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Enabling poor rural people
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 — Ninety-fifth Session
Rome, 15-17 December 2008

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Abbreviations and acronyms

AfDB	African Development Bank
CEM	country engagement modality
CENSAD	Community of Sahel-Saharan States
CILSS	Permanent Inter-State Committee for Drought Control in the Sahel
COP	Conference of the Parties (to the UNCCD)
COSOP	country strategic opportunities programme
FAO	Food and Agriculture Organization of the United Nations
FC	Financial Services Division (IFAD)
FH	Human Resources Division (IFAD)
GDPRD	Global Donor Platform for Rural Development
GECC	global environment and climate change
GEF	Global Environment Facility
HLF3	Accra Third High Level Forum on Aid Effectiveness
IFI	international financial institution
IFS	integrated financing strategy
NEPAD	New Partnership for Africa's Development
OL	Office of the General Counsel (IFAD)
PMD	Programme Management Department (IFAD)
REDD	reduced emissions from deforestation and forest degradation
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
UNEP	United Nations Environment Programme

Recommendation for approval

The Executive Board is invited to approve the submission of this report to the thirty-second 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. Background

A. Hosting of the Global Mechanism at IFAD

1. Since beginning its operations in 1998, the Global Mechanism of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD) has submitted progress reports to the Executive Board of IFAD at its December sessions and subsequently to the Governing Council of IFAD at its annual sessions.
2. The Global Mechanism was established by the First Conference of the Parties (COP 1) held in Rome, in September 1997. The Global Mechanism is therefore a subsidiary body of the Convention, mandated to "increase the effectiveness and efficiency of existing financial mechanisms...[and]...to promote actions leading to the mobilization and channelling of substantial financial resources to affected developing country Parties" (article 21 of the UNCCD). As a subsidiary body of the Convention, the Global Mechanism has a clear legal identity.
3. The Global Mechanism works with IFAD as an organic part of the organization (memorandum of understanding between IFAD and COP of the UNCCD, 1999) and operates under the rules and regulations of IFAD supported by its administrative structure. Eight per cent of the Global Mechanism's core budget is allocated to meeting the costs incurred by IFAD in providing administrative services (see section V). The Global Mechanism reports to each session of the COP, on behalf of the President of IFAD, as agreed upon in the aforementioned memorandum of understanding. Its management works under the managerial oversight of the Vice-President of IFAD.

B. Coverage of the report

4. This report focuses mainly on the collaboration between IFAD and the Global Mechanism. It therefore does not constitute a full presentation of the Global Mechanism's programme of work. The annual report of the Global Mechanism for 2008 will be finalized in April 2009 following completion of the external audit. It will also report to the COP at its Ninth Session in November 2009 for the biennium 2008-2009.

C. Global Mechanism approach to country support: convergences with IFAD's Strategic Framework, 2007-2010 and Operating Model

5. The Global Mechanism is an innovative entity working directly with institutions and processes deriving from the Monterrey Consensus and the Paris Declaration on Aid Effectiveness. It supports country Parties to the UNCCD in mobilizing substantial financial resources to address the nexus between land and natural resource degradation, rural development and poverty reduction. The Global Mechanism focuses its operations on capacity-building and technical support in the context of the new financial architecture, including relevant finance deriving from the emerging climate change regime. Given that most countries are Parties to the Convention, the term "desertification" is defined in a broader sense of natural resource degradation and in this way determines the Global Mechanism's programme of work.
6. The approach taken by the Global Mechanism is intended to be comprehensive: balancing poverty reduction and sustainable development with the sustainable use of

natural resources, in particular sustainable land management (SLM). The Global Mechanism thus promotes the strategic placement of the UNCCD in the broader context of development programming at the country level. This includes positioning the UNCCD not only in sectors such as agriculture and forestry, but also in policy processes that influence SLM and rural development, such as adaptation to and mitigation of climate change, institution-building and governance.

7. The Global Mechanism does not pretend to simplify the complexity of the changing international financial architecture and domestic budget allocation processes, but rather to facilitate an understanding of this new context and the opportunities it presents. It supports the focal point institutions of the UNCCD in working within this changing financial context, to increase investments in rural livelihoods and safeguard natural resources.
8. The Global Mechanism therefore works to create enabling conditions for UNCCD country Parties and assists in capacity-building to ensure that rural communities, especially those engaged in rural subsistence agriculture in dryland areas, find adequate recognition in development programming processes. Notwithstanding the emphasis placed on African development as called for by the UNCCD, the Global Mechanism aspires to support all country Parties to the Convention.
9. The IFAD Strategic Framework defines its contribution to achieving the Millennium Development Goals (MDGs), as well as providing a basis for collaboration between IFAD and the Global Mechanism. The Strategic Framework clearly presents opportunities for enhanced cooperation with the Global Mechanism, given its substantial convergence with the Global Mechanism's approach in areas such as:
 - Country-driven initiatives and ownership: working through developing country governments, following their lead to design activities that respond to the needs, priorities and constraints identified by rural communities.
 - Knowledge management: translating experience into knowledge by integrating lessons learned into national systems and sharing information globally, with a view to strengthening the development policies and investments of partner governments and the international development community.
 - Partnership: full commitment to working with partners in the United Nations system and other international financial institutions (IFIs) to deliver as one.
 - Policy dialogue: multilateral orientation provides a global platform for discussing rural policy issues and increasing awareness of the importance of agricultural and rural development in meeting the MDGs.
 - Sustainability: commitment to development that is compatible with sustainable natural resource management, with a view to improving livelihoods.
10. The new resource allocation modalities for development and the importance of developing countries' domestic budgeting processes underline the need for closer, more continuous involvement of development partners at the country level. IFAD continues to be the primary partner of the Global Mechanism.

