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Enabling the rural poor
to overcome poverty

Procedures governing the Global Mechanism's Special Resources for the CCD Finance (SRCF) Account

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.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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Recommendation for approval

The Executive Board is invited to approve the resolution on the use of funds in the Special Resources for the CCD Finance (SRCF) Account, as contained in paragraph 3.

Procedures governing the Global Mechanism's Special Resources for the CCD Finance (SRCF) Account

1. In accordance with the memorandum of understanding dated 26 November 1999 between IFAD and the Conference of the Parties (COP) of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (UNCCD), IFAD undertook to create three accounts to hold and manage the resources of the Global Mechanism. Amounts made available from bilateral and multilateral sources for use by the Global Mechanism for its functioning and activities have been held in the Special Resources for the CCD Finance (SRCF) Account, also referred to as the third account. In accordance with attachment II to President's Bulletin No. 99/10 dated 4 October 1999 ("Accounts of the Global Mechanism"), these amounts have been used only for grants from the Global Mechanism to recipients. IFAD has provided several grants to the Global Mechanism and in each case has directed that part of such grants be allocated to the third account.
2. In October 2005, the Global Mechanism submitted a report to the COP outlining a proposed new consolidated strategy and enhanced approach, the implementation of which was endorsed by the COP (Decision 5/COP.7). IFAD has been informed by the Global Mechanism that it was the intention of the COP that the funds held in the third account no longer be used only for grants, and that the Global Mechanism should be able to disburse them directly to carry out strategic work and cofinancing arrangements with contributions of bilateral and multilateral donor agencies, subject to the agreement of donors who have made contributions to the third account.
3. Based upon the foregoing, the Executive Board is invited to approve the following resolution:

RESOLVED: that the Global Mechanism is hereby authorized to use the remaining proceeds of grants received from IFAD (per resolutions contained in EB 99/66/R.28, EB 2001/74/R.25, EB 2002/75/R.28, EB 2004/81/R.23 and EB 2006/88/R.25) and held in the third account for direct disbursement for operations and cofinancing arrangements for country operations as well as for grants, in accordance with its new consolidated strategy and enhanced approach. In addition, in order to facilitate the use of amounts in the third account for such purposes, the Fund will promulgate new procedures governing such direct disbursements, specifying the applicable process of proposal review, requisite legal documentation and procedures governing supervision and audit.

Lennart Båge
President