country-level outcomes	6
E. Current country-level outcomes	7
F. Current regional-level outcomes	9
IV. Collaboration with IFAD	11
V. Contributions to the Global Mechanism's financial resources	12

Annex

GM second and third accounts as per signed agreements/receipt of funds as at 30 September 2006	13
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Abbreviations and acronyms

COP	Conference of the Parties (to the UNCCD)
CSEA	Consolidated Strategy and Enhanced Approach (of the Global Mechanism)
DAC	Development Assistance Committee (of the OECD)
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GM	Global Mechanism (of the UNCCD)
NAP	National Action Programme
OECD	Organisation for Economic Co-operation and Development
RBM	results-based management
SLM	sustainable land management
UNCCD	United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
UNDP	United Nations Development Programme

Recommendation for approval

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

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

I. Introduction

1. Since beginning its operations in 1998, the Global Mechanism (GM) has submitted yearly reports to the Executive Board of IFAD at its December sessions. This ninth report outlines progress made in 2006 in implementing its Consolidated Strategy and Enhanced Approach (CSEA). The CSEA was endorsed by the Conference of the Parties (COP) to the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD) in October 2005 and presented to the Executive Board in December 2005. The CSEA is based on an analysis of the changing international policy environment in the development arena, which calls for increased operational effectiveness, performance and coherence.

II. The changing international policy context

2. Six years after the adoption of the Millennium Development Goals (MDGs), the challenges posed by the eight targets are still staggering.¹ Despite signs of progress, poverty still remains the most serious problem, particularly in Africa. As a consequence, a growing emphasis is being placed by the international development community on identifying coping strategies and effective modalities, aligned with countries' development priorities, to achieve the MDGs. This has led to adjustments in policies, structures and aid delivery mechanisms, including the decentralization of decision-making on resource allocation.
3. In this context, environmental sustainability is under scrutiny. Since the early 1970s, global environmental policies have been developing rapidly. Despite notable achievements – particularly in terms of global awareness, national engagement and local impact – there is increasing evidence of environmental degradation and vulnerability.² Solutions have been discussed and a number of mechanisms have already been put in place by the UNCCD to foster a more efficient and effective system that makes better use of available resources and that is designed to facilitate the achievement of agreed objectives by all parties. This system has, however, become increasingly fragmented and uncoordinated.
4. Against this backdrop, the United Nations system as a whole is currently undergoing reviews and assessments of its normative and operational activities, both external and internal, which could have an impact on the GM's operations in the future. The outcome of the High-level Panel on System-wide Coherence in the Areas of Development, Humanitarian Assistance, and the Environment and the consultations on international environmental governance will give important guidance.

A. The international financial architecture and GM's response

5. The Monterrey Consensus on Financing for Development and the Paris Declaration on Aid Effectiveness provide the foundation blocks for the new international financial architecture. The new architecture offers fresh opportunities and challenges, both of which need to be addressed. Increasingly, multilateral development institutions, including the World Bank Group, the regional development banks and bilateral donor agencies are applying to participate, or are already participating, in new modalities

¹ The Millennium Development Goals Report 2006, published by the United Nations Department of Economic and Social Affairs in June 2006.

² Global Environmental Governance, Mapping a Reform Agenda, the International Institute for Sustainable Development (IISD), 2006.

such as (i) the International Development Association, (ii) the Heavily Indebted Poor Countries Debt Initiative and other initiatives to cancel public debt by international lenders; (iii) sector-wide approaches and other programme-based approaches; and (iv) direct budget support. These new policies, modalities and instruments are intended to support national development priorities defined within overarching development frameworks, such as poverty reduction strategies.

6. Working within this changing international context, the GM has been emphasizing the poverty/environment nexus, in line with the spirit of the UNCCD. However, recommendations for improving aid effectiveness through strengthening countries' development strategies and operational frameworks, aligning aid with country priorities and eliminating duplication³ have not yet been translated into a more coherent approach to resource mobilization by UNCCD country Parties and their partners. The GM offers an innovative approach by mainstreaming UNCCD issues into development programming processes and by developing national financing strategies to increase investment in the rehabilitation of degraded natural resources, under a more comprehensive development framework. The GM is putting forward its approach as a model for other policy processes to enable them to compete successfully with stronger sectors at the country level in financial resource allocation.