D. Global Mechanism budget and contributions

Core budget

11. The first account designated to the Global Mechanism – the core budget administrative account – receives allocations of the Convention's core budget approved by the COP to finance the Global Mechanism's administrative and operational expenditures. The amounts are held by IFAD upon receipt in this first account, as per President's Bulletin No. 99/10.

12. The Managing Director of the Global Mechanism is responsible for preparing the programme of work and budget in full consultation with IFAD's Financial Services Division (FC); the programme includes proposed staffing, which is reviewed and approved by the President annually. Following approval by the President, the budget proposal is submitted to the UNCCD secretariat for presentation to the COP for final approval.
13. The core budget is approved by the COP of the UNCCD on a biannual basis. Contributions from each party are paid to the UNCCD secretariat and then transferred to IFAD. Global Mechanism staff contracts are aligned with the biannual budget.
14. The total amount approved for 2008 is EUR 1,847,880 (approximately US\$2,725,920); of this sum, 8 per cent (EUR 136,880; US\$201,920) is allocated to meet programme support costs incurred in the provision of IFAD's administrative services. Details of the budget for 2008 are given in section V.

Grants from IFAD

15. Cofinancing arrangements: European Commission and IFAD "Mainstreaming the United Nations Convention to Combat Desertification (UNCCD) in Africa". With the object of reducing poverty through the promotion of investments in SLM, the European Commission and IFAD are supporting the Global Mechanism programme – Mainstreaming the UNCCD in Africa – with an overall budget of EUR 1,711,000 (approximately US\$2,524,000);. Approximately 65 per cent of cofinancing is provided by the European Commission and 35 per cent by IFAD; IFAD cofinancing amounts to a total of US\$950,000. The programme is being implemented over a three-year period in Burundi, Cameroon, Mali, Mozambique and Uganda at the request of their governments.
16. Project interventions have been designed in each country, although this phase of the programme is still ongoing in Burundi. UNCCD priorities have been mainstreamed into national development processes in Mali and Uganda, and capacity for mainstreaming the UNCCD has been increased at the subregional level in Central Africa.
17. Global Mechanism partners in the implementation of the programme are IFAD, the World Bank, the World Bank Institute, International Land Coalition, United Nations Development Programme (UNDP) Bureau for Development Policy, UNDP Drylands Development Centre and Global Environment Facility (GEF). IFAD's contribution to the overall grant will be implemented in December 2008.
18. **Programme for Designing Integrated Financing Strategies for UNCCD Implementation in Selected Countries of Asia and the Pacific, and Latin America and the Caribbean.** At its April 2008 session, the Executive Board approved a grant of US\$2.5 million. It will be paid in two US\$1.25 million instalments in 2008 and 2009 (EB 2008/93/R.15/Rev.1).
19. During the first phase (2008/2009) of grant operations, focus will be given to the enhancement, adaptation and execution of the designing integrated financing strategies (DIFS) training programme in the following subregions: the Common Market of the South (MERCOSUR), the Andean region, and South and South-East Asia. Phase II (2009/2010) will scale up integrated financing strategy design and implementation in these subregions, and will include additional countries of the subregions in which Phase I DIFS training sessions have been conducted. Four additional countries in each region will be selected for integrated financing strategy design and implementation. The grant from IFAD will be partly cofinanced for the work in the Caribbean by a grant – entitled Capacity-Building Related to Implementation of Multilateral Environmental Agreements in African, Caribbean and Pacific Countries – from the European Commission's EuropeAid, totalling approximately US\$4.5 million. This cofinancing arrangement is also leveraging funds

for work in Asia and the Caribbean from the UNDP-GEF Least Developed Countries and Small Island Developing States Targeted Portfolio Project for Capacity Development and Mainstreaming of Sustainable Land Management, with an overall budget of US\$27 million for 47 countries in the African, Caribbean and Pacific regions.

Voluntary contributions

20. In addition to IFAD grants, the Global Mechanism receives voluntary contributions from multilateral agencies and bilateral sources, some of which are mentioned above. IFAD is one of the largest donors of the Global Mechanism. Most of the contributions are paid by donor agencies based on programme proposals covering two to three years of operations. However, some are also paid as non-earmarked contributions to cover Global Mechanism corporate activities, as called for by COP decisions.
21. To date, the available finance of voluntary contributions for the Global Mechanism for the biennium 2008-2009 stands at approximately US\$9.3 million (see table below). Global Mechanism receivable funds from signed contributions amount to around US\$3.7 million, bringing the total voluntary contributions to approximately US\$13.0 million. The Global Mechanism is also negotiating a contribution with EuropeAid amounting to euro 3.0 million (approximately US\$3.8 million).
22. Non-United States dollar contributions have been converted into United States dollars using the exchange rate on the date of receipt. Receivable contributions not denominated in United States dollars have been converted into United States dollars at the exchange rate as at 30 September 2008.
23. It should be underlined that in the absence of a replenishment process for the Global Mechanism, contributions from various sources are granted on a request basis. The processes and modalities of these sources of finance vary considerably, making it difficult to streamline the financial flows and report on exact annual budgets from voluntary contributions.

Overview of available voluntary contributions 2008

(United States dollars)

<i>Donor</i>	<i>Amount</i>
Canada	23 433
Denmark	1 609 232
European Commission/Development	165 633
Finland	155 000
IBRD	515 000
IFAD	341 651
IFAD/Africa	617 159
IFAD/Latin America, Asia	1 250 000
IFAD other	6 127
Italy	988 636
Norad/NGO	26 304
Norway	1 928 945
OPEC	105 121
Spain	1 141 034
Sweden	466 482
Switzerland	2 022
Total	9 341 779

IBRD = International Bank for Reconstruction and Development

Norad = Norwegian Agency for Development Cooperation

OPEC = Organization of the Petroleum Exporting Countries

E. Results-based management

24. The eighth session of the Conference of the Parties (COP 8) requested all bodies of the Convention to align their results-based management system with the 10-year strategic plan and framework to enhance the implementation of the Convention (2008-2018) (hereafter "the Strategy"), which was adopted in 2007 (decision 3/COP.8).
25. The Strategy contains four strategic objectives of the Convention (spanning the 10-year period) and five operational objectives for country Parties and the subsidiary bodies of the Convention (covering the medium term – 4 to 6 years), which are designed to raise the effectiveness of implementation of the UNCCD over the next ten years.
26. In the context of the Strategy, the Global Mechanism has been assigned a central responsibility in contributing to:
 - **Operational objective 5 (financing and technology transfer):** to mobilize and improve the targeting and coordination of national, bilateral and multilateral financial and technological resources in order to increase their impact and effectiveness.
27. The Global Mechanism also has a supporting role in contributing to:
 - **Operational objective 1 (advocacy, awareness-raising and education):** to actively influence relevant international, national and local processes and actors in adequately addressing desertification/land degradation and drought-related issues.
 - **Operational objective 2 (policy framework):** to support the creation of enabling environments for promoting solutions to combat desertification/land degradation and mitigate the effects of drought.
28. The Global Mechanism is responding to the Strategy through a comprehensive package of initiatives that has been included in its four-year strategic plan for 2008-2011 and its biennium work programme for 2008-2009. Both documents are prepared in accordance with an enhanced corporate results-based management framework that is consistent with the strategic and operational objectives of the Strategy. These documents were presented at the forthcoming Committee for the Review of the Implementation of the Convention in Istanbul (November 2008). In addition, the Global Mechanism is embarking on an institutional change process in collaboration with IFAD and the World Bank. The purpose of this process is to strengthen the Global Mechanism as a provider of financial and investment advisory services in scaling up finance for sustainable natural resource management.

II. Joint operations between IFAD and the Global Mechanism

General considerations

29. The Global Mechanism's approach and the instruments it uses, such as the country engagement modalities (CEMs) and the integrated financing strategies (IFSs), are complementary to IFAD's country strategic opportunities programmes (COSOPs) and country-level project and programme design processes. Given that the Global Mechanism is mandated to support countries in scaling up finance for SLM, IFAD is a natural partner. Integrating IFAD's portfolio into national development programmes such as poverty reduction strategy papers and country assistance strategies means building partnerships and networks among governments, multilateral and bilateral development partners, civil society organizations and the private sector. In order to harmonize and coordinate the efforts of donors and align their investments with national priorities, existing platforms and coordination mechanisms need to be strengthened; the Global Mechanism already supports such endeavours through IFIs.

30. In order to substantiate the coordination and harmonization needed to arrive at comprehensive investments frameworks and to mainstream issues relating to land degradation and climate change into IFAD's programming, the Global Mechanism supports IFAD through the building of strategic partnerships between its regional programmes and relevant IFAD regional divisions. The Global Mechanism's strategic programmes, particularly those on climate change adaptation and climate resilience, market access and trade, and forest finance, contribute to specific initiatives under these partnerships. The partnerships are reinforced by its cooperation with the IFAD global environment and climate change (GECC) unit and policy reference group on climate change.
31. IFAD has access to enormous country-specific knowledge and technical expertise, which has been of substantial benefit to the Global Mechanism. This includes experience – gained by IFAD as a partner in the country context – with new financing instruments, such as basket funding, direct budget support and sector-wide approaches. IFAD and the Global Mechanism have joined forces as members of the Global Donor Platform for Rural Development (GDPRD) with the intention of furthering analysis of these instruments and advocating for agricultural development. In 2008, the two institutions cooperated in the preparatory work conducted by the GDPRD for the Accra Third High Level Forum on Aid Effectiveness (HLF3) on the follow-up to implementation of the Paris Declaration on Aid Effectiveness.
32. In summary, there has been an emerging consensus between IFAD and the Global Mechanism on the comparative advantages and mutual support afforded by their cooperation that has guided joint activities in 2008. Given that the Global Mechanism only became fully operational under its new strategy in 2007, the focus of the cooperation should be on the learning process in strengthening future cooperation and on negotiating a joint work programme, in particular with the IFAD Programme Management Department (PMD).