B. Policy developments within the UNCCD

7. Following a COP decision in 2003, the Joint Inspection Unit (JIU) of the United Nations carried out a comprehensive review of the UNCCD Secretariat and the Convention's other subsidiary bodies. Submitted for consideration by the seventh session of the COP in October 2005, the JIU report recommended a series of actions to advance the UNCCD process. In response to these recommendations, the COP established an Intersessional Intergovernmental Working Group (IIWG) with the mandate to develop a ten-year strategic plan and framework to enhance the implementation of the UNCCD by, inter alia, addressing the recommendations of the JIU report. The general call for a strengthening of the international policy debate in the context of the UNCCD and for closer cooperation with other multilateral environmental agreements will be discussed by the IIWG. Furthermore, the COP established an ad hoc working group to improve the procedures for information exchange. Both working groups have been requested by the COP to submit their conclusions to the eighth session of the COP, scheduled to take place in autumn 2007. The GM will make full use of its partnerships – particularly with Facilitation Committee members – to influence, provide guidance and support these two important policymaking processes.

III. Progress in implementing the GM's strategy

8. In this evolving international policy environment, the GM, in line with the Paris Declaration, has sought to improve the effectiveness of UNCCD implementation through the adoption of the CSEA for resource mobilization. The strategy calls for changes in the GM's programmatic approach in order to provide UNCCD country Parties with adequate knowledge and strategic instruments to compete for resources allocated at the national level. This includes advising countries on innovative opportunities and on resources from sectors or thematic areas that have not traditionally been part of the UNCCD. It also requires that a performance-based allocation and monitoring system be developed to reward country commitment and results.

A. Results-based management and the GM Business Plan for 2007–2010

9. Following a generic request from its funding partners and a specific call from the Executive Board at its eighty-sixth session, the GM has begun developing a

³ Paris Declaration on Aid Effectiveness endorsed on 2 March 2005.

performance-oriented framework for business planning and implementation monitoring. This process resulted in the decision to elaborate a results-based management (RBM) methodology and monitoring system with the support of the United Nations Capital Development Fund (UNCDF)

10. Part of the RBM methodology will be the GM Business Plan for 2007–2010 and detailed workplan and budget frameworks to describe corporate objectives, distinguishing between:
 - *outputs* (i.e. GM deliverables in 1-2 years);
 - *business objectives* (i.e. objectives to be reached by the GM within 3-4 years);
 - *long-term objectives* (i.e. changes in the policies and behaviour of partners generated through GM interventions to be achieved over 5-6 years); and
 - *development outcomes* (i.e. intended impact on final beneficiaries to be achieved in a time frame of up to ten years).
11. The preliminary RBM framework recommends, as a short-term or “business” objective, that the GM develop strategic partnerships, stimulate policy dialogue at the international and national levels and position itself as a key facilitator in sustainable land management (SLM) financing. In the longer term, it is expected that national governments will take the lead in coordinating policy initiatives and public-private partnerships to achieve a substantial increase in SLM investment. Development outcomes refer to the achievement, through SLM, of increased economic and social benefits for vulnerable populations.
12. This preliminary framework reflects the objectives, priorities and activities of the GM Business Plan for 2007-2010, and hence includes indicators for measuring results both at the programmatic and at the corporate level. Within this framework, each GM unit is expected to achieve a set of major outputs towards the realization of the corporate business objective. In 2006, outputs mainly related to the operationalization of the CSEA through the conceptualization of the GM country engagement strategy and the development of advisory services to strengthen UNCCD implementation at the country level.
13. Since the establishment of a RBM system constitutes a major change in GM planning and operations, it is anticipated that the GM will dedicate about twelve months to internal capacity-building, learning and adaptation. Therefore throughout 2007, the GM will engage in consolidating and refining the RBM system. It is however expected that the next GM report to be submitted to the Eighth Conference of the Parties (COP 8), in June 2007 will be prepared within the RBM framework.

B. Country engagement strategy

14. In the context of the implementation of the CSEA, GM is developing a country engagement strategy that outlines the framework and provides guidance on how to conduct engagement processes at the country level. This strategy is based on the GM Business Plan for 2007-2010 and on the RBM framework.
15. The objectives of the strategy are:
 - to promote a common understanding of the principles of country engagement such as focus on country ownership, value addition, commitment and inclusiveness, subsidiarity and complementarity, transparency and accountability;
 - to establish the modalities for in-country collaboration on SLM and other UNCCD-related issues through effective communication, consultation and cooperation; and

- to enhance coordination among partners at the country level in order to avoid duplication and high transaction costs.
16. Building on this work, the GM is refining its own approach to country programme development, which will be used by GM desk officers to guide the formulation of more comprehensive, advanced and strategic programmes for operating in partner countries. This approach outlines basic steps to be followed during programme inception phase, drawing on GM corporate strategies, past experience and in-house consultation.
 17. This phase will culminate with a country programme document outlining the rationale for engagement, a situation/gap analysis, the programme objectives and components, and a monitoring and evaluation system. Targeted in-country communications activities will be developed to support and substantiate the GM's operations at the country level.

C. Corporate outcomes

18. The GM's strategic programmes and its communications and outreach activities form the backbone of the GM's operations.