Global Environment Facility (GEF) and the GECC unit of IFAD

33. Taking into consideration IFAD's strategic focus on investing in communities that are heavily dependent on natural resources for sustaining their livelihoods and its position as the second largest investor in dryland areas, the already functional relationship with the GECC unit will be enhanced to leverage additional IFAD investments for SLM in selected countries. It is expected that the work undertaken in mainstreaming the UNCCD into IFAD operations over recent years will facilitate a further increase in financial flows for meeting SLM needs in its constituent countries. The Global Mechanism will work at an operational level with the GECC unit and the PMD divisions to analyse national priorities in preparing for COSOPs and designing and implementing IFSSs. The GEF finance is instrumental in many countries in supporting the integration of IFAD and GEF financing into country programmes. The Global Mechanism will continue to work with IFAD and other bilateral and multilateral partners to mobilize supplementary cofinancing from various sources, including innovative financing mechanisms such as conservation easements, payments for environmental services and carbon financing.

TerrAfrica

34. Collaboration between the Global Mechanism and IFAD within the framework of TerrAfrica during 2008 was especially productive. The TerrAfrica initiative focuses on scaling up finance for SLM practices in sub-Saharan Africa, and its approach and strategies are fully in line with the Global Mechanism's strategy. TerrAfrica therefore supports and strengthens the implementation of the UNCCD, and the New Partnership for Africa's Development (NEPAD) Comprehensive Africa Agriculture Development Programme and Action Plan of the Environment. Along with the seven government representatives operating on a rotating basis, current TerrAfrica partners include the secretariats of the GEF and the UNCCD, the African Development Bank (AfDB), the World Bank, the Food and Agriculture Organization of the United Nations

(FAO), UNDP, the United Nations Environment Programme (UNEP), IFAD and the Global Mechanism. Denmark and Norway are representing the bilateral agencies.

35. In collaboration with the partners listed above, the Global Mechanism is supporting ten countries and two subregional processes. Some of these countries are eligible for finance under the Strategic Investment Programme of the GEF's Land Degradation Focal Area.

Output-oriented performance

36. The performance and achievements of the cooperation between IFAD and the Global Mechanism are summarized and analysed below under the outputs of the Global Mechanism's results-based management system (see section I.E). To date, cooperation between IFAD and the Global Mechanism can be viewed as a subset of activities contributing to outputs. Defined on these terms, a full separation of outputs is not feasible since this report focuses solely on issues relating to cooperation between the institutions.

A. Output one

Programmatic support at the country and subregional/regional levels, in response to national demand

37. In 2008, the Global Mechanism refined its priority interventions in all regions in accordance with its CEMs and signed country support programmes with the Governments of Mali (May 2008), Burkina Faso (July 2008), Rwanda (July 2008) and Cameroon (August 2008). Other countries in Africa, such as Eritrea, Ethiopia, Madagascar, Mozambique, Uganda and Zambia, will follow in early 2009. In Asia, the Global Mechanism's engagement in Cambodia, Thailand and Viet Nam is already advanced, while the programmes for Nepal and Sri Lanka are under preparation. Similarly, in Latin America, programmes are being prepared for Guatemala, Haiti, Honduras and Peru.
38. At the subregional level, 12 collaboration agreements were signed or cooperation was agreed upon with entities including the Central African Forests Commission in August 2008, the Community of Sahel-Saharan States (CENSAD), the Southern Africa Development Community, the Intergovernmental Authority on Development, the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS), and the Tropical Agricultural Research and Higher Education Center (CATIE).
39. The coordination of programmatic support given to countries - in the form of technical backstopping and capacity-building as a first step towards developing a comprehensive investment framework of all partners - has increasingly been undertaken jointly by IFAD and the Global Mechanism in the context of COSOP development and mobilization of cofinancing for GEF investments. In the case of Viet Nam, the Global Mechanism's Asia and Pacific programme successfully mainstreamed land degradation and climate change issues into the COSOP, which was acknowledged at the ninety-fourth session of the Executive Board as constituting an example to be followed. The success of this work potentially opens up US\$50 million of IFAD's investments for adopting SLM approaches as a means of adapting to climate change. A different approach was taken in Eritrea, where IFAD and the Global Mechanism convened a joint workshop with the Government to articulate the modalities of a sustainable and results-oriented partnership platform.
40. In the Middle East, the Global Mechanism contributed to the design of the Hilly Area Sustainable Agriculture Development Project and obtained endorsement for the project from Lebanese stakeholders. The overall cost of the project, which focuses primarily on soil and water conservation measures, will amount to US\$12.5 million. In the case of Jordan, the Global Mechanism cofinanced and provided technical guidance for designing the monitoring and evaluation component of the IFAD-GEF project, Mainstreaming Sustainable Land Management Practices, to ensure the collection of accurate information on financial flows for SLM.

41. Based on these successful examples and other pilot activities conducted by IFAD and the Global Mechanism, the joint development of COSOPs in Senegal and the Democratic Republic of the Congo has already been agreed on and others will follow. Under this output, cooperation between the Global Mechanism and IFAD offers significant opportunities for increasing IFAD's portfolio on SLM and enhancing its ratio of cofinancing.

B. Output two

Support to focal point institutions of the UNCCD and their partners in the preparation and implementation of national financing strategies and other products

42. In the framework of the TerrAfrica process and under the leadership of the IFAD/GEF unit, the Global Mechanism and IFAD are jointly supporting the elaboration of a national investment framework in Mauritania. To this end, the Global Mechanism and GEF are supporting focal point institutions in the preparation of a national financing strategy by building their capacity for accessing existing and innovative sources of funding. In June 2008, the Global Mechanism and IFAD supported the establishment of a National Committee with development partners including UNDP and the World Bank.
43. At the subregional level and in support of countries such as Mauritania, the Global Mechanism has initiated collaboration with CENSAD in order to implement a South-South partnership and an investment platform in natural resource management. A consultation is being prepared for January 2009 in Tripoli, the Libyan Arab Jamahiriya, to launch this process, bringing together representatives of the Economic Community of West African States, CILSS, the Arab Maghreb Union, AfDB and IFAD to design the structure of the future platform.
44. The integrated financing strategy concept is relatively new, having been finalized in 2007. The Global Mechanism is therefore offering training on IFSS for representatives of developing countries and is also proposing an exchange of views with IFAD staff on how to use the strategies for enhanced cooperation. The successful example in Mauritania demonstrates that IFAD and the Global Mechanism can help build a critical mass of supporting institutions for increased finance by distributing roles effectively. More specifically, with the Global Mechanism operating as the technical backstopping partner on financing instruments and processes, and IFAD as the financing institution, communication and cooperation between ministries and development partners can be facilitated.

C. Output three

Comprehensive sustainable land management investment framework in place

45. One example can be reported so far. In Ethiopia, IFAD and the Global Mechanism have collaborated with other TerrAfrica partners in the development of a comprehensive country strategic investment framework (CSIF) for SLM under government leadership. The CSIF document was endorsed in August 2008 by a high-level conference at which government and development partners discussed and agreed to support implementation of the 15-year CSIF for SLM. The World Bank, Germany and Finland are among partners to have pledged financial support for CSIF implementation. Collaboration among the TerrAfrica partners, including between the Global Mechanism and IFAD, may be viewed as an effective example of a practical application of the Paris Declaration on Aid Effectiveness and the United Nations "delivering as one" initiative, with partners having aligned themselves in response to the political will of governments to promote SLM as one of their top priorities.
46. The Global Mechanism will continue its engagement in Ethiopia with other partners, to backstop the implementation of the CSIF by developing national capacity for mobilizing the resources required to finance implementation. To a large extent, this

engagement will be informed by IFAD's operations and the Global Mechanism envisages a continuous exchange of information, which will include working with IFAD on integrating SLM-related issues into IFAD's upcoming COSOP for Ethiopia and identifying new cofinancing opportunities.

D. Output four

Global Mechanism engaged in UNCCD-related policy dialogues and initiatives at the regional and international levels, enhancing its corporate visibility

47. In 2008, the Global Mechanism reduced its engagement in regional and international policy processes as a means of focusing on subregional and national contributions with a more direct operational impact. The Global Mechanism is seeking enhanced cooperation with IFAD, particularly in forums on adaptation to climate change and forest policy processes, including reduced emissions from deforestation and forest degradation (REDD) initiatives; it is also inviting increased collaboration with IFAD's Technical Advisory Division, Policy Division and with the Vice-President, who provides oversight of the Global Mechanism.
48. The Global Mechanism has already begun establishing action plans with PMD divisions - in cooperation with the GECC unit - in which emphasis is placed on climate change issues and the emerging institutions and financial mechanisms. The GECC unit is also a primary partner in work with the GEF; both the Global Mechanism and IFAD regularly cooperate with the GEF in the preparation of its council sessions.
49. In addition to the regular cooperation with the Global Mechanism Facilitation Committee and in the GEF Council, two interesting highlights for 2008 can be reported:
 - **United Nations Commission on Sustainable Development.** The Global Mechanism and IFAD joined forces for the 16th Session of the Commission on Sustainable Development (CSD-16), held in May 2008, to review progress on the cross-cutting issues of sustainable development. The current CSD-16/17 cycle (2008/2009) focuses on a series of key thematic clusters: agriculture, rural development, land, drought, desertification, and Africa. As the first phase (review year) of the current CSD cycle, CSD-16 assessed the constraints and obstacles to be faced in effectively responding to the challenges posed by these thematic clusters, whilst identifying best practices and lessons learned. IFAD and the Global Mechanism worked together in the preparatory process leading up to CSD-16 through detailed interactions with the Division for Sustainable Development of the United Nations Department of Economic and Social Affairs, to stimulate panel debates and facilitate interventions during the Commission. This collaboration led to constructive Global Mechanism participation on panels addressing desertification and land, in conjunction with the International Land Coalition. A partnership fair and learning centre on IFSs was also organized, which enabled participants to share knowledge of and experiences in identifying and mobilizing financial resources for SLM. The IFAD liaison offices in Washington and New York were the Global Mechanism's main partners in this context. IFAD and the Global Mechanism's outreach and communications activities were also well-synchronized throughout the Commission. It is anticipated that IFAD and the Global Mechanism will continue to work in partnership in the process leading up to CSD-17 (May 2009), which will build on CSD-16 by negotiating clear policy recommendations to advance initiatives to achieve sustainable development goals.
 - **Global Donor Platform for Rural Development (GDPRD).** Collaboration between the Global Mechanism and IFAD on donor

coordination and harmonization has been ongoing since 2007 in the context of the GDPRD.