Strategic programmes

19. The strategic programmes were established to substantiate and add value to the GM's country engagement, enabling it to focus its approach and increase its impact by acquiring specialized, applicable knowledge of public finance and private investment in specific strategic sectors. These sectors were carefully chosen for their potential to attract resources, including increased investment in SLM by communities and households.
20. Through its strategic programmes, the GM supports the creation of favourable frame conditions for investment from all sources. As the GM moves forward, more strategic programmes are anticipated in order to increase the comprehensiveness of the GM's approach to UNCCD implementation at the country level.
21. These programmes are intended to enhance country-level impact of GM's operations by engaging with actors and sectors that have not traditionally been involved in UNCCD implementation, but which have significant potential for increasing investment flows for combating desertification and promoting SLM.
22. By developing networks and partnerships – for instance with key institutions and authorities in the various strategic fields – the strategic programmes aim to develop an up-to-date knowledge base both within and outside the GM.

Policy analysis programme

23. In line with the business objectives spelled out in the RBM framework, the GM is called on to stimulate policy dialogue, develop strategic partnerships and build the case for UNCCD implementation. To this end, it is essential to develop a better understanding of the barriers, opportunities, risks and incentives influencing decisions to invest in SLM. The GM is therefore establishing a policy analysis programme, to help promote policy coherence and increase investment effectiveness by highlighting key dimensions of the poverty environment nexus. In 2006, the GM worked on collaboration with the Organisation for Economic Co-operation and Development (OECD) and its Development Assistance Committee (DAC), particularly within the framework of the DAC Network on Environment and Development Co-operation and the DAC Working Party on Statistics. The GM also became a member of the Global Donor Platform.
24. In order to facilitate the alignment of GM programmatic activities with emerging policies and priorities in the donor community, a donor cooperation strategy is being developed. The purpose of the strategy is to collaborate with the donor community on the implementation of new aid modalities and to make information and knowledge available to country Parties. The second objective is to identify new

avenues for raising finance for the GM's operations through improved advisory services and to broaden the network of partners. The third objective is to achieve support for the strategic programmes of the GM, so as to link its activities with poverty reduction, trade and market access, good governance, gender, etc. It is expected that the strategy will be used to inform and guide country programme formulation at the inception phase.

25. Moreover, the Financial Information Engine on Land Degradation (FIELD)⁴ – which contains authoritative information on desertification-related funding sources, financial trends, projects, donor profiles, and development cooperation policies and strategies – has been enhanced as a reference database on SLM financing in order to support the policy analysis programme more effectively.

Trade and market access programme

26. In 2006, the GM strengthened linkages with stakeholders who previously had only been marginally involved in UNCCD-related processes. In particular, the GM is designing a strategy to involve communities in SLM by creating an enabling environment at the local level, through the Community Exchange and Training Programme and by informing policymaking processes at the national, regional and international levels on the linkages between trade, livelihoods and SLM. This strategy has been piloted in partnership with major trade-related organizations, including the Small Grants Programme of the United Nations Development Programme (UNDP), the Network for Natural Gums and Resins in Africa, the BIOTRADE Programme of the United Nations Conference on Trade and Development (UNCTAD), the Export-led Poverty Reduction Programme of the International Trade Centre, and the International Centre for Trade and Sustainable Development.

Ecosystem services programme

27. In 2006, the GM commissioned studies and supported initiatives to determine how the UNCCD could benefit from the development of compensation for ecosystem services mechanisms and approaches to resource mobilization based on the climate change agenda, including climate change adaptation. In the GM's view, such initiatives could improve rural livelihoods and at the same time advance environmental priorities. For this reason, environmental services should not be pursued in an isolated fashion but rather incorporated into broader sustainable development frameworks. This exploratory work, which has primarily focused on Latin America and the Caribbean, is expected to lead to the development of public-private partnerships.

Economics and financing strategies programme

28. As part of its comprehensive resource mobilization approach, the GM has elaborated the concept of the national financing strategy (NFS) as an instrument to support governments in mobilizing financial resources for UNCCD implementation at the country level. This instrument is expected to generate knowledge on effective approaches to financing and lead to the development of strategic partnerships at the regional and international levels, enabling the GM to create a stable, predictable and enabling environment for increased investment in SLM. To this end, the GM is collaborating with the Investment Centre of the Food and Agriculture Organization of the United Nations (FAO), the Overseas Development Institute and Oxford Policy Management to develop a training course on public financial management in agriculture and rural development. As part of NFS development, an analysis of the implications of sector-wide approaches for SLM/UNCCD financing is being undertaken, which is expected to generate an improved understanding of the implications of changing donor policies and modalities for effective UNCCD financing, thus contributing to refining the overall NFS concept.