The Global Mechanism became a full member of the Platform in October 2008, having been an associate member since 2006. IFAD has been an active partner of the Platform since it was established; this participation increased when IFAD was appointed Chair of the Platform's steering committee.

The Global Mechanism has worked with IFAD on several of the Platform activities, including the preparatory work for HLF3. The Global Mechanism provided input on best practices and approaches in the agricultural sector in the implementation of the Paris Declaration on Aid Effectiveness and on the positioning of the GDPRD vis-à-vis the Accra HLF: Round Table 8. IFAD also played a central role in the organization of the Round Table. The Global Mechanism and IFAD took part in the African regional preparatory meeting leading up to HLF3 in Kigali, Rwanda in April 2008. The Global Mechanism is expected to become increasingly active in the GDPRD activities, which may lead to new opportunities for cooperation to ensure more substantial collaboration on aid effectiveness under the GDPRD.

III. Strategic and substantive elements

50. In the past year, collaboration between the Global Mechanism and IFAD on strategic and substantive elements has yielded results relating primarily to four of the Global Mechanism's strategic programmes - Economics and Financing Instruments Programme; Market Access and Trade Programme; Climate Change and Compensation for Environmental Services; and Policy and Investment Analysis.
51. The strategic programmes are intended to substantiate Global Mechanism country operations and to enhance country-level impact by engaging actors and developing links with sectors that have not traditionally been involved in UNCCD implementation, but have significant potential for increasing investment flows for combating desertification and promoting SLM.
52. While all Global Mechanism programmes address operational objective 5 of the Strategy, financing and technology transfer, the strategic programmes also have a particular role in contributing to operational objectives 1 and 2, advocacy, awareness-raising and education, and policy framework.
53. Cooperation between IFAD and the Global Mechanism in analytical and strategic development focuses on COSOP formulation and broadening the scope of IFAD's SLM portfolio, building on the Viet Nam initiative, Mitigating the Impact of Climate Change and Land Degradation through IFAD's COSOP for Viet Nam. It should be noted that collaboration relating to strategic outputs began in 2008, and it is therefore not feasible for the Global Mechanism to report on strategic output achievements.
54. Collaboration between the Global Mechanism and IFAD on key strategic and substantive issues is expected to be increased in accordance with the IFAD Strategic Framework. Future developments will include initiatives designed to leverage synergies with climate change related financing, harness knowledge of best practices and innovative approaches to SLM financing, as well as enhancing harmonization of donor activities and their alignment with country priorities. The instruments developed by the Global Mechanism for supporting countries in mobilizing resources for SLM include the IFs and CEMs, which are designed to equip affected developing countries with the necessary capacity to access concrete financing opportunities for SLM.

Strategic output

55. Some of the current strategic collaborative initiatives are illustrated below:

- **Enhancing climate change knowledge-sharing and supporting national planning for adaptation.** The Global Mechanism is an active partner of the IFAD policy reference group on climate change and currently contributes to: enhancing knowledge of and information on available climate change financial mechanisms that are responsive to the needs of rural communities; and analysing payments for environmental services that the poor are able to provide through various land use, land-use change and forestry and REDD activities.
- **United Nations Collaborative Programme on Reduced Emissions from Deforestation and Degradation in Developing Countries.** The Global Mechanism is working with IFAD and other United Nations agencies, including FAO, UNDP and UNEP, in the context of the United Nations initiative, and the Government of Norway, to enhance instruments developed at the World Bank, such as the Forest Carbon Partnership Facility, the Forest Investment Program and the Pilot Program for Climate Resilience for least developed countries of the World Bank's Strategic Climate Fund.
- **Responding to the need for enhanced action on adaptation, as called for by the Bali Action Plan.** The Global Mechanism is assisting the GECC unit in the preparation of its second workshop under the CLIMTRAIN initiative, a climate change training programme tailor-made for IFAD's PMD that focuses on climate change adaptation and national adaptation programmes of action. Organized by the GECC unit in collaboration with the United Nations Institute for Training and Research, the workshop was held on 17-18 November 2008.
- **Leveraging and piloting innovative sources of finance focusing on private sector investments addressing climate change.** With the objective of promoting engagement with the private sector on climate change mitigation and adaptation measures in the agricultural, rural and land use sectors, the Global Mechanism, in collaboration with IFAD, FAO, the UNCCD secretariat and EcoSecurities, launched the Rome 2007 Initiative on Sustainable Growth. The Initiative is a public-private working group set up as a result of a panel discussion on "Investing in Emissions Reduction and Rural Development" at a co-organized side-event during COP13 of the United Nations Framework Convention on Climate Change, held in Bali in December 2007. It will ultimately lead to operational partnerships between IFAD, FAO, WFP, Global Mechanism and the private sector, aimed at developing a platform for improving national-level coordination between governments and private companies in order to facilitate investments in climate change activities. Private sector entities currently being engaged include EcoMethane, EcoSecurities, Japan Carbon Finance and Unilever.
- **Portfolio reviews of sustainable land management investments.** During 2005 and 2006, IFAD and the Global Mechanism collaborated on a portfolio review of approximately 900 loans and grants approved by IFAD between 1999 and 2005. This review determined that approximately US\$2 billion had been invested by IFAD in programmes and projects supporting UNCCD objectives, leveraging an additional US\$2 billion in cofinancing.

56. The Global Mechanism has since expanded the methodology to assess activities contributing to SLM. In 2007, the Global Mechanism submitted this innovative methodology to the UNCCD; the COP ruled that it should be taken into account when revising guidelines for all UNCCD reporting entities.

57. Following the example of IFAD, in 2008 the World Bank commissioned the Global Mechanism to undertake an SLM portfolio review of all rural World Bank projects in the Africa region that closed within the last five years (fiscal years 2003-2008), and those currently being implemented with an expected delivery date within the next two fiscal years. The exercise is being conducted alongside a review of the AfDB SLM portfolio, also coordinated by the Global Mechanism. This joint undertaking will help build a common understanding by the two institutions of the broader scope of SLM investments and their contribution to the successful execution of overarching development strategies and frameworks, such as NEPAD's Comprehensive Africa Agriculture Development Programme and Action Plan of the Environment.
58. The two SLM reviews, undertaken in collaboration with CAB International (CABI), are being carried out concurrently with a portfolio and pipeline review of climate risk management and mitigation opportunities also being jointly undertaken by the two Banks.
59. By October 2008, CABI had already provided the Global Mechanism and the World Bank with an inception report, including a detailed programme of work and customized methodological guide. This guide describes data and sources, project screening criteria and a comprehensive logical framework for quantitative and qualitative analyses.
60. A preliminary report illustrating the main findings of the review is to be released before the end of 2008 and used for internal peer review and consultations with external partners.

IV. Evaluation of the Global Mechanism at IFAD

A. Context

61. Since beginning its operations in 1998, the Global Mechanism has been hosted by IFAD. With the IFAD grant to the Global Mechanism for 2008/2009 (see section I.D), the US\$10 million commitment made by IFAD in the context of the selection process to host the Global Mechanism in 1997 is implemented in full. The Vice-President of IFAD and Global Mechanism management agreed to commission an external evaluation of the Global Mechanism at IFAD, to be conducted towards the end of the 2008 reporting period.
62. The results of the evaluation will be presented to the Executive Board as a starting point for deliberations on how to enhance Global Mechanism contributions to IFAD and determine ways in which IFAD could add to its operations.
63. The evaluation does not cover any of the administrative aspects of human resource and budgetary management inherent in the hosting arrangement. It is useful to reiterate that the Global Mechanism functions under IFAD rules and regulations, with the sole exception of staff contracts, which are two-year fixed term contracts - without any career contract options - aligned with the Convention's biennium budgetary period.
64. Since IFAD does not participate in the governance of the Convention and therefore has no influence over its budget negotiations, as the governing body of the Convention, the COP holds sole responsibility for any consequences or impact deriving from decisions made at the COPs.

B. Objectives of the evaluation

65. The overall objective of the evaluation is to conduct a strategic analysis of the cooperation between the Global Mechanism and IFAD that takes into account the ongoing collaboration between the two entities and partner institutions, including the World Bank, the GEF, and member organizations of the Global Mechanism Facilitation Committee, such as FAO, UNDP and UNEP. The World Bank, UNDP and IFAD are the founding members of the Facilitation Committee and rotate chairmanship on a biannual basis. The aims of the evaluation are to:

- Examine the cooperation between IFAD and the Global Mechanism, its overall contribution to the implementation of the Convention, and the potential of the Global Mechanism to support IFAD's mandate and generate mutual benefits.
- Recommend avenues for increased effectiveness and stronger partnerships at the strategic level, such as global policy dialogue on issues relevant to both the Global Mechanism and IFAD, in particular, the emerging opportunities offered by the climate change regime and food security crises.
- Promote corporate learning and knowledge-sharing.
- Identify new strategies, procedures and opportunities.
- Inform management decisions on future cooperation between the Global Mechanism and IFAD.

C. Scope

66. The evaluation is considering past collaborative experiences alongside recent reorientations within the two organizations so as to draw lessons and propose new or improved cooperation avenues, where appropriate. It is also assessing the effectiveness of cooperative mechanisms, both emerging and missed opportunities, and the comparative advantages of each organization.
67. The primary focus of the evaluation is on cooperation at the programme level in recipient countries. With a view to strengthening relations between IFAD and the Global Mechanism, both strategically and operationally, the evaluation is looking at the decisions, strategies and partnerships of IFAD and UNCCD structures and organs, including the Governing Council and Executive Board of IFAD, and the COP. Also under consideration are potential means of:
- extending engagement with all entities of the Fund, through IFAD's Strategic Framework and Operating Model;
 - addressing rural poverty issues through stronger linkages with the broader SLM agenda and the Paris Declaration on Aid Effectiveness;
 - enhancing resource mobilization initiatives through new and joint approaches elaborated in the context of IFAD's replenishment process and grant window development;
 - improving collaboration through alignment and harmonization with United Nations reforms, GDPRD and other related processes in which IFAD and the Global Mechanism are involved;
 - developing effective and robust partnerships through and with IFAD; and
 - capitalizing on the synergies and complementarities of Global Mechanism and IFAD country programmes through various instruments.

V. Administrative elements

A. Programme support element for 2008 to cover IFAD's administrative costs

68. Programme support costs are constituted by the administrative overheads IFAD incurs in hosting the Global Mechanism and in providing it with administrative services.
69. This cost item is calculated as 13 per cent of the programme support charge on all actual expenditures incurred, and is payable to the United Nations for administrative services provided to the Global Mechanism. The 13 per cent is divided as follows: 8 per cent is paid to IFAD for the administrative services provided to the Global Mechanism and 5 per cent is retained by the UNCCD secretariat to cover part of its

own operating expenses incurred for administrative services, as per decision 4/COP.4 (see ICCD/COP(4)/11/Add.1).

70. The Global Mechanism has reimbursed IFAD for programme support costs for 2008 totalling EUR 136,880 (approximately US\$201,920).

B. Repayment schedule up to 2009

71. Based on the Executive Board's decision (EB 2001/72/R.10), IFAD may advance the Global Mechanism the amounts necessary for its proper operations but, in so doing, must not exceed the annual budget approved by the COP for the relevant biennium.
72. As a result of country Parties being in arrears since 1999, the Global Mechanism overspent up to 2004, when its new management took office. FC and Global Mechanism management have put in place a repayment schedule for 2008 and 2009 to clear the debts. For 2008, the Global Mechanism will reduce its budget by US\$214,713 (to cover country Parties' arrears). In 2009, it will repay IFAD an amount of US\$386,930 to clear the accounts up to 31 December 2007. To avoid any future debt, FC and the Global Mechanism have reached a joint decision to apply a budget provision of 10 per cent for each biennium.
73. During the second semester of 2007, FC monitored the debt position against IFAD and transferred funds to ensure that the core budget administrative account debt was fully replenished by mid-2008.
74. FC and Global Mechanism management will decide on the budget provision for 2009 based on an evaluation of financial flows.
75. The Global Mechanism core budget for the year 2008 amounts to euro 1,847,880 (equivalent to US\$2,725,920 as per UNCCD exchange rate applied). Taking budget deductions into account, the available core budget stands at US\$1,780,815 for 2008.
76. It should be noted that approximately 75 per cent of the Global Mechanism's operations (including staffing), with a variability of 10 per cent annually, are financed through voluntary contributions, including contributions from IFAD.

C. Assessment of cooperation with divisions of IFAD

77. **Financial Services Division (FC)** provides services related to IFAD's administrative and operational expenses, such as payment of suppliers, staff payroll, consultants' emoluments and travel. The division also oversees and manages staff medical insurance and compensation policy matters. FC has supported the financial management of the Global Mechanism. Excellent cooperation between FC and the Global Mechanism has allowed consolidation of the Global Mechanism's financial situation.
78. **Human Resources Division (FH)** interacts with the Global Mechanism on a daily basis to deal with human resources matters. The quality of services provided has added substantially to the functioning of the Global Mechanism. The Global Mechanism has streamlined its processes by appointing a human resources focal point to communicate directly with FH on all relevant human resources issues. The Global Mechanism has also introduced a staff development programme and liaison with the IFAD staff training unit has so far been extensive.
79. **Office of the General Counsel (OL)** provides the Global Mechanism with substantive legal advice, including advice on human resources matters, which has enhanced and facilitated the Global Mechanism's operations.
80. The Global Mechanism has been working with FC and OL to set up a multi-donor platform (MDP). The MDP is intended to pool diversified voluntary resources and implement the Global Mechanism's results-based management system through its biennial programme of work and budget. The Global Mechanism aims to establish a system of more predictable financial flows through a "finance alliance" with donor agencies and IFIs, including IFAD, so as to be able to improve planning and budget

voluntary contributions. The MDP was introduced as a result of a decision by the Executive Board in December 2006 (EB 2006/89/R.56). This decision concerns the "Procedures governing the Global Mechanism's Special Resources for CCD Finance (SRCF) Account", which constitutes the MDP account, while the Global Mechanism's core budget provided by the UNCCD COP will continue to reside in the core budget administrative account for separate budget administration and auditing by the COP. The MDP will be established in early 2009.

VI. The way ahead

81. The Global Mechanism's hosting arrangement with IFAD has afforded fully functional administrative cooperation between the two entities. The support of IFAD's FC, FH and OL divisions has also allowed smooth implementation of the Global Mechanism's programme of work and budget. The Global Mechanism and IFAD have continued to improve output quality; in particular, IFAD is supporting the Global Mechanism in its administrative arrangements with other United Nations organizations, including UNDP Resident Coordination.
82. IFAD remains a major partner in providing grants to the Global Mechanism for country and subregional engagement. Such grants are of mutual benefit to both entities since the Global Mechanism works to support IFAD in the development of COSOPs and in country-level initiatives to maximize the impact of IFAD's investments through coordination, harmonization and alignment with partners and government priorities. The Global Mechanism began