⁴ <http://field.global-mechanism.org/>

Civil society programme

29. Recognizing the wealth of resources that civil society organizations can contribute to mainstreaming of the UNCCD and the development of the national financing strategy at various levels, the GM has developed a conceptual framework for a civil society programme that focuses on capacity-building, knowledge transfer on innovative approaches for resource mobilization, and collaboration in mainstreaming, awareness-raising and advocacy at the national and international level. Accordingly, the GM has explored programmatic linkages with the World Conservation Union, the Global Partnership on Forest Landscape Restoration, and the Poverty Environment Partnership. The GM has also supported the Desertification and Civil Society Forum, an international meeting of civil society organizations organized by the European Network Initiative on Desertification, during which UNCCD-affiliated organizations agreed to coordinate and enhance research and policy activities. The GM is also revisiting how the Community Exchange and Training Programme is implemented and how it contributes to the GM's overall business objective.

Gender programme

30. To specifically address and support an important segment of the population in developing countries, the GM is developing – in partnership with IFAD and UNDP's Small Grants Programme – a gender initiative that focuses on helping women take an active part in UNCCD implementation.

International training programme

31. The GM has also started to develop an international training programme to support national partners in strengthening their capacities and skills in financial resource mobilization for SLM and UNCCD implementation. The programme will be piloted in 2007 and fine-tuned in light of initial results and stakeholder feedback, for implementation in collaboration with partner institutions and universities.

Communications and outreach

32. To reflect the importance placed on communications and outreach and to maximize the visibility and impact of GM operations with limited resources, the GM established a communications and web group in 2006, with the mission to utilize the most effective channels to raise awareness, share information, stimulate dialogue, generate knowledge and empower its constituencies through the provision of specialized information services.
33. In this context, and as part of the GM's five-year communications strategy, a number of tools and channels have been developed. These include a new corporate website,⁵ web-based communication tools such as e-mail marketing instruments and list serves, policy analysis, production of publications and training materials, and work undertaken towards results-based reporting.
34. In the context of the International Year of Deserts and Desertification, the GM has, inter alia, cofinanced the production of a television series of eight case studies documenting the struggle against land degradation at the village level. The series was developed in collaboration with the Institute of Development Studies and aired on BBC World.

D. RBM and future country-level outcomes

35. The initiation of GM's work under the CSEA, the results-based management framework and the new country engagement strategy within the Business Plan for 2007-2010, are informing the finalization of the strategic programmes. Strategic programme activities at the country level will commence in January 2007.
36. In line with the CSEA and in response to governments' requests, the GM's assistance at the national level is evolving towards the development of country programmes to

⁵ <http://www.global-mechanism.org/>

be implemented in selected partner countries over a time frame of three to four years. In Burundi, Cameroon and Mali for instance, the GM's interventions have focused on the elaboration of road maps to facilitate the development of fully fledged country programmes.

E. Current country-level outcomes

37. In 2006, the GM focused on the following countries:
- Burkina Faso, Burundi, Cameroon, Ghana and Mali in Western and Central Africa;
 - Ethiopia, Mozambique and Uganda in Eastern and Southern Africa;
 - Algeria, Morocco and Tunisia in North Africa;
 - Jordan, Lebanon and the countries involved in the Central Asian Countries Initiative for Land Management (CACILM) in Asia; and
 - Argentina, Brazil, Honduras and Peru in Latin America.
38. During this reporting period, the GM has been adjusting its country and regional operations to the emerging approach under the CSEA in an iterative process. Progress has been made in terms of three objectives of the current business plan namely, making available catalytic finance to countries through the GM; broadening the funding base for UNCCD implementation; and establishing an information system through knowledge management and a communications strategy. In 2006, the GM's work at the country level has been continuously informed by the new corporate-level strategic initiatives and the outcomes show this transition. Illustrations are provided herewith:

Ecosystems services

39. In partnership with EcoSecurities,⁶ the GM has continued to support the Government of Nicaragua in the identification, design and implementation of projects related to payment for ecosystems services, mainly through carbon-trading mechanisms. This process led to the mobilization of resources through a project by the Tropical Agricultural Research and Higher Education Center and FAO's Livestock, Environment and Development initiative for the scaling up of a carbon-sequestration initiative in UNCCD priority areas. Other initiatives related to carbon-trading have been developed with local organizations in Peru and Ecuador.

Financing instruments

40. In Uganda, the GM has conducted a field study of the national budgeting process and financing instruments with the purpose of strengthening the country's mainstreaming efforts by promoting more strategic use of major financing instruments to mobilize financial resource for UNCCD implementation.
41. In Jordan and Lebanon, the GM is spearheading the development of national financing strategies for UNCCD implementation. The process involves analysing the priorities of the UNCCD's National Action Programmes (NAPs), national planning and budgetary processes, and bilateral and multilateral programming priorities, in a collaborative exercise with relevant national and international stakeholders.
42. In the Latin America and the Caribbean region, the GM is supporting the Government of Argentina in the development of a national financing partnership with the main objective of better positioning UNCCD implementation among country priorities. In Peru, a similar process has resulted in the establishment of the National Desertification Commission which consists of various ministries, international organizations and civil society stakeholders. In Brazil and Honduras, the GM is currently engaged in consultations with major national and international partners to

⁶ EcoSecurities is a private sector company in the business of sourcing, developing and trading carbon credits worldwide. <http://www.ecosecurities.com/>

finalize long-term country engagement programmes, relating to south-to-south cooperation, microfinance schemes and the identification of opportunities through ecosystems services.

Mainstreaming

43. Ever since UNCCD objectives were mainstreamed into the Poverty Eradication Action Plan in Uganda, the GM has been working with IFAD in the formulation of the District Livelihoods Support Programme (DLSP). The GM has also fully financed the preparation of a concept note and project proposal for a Global Environment Facility (GEF) grant of US\$350,000 as part of the DLSP. The GEF component is expected to bring approximately US\$6 million to the programme.
44. In Ghana, mainstreaming the NAP into the poverty reduction strategy process is leading to increased awareness of land degradation issues on the part of Ghana's key development partners. Essentially, the donor group on Environment and Natural Resource Management has taken up issues of land degradation and desertification and is working towards effective coordination and mobilization of resources in support of NAP implementation. Furthermore, the country has also been selected as a pilot TerrAfrica⁷ country.
45. Mainstreaming NAPs into national development and planning frameworks has continued to underpin the GM's work in Angola, Eritrea, Kenya and the United Republic of Tanzania.

Market access and trade

46. In Tunisia, the GM is undertaking an opportunity study in conjunction with the International Trade Centre's Export-led Poverty Reduction Programme, to develop domestic and export markets for products from dryland and degraded areas. Similarly, in Lebanon, the GM is supporting the elaboration of a proposal to develop the vine and wine industry. These experiences will serve as pilots to build knowledge on how to integrate trade strategies for key dryland products into UNCCD implementation processes at the national level.
47. In Uganda, the GM and UNCTAD have begun collaboration on mainstreaming SLM into the BIOTRADE approach in order to promote the trade and market development of natural products.

Partnerships to mobilize financial resources

48. The GM's interventions in Burkina Faso in 2006 largely took the form of technical advice to the Government with regard to the formulation of the Partnership Programme for Sustainable Land Management, which UNDP, as lead agency, submitted to the GEF, resulting in the approval of US\$10 million in funding in August 2006.
49. In Burkina Faso and elsewhere, the GM has worked towards consolidating and scaling up existing sectoral investment programmes, in partnership with the GEF and TerrAfrica.
50. In Eritrea, the GM has contributed to the IFAD-supported Post-crisis Rural Recovery and Development Programme and continues to explore innovative approaches to resource mobilization.

Private sector

51. In South Africa, the GM is in the process of signing a memorandum of understanding with the Government and the Development Bank of South Africa to enhance and consolidate the gains of the public-private partnership. The partnership was launched in November 2004 and an agreement was concluded to provide 500 million South African rand in support of renewable energy initiatives under the NAP.

⁷ TerrAfrica is a strategic partnership addressing the problem of desertification and other forms of land degradation. <http://www.terrafrica.com/>

Small-scale operations

52. In other countries, the GM has engaged in small-scale operations of strategic relevance.
53. In Chad, Madagascar, the Niger and Togo, for instance, the GM has pursued the implementation of existing agreements signed with partner organizations, such as the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) and UNDP. Activities have ranged from the organization of donor consultations, to the setting up of national environment and desertification funds, the involvement of local NGOs and the mainstreaming of NAPs into poverty reduction strategies.
54. In the Dominican Republic, the GM is contributing to the elaboration and finalization of a NAP that is well integrated into national structures and policies related to the MDGs.

F. Current regional-level outcomes

55. All regional-level outcomes in 2006 have been strongly influenced by the new approach of the GM under the CSEA, or are being developed in accordance with the CSEA during the reporting period. Subregional outcomes also reflect the spirit of the renewed GM and its cooperation with partners.

CACILM

56. Five years of GM engagement in Central Asia has contributed to the building of a Strategic Partnership Agreement, which brings together donors and central Asian countries⁸ for UNCCD implementation. This partnership has culminated in the development of the CACILM: a GEF ten-year, multi-country, multi-donor programme for mainstreaming SLM into national planning and budgetary processes. For the launching phase of the initiative, the first GEF grant allocation of US\$20 million was approved in August 2006, which adds to bilateral and multilateral cofinancing of US\$135.5 million. It is estimated that a total amount of US\$1.4 billion will be invested by CACILM partners over ten years. Informed by the Central Asian experience, new initiatives are being launched in the Middle East and in South-East Asia to promote SLM practices and enhance the capacities of key national stakeholders to develop financing strategies on synergistic implementation of multilateral environmental agreements.

Caribbean Small Island Developing States

57. In collaboration with the United Nations Environment Programme (UNEP), the GM has supported the Caribbean Small Island Developing States through the Partnership Initiative on Sustainable Land Management, which is a platform to foster complementarities among various multilateral environmental agreements, such as the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention on Biological Diversity (UNCBD), in addition to other initiatives in the region.

Horn of Africa

58. In the Horn of Africa, a GM initiative has been launched to move the UNCCD and SLM up on the development agenda and to devise a regional strategy to address land degradation and desertification. The Horn of Africa initiative – developed in close cooperation with the Intergovernmental Authority on Development – will analyse the interrelated issues of food security, land degradation and drought with the objective of capitalizing on existing, new and emerging opportunities for UNCCD implementation in the region.

SolArid

59. The GM has developed a south-to-south cooperation programme for the Sahel and the Sahara region called SolArid, which aims to contribute to more efficient resource

⁸ Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

mobilization for UNCCD implementation in the most affected Saharan countries. SolArid will establish a permanent network for the exchange of resource mobilization experiences, support the development of financial partnership strategies and promote the specific interests of Sahelian countries in the fight against desertification. The GM sees south-to-south cooperation as an opportunity for achieving its mandate.

TerrAfrica

60. In sub-Saharan Africa, the GM is collaborating in the implementation of the TerrAfrica operational strategy and business plan, particularly with regard to mainstreaming and knowledge management, through the Financial Information Engine on Land Degradation (FIELD) system. The GM sees TerrAfrica as a potentially powerful political and strategic tool for rallying support, and hence mobilizing substantial financial and other resources for UNCCD implementation. TerrAfrica thus complements the GM's other resource mobilization efforts in the region.

DIFS initiative and WANA programme

61. For the Arab region, the GM has launched a training programme on Designing Integrated Financing Strategies (DIFS) under the Regional Programme for Sustainable Development of the Drylands of West Asia and North Africa (WANA). The training programme aims to facilitate the engagement of senior decision-makers in a peer-to-peer exchange of ideas on developing integrated financing strategies. The first training phase has been conducted for countries in North Africa. This will be followed by activities for West Asia in early 2007.

Other strategic initiatives

62. Other strategic initiatives at the subregional and regional level have been established in a highly focused manner to enable the GM to achieve its mid-term objectives.
63. In Western and Central Africa, the GM is providing additional support to affected countries through the Economic Community of West African States and CILSS. Subregional facility funds (SFFs) have been set up and hosted respectively by CILSS in Western Africa and by the Conference of the Ministries for the Forests of Central Africa (COMIFAC).
64. In Latin America and the Caribbean, the GM is promoting deeper engagement by regional organizations such as the Inter-American Development Bank (IDB) and the Organization of American States in the joint definition of strategies and approaches to promote the UNCCD agenda within regional development policy frameworks.
65. In Central America, the GM and the Tropical Agricultural Research and Higher Education Center have signed a technical cooperation agreement to support the UNCCD implementation process by improving the quality of information on the status of natural resources in the region and by strengthening institutional, governmental and private capacities to combat desertification and drought.
66. On the island of Hispaniola, the GM has continued to support the consolidation of the Dominican Republic and Haiti inter-institutional coordinating bodies, in collaboration with FAO, the German Agency for Technical Coordination (GTZ), UNDP, the Canadian International Development Agency (CIDA), and the Spanish International Cooperation Agency. This has resulted in the approval of and entry into the pipeline of a full-size project under the GEF Operational Programme on Sustainable Land Management (OP-15) for the Artibonito transboundary watershed. Similarly, GM-supported activities contributed to the successful entry into the GEF pipeline of an OP-15 project in the Gulf of Fonseca transboundary area between El Salvador, Honduras and Nicaragua.
67. In the Andean highlands (Puna Americana) subregion, the GM and the Economic Commission for Latin America and the Caribbean have supported an initiative to engage with private-sector mining companies. The outcome was a workshop

attended by representatives of the mining sector, government officials and civil society organizations from the five countries of the subregion.

68. In support of the Southern Cone Common Market (MERCOSUR) community and at the request of the COP, the GM is providing technical and financial support to developing a strategy for mainstreaming SLM issues into MERCOSUR's programmes and policies.
69. In the Andean subregion, the GM is working with Conservation International to promote biodiversity conservation, SLM and the restoration of critical ecosystems.

IV. Collaboration with IFAD

70. The GM is as a legal subsidiary body of the UNCCD, with a mandate to mobilize resources for UNCCD implementation. It is hosted by IFAD through a memorandum of understanding between the COP and IFAD. This arrangement has been beneficial for both parties. A distinction needs to be made between the administrative services provided by IFAD to the GM in terms of financial management, auditing and human resource management and the substantive collaboration and synergies that have been achieved, as outlined below.
71. IFAD and the GM have worked together on many occasions, particularly in mainstreaming NAPs into IFAD's country and regional strategy opportunities papers and in linking new projects to UNCCD objectives with the aim of increasing resource flows for UNCCD implementation. IFAD is also a strategic partner of the GM in the broader context of the GM Facilitation Committee.⁹
72. In 2006, GM collaboration with IFAD specifically focused on communication initiatives for the International Year for Deserts and Desertification, with the objective of increasing public awareness, strengthening institutional visibility, and facilitating the mainstreaming of SLM/UNCCD into the international policy agenda. A communication plan was developed by an interdepartmental task force and was implemented during the year.
73. Within this framework, the GM cofinanced and collaborated with IFAD, UNEP, the International Institute for Environment and Development, the Swiss Agency for Development and Cooperation, and others in the production of a series of eight documentaries entitled "Villages on the Front Line". The documentaries illustrate promising strategies for coping with the causes of land degradation in various parts of the world. The series – to be aired on BBC World in November and December 2006 – was launched with the televised debate "Advancing Sands: Deserts and Migration" shown on BBC World on 14 and 15 October 2006. The debate featured the President of IFAD (in a recorded intervention) and the Managing Director of the GM as one of six expert panellists.
74. Another major area of collaboration has been the portfolio review of IFAD loans and grants relevant to UNCCD objectives, which was jointly undertaken by the GM and IFAD's Technical Advisory Division in 2005 and 2006. The review has revealed an increasing trend in IFAD resources allocated to SLM/UNCCD activities between 1999 and 2005. The review has also generated "learning notes" to facilitate further mainstreaming of UNCCD objectives into the operational programmes and project development cycles of IFAD and other interested partners. The analytical methodology used to identify and categorize relevant projects, based on a combination of OECD/DAC Rio Markers¹⁰ and GM relevant activity codes, has been

⁹ The Facilitation Committee comprises the Consultative Group on International Agricultural Research, the African Development Bank, the Asian Development Bank, FAO, GEF, IDB, IFAD, the UNCCD Secretariat, UNDP, UNEP and the World Bank.

¹⁰ The Rio Markers are indicators that allow for the identification of official development assistance activities targeting the objectives of the three Rio Conventions (UNCBD, UNFCCC and UNCCD). The Rio Markers, like other OECD policy markers, are used to give information on the degree to which DAC member countries implement the agreed policies in their aid programmes. <http://www.oecd.org/>

shared with other international financial institutions that have expressed their interest in undertaking similar reviews.

75. In response to the GM's request for funding (EB 2006/88/R.25), the Executive Board approved at its September 2006 session, a technical assistance grant under the global/regional grants window to support the second phase of Resource Mobilization for and Implementation of Action Programmes and Related Initiatives. This grant of US\$1.25 million represents a portion of the voluntary contribution pledged by IFAD at the GM's inception. To date, IFAD has contributed US\$7.5 million to the GM, and is its largest financial contributor. IFAD's assistance has enabled the GM to provide support in 29 countries and 12 subregions, and also to contribute to other UNCCD-related initiatives.

V. Contributions to the Global Mechanism's financial resources

76. The core GM budget in 2006 amounted to approximately US\$1.9 million (excluding management fees) based on assessed contributions approved by COP 6. Proceeds of the core budget are deposited into the GM's first account to finance administrative and operating expenditures associated with 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 the GM provides funding in the context of its strategic approach and in collaboration with members of the Facilitation Committee.
77. The annex shows cumulative contributions by donor to the second and third accounts until 30 September 2006 amounting to approximately US\$20.6 million. Total contributions received and receivable from 1998 to September 2006 (as per signed agreements) amount to about US\$14.4 million for the second account and US\$6.3 million for the third account. IFAD has contributed 31 per cent of the total amount of the two accounts (14 per cent of the second account and 68 per cent of the third account).
78. As at 30 September 2006, approximately 24.5 per cent of the funds in the second account had been spent or committed for the administrative expenses of the GM office including staff costs, while the remaining 75.5 per cent are supporting action programme development and implementation.
79. The GM's total commitments for its three accounts as at 30 September 2006 amount to US\$4,916,175 while the GM's total disbursements for its three accounts as at 30 September 2006 amounted to US\$1,874,770.

GM second and third accounts as per signed agreements/receipt of funds as at 30 September 2006*United States dollars*

	1998	1999	2000	2001	2002	2003	2004	2005	2006	Subtotal	Notes
Canada 1				31 951							
Canada 2					62 420		(17 469)				1/
Canada 3					22 940		(22 940)				2/
Canada 4					38 988		(14 536)				3/
Canada 5					134 852		(12 654)				4/
Canada 6						70 346					
Canada 7						13 590					
Canada 8							182 183				20/
Canada 9							107 011			596 682	
Denmark				100 000				0		100 000	
Finland 1				150 739							
Finland 2					353 567	72 866					
Finland 3								257 596			
Finland 4									128 720	963 488	
Germany (Pooled resources)	100 000									100 000	
Italy 1					150 758						
Italy 2							192 496				
Italy 3							212 888				
Italy 4								202 343			
Italy 5								180 983		939 468	
Netherlands					112 454	130 484				242 938	
NORAD						853 301				853 301	5/
Norway (Ministerial meetings)				30 000							6/
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 (Ministerial meetings)				30 000							7/
Sweden 1			497 535								
Sweden 2					319 289						
Sweden 3						364 601					
Sweden 4							393 489				

	1998	1999	2000	2001	2002	2003	2004	2005	2006	Subtotal	Notes
Sweden 5								390 975		2 123 060	
Sweden											
MFA							119 587			119 587	
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)				52 086						52 086	8/
IFAD TAG 447							180 000				9/
IFAD TAG 561			250 000								
IFAD TAG 581					250 000		75 000				
IFAD TAG 540 (Ministerial meetings)				50 000							
IFAD TAG 702							500 000		750 000	2 055 000	18/
IsDB		12 000		20 000						32 000	10/
OPEC Fund (Ministerial meetings)				40 000							11/
OPEC Fund 1				350 000							11/
OPEC Fund 2						300 000				690 000	11/
United States (CHC)				79 600	103 500		(49 673)			133 427	12/ 13/
World Bank (Ministerial meeting)				50 000							
World Bank (IBRD 1)			250 000				100 000				14/
World Bank (IBRD 2)					250 000	150 000					15/
World Bank (IBRD 3)							1 250 000				
World Bank (IBRD 4)								330 000			
World Bank (IBRD ILWI)				25 000						2 405 000	16/
European Commission								1 362 416		1 362 416	19/
Subtotal	300 005	126 329	944 651	1 510 810	2 125 337	2 454 733	3 315 382	1 031 897	2 571 136	14 380 280	

	1998	1999	2000	2001	2002	2003	2004	2005	2006	Subtotal	Notes
Denmark				250 000						250 000	
IDRC					11 523					11 523	
IFAD TAG 447		2 500 000					(180 000)				9/
IFAD TAG 561			1 000 000								
IFAD TAG 581				1 000 000			(75 000)				17/
IFAD TAG 702							750 000	(750 000)		4 245 000	18/
World Bank (IBRD 1)			1 000 000				(100 000)				14/
World Bank (IBRD 2)				1 000 000	(150 000)					1 750 000	15/
Subtotal	0	2 500 000	1 000 000	1 250 000	2 011 523	-150 000	395 000	0	-750 000	6 256 523	
Total	300 005	2 626 329	1 944 651	2 760 810	4 136 860	2 304 733	3 710 382	1 031 897	1 821 136	20 636 803	

Notes

1. US\$ 9,730 refunded to donor and balance no longer receivable.
2. US\$20,231 refunded to donor and balance no longer receivable.
3. US\$14,536 refunded to donor.
4. US\$12,654 refunded to donor.
5. NORAD: Norwegian Agency for Development Cooperation, total contribution NOK 5,625,000 of which NOK 3,824,507 receivable (equivalent to US\$853 301 of which US\$540,708 receivable).
6. Transferred from Norway 1.
7. Transferred from Sweden 1.
8. AFESD: Arab Fund for Economic and Social Development.
9. Transfer of US\$180,000 from 3rd Account to 2nd Account.
10. IsDB: Islamic Development Bank.
11. OPEC: Organization of the Petroleum Exporting Countries, Total contribution US\$650,000 of which US\$250,000 receivable.
12. CHC: Congressional Hunger Council.
13. US\$49,673 refunded to donor.
14. Transfer of US\$100,000 from 3rd Account to 2nd Account.
15. Transfer of US\$150,000 from 3rd Account to 2nd Account.
16. Integrated Land and Water Initiative (ILWI).
17. Transfer of US\$75,000 from 3rd Account to 2nd Account.
18. Transfer of US\$750,000 from 3rd Account to 2nd Account.
19. European Commission, original amount EUR 1,072,570 of which EUR 792,570 receivable (equivalent to US\$1,362,416 of which US\$1,003,988 receivable).
20. Canada 8 contribution is CAD 241,500 of which CAD 24,080 receivable (equivalent to US\$182,183 of which 21,584 receivable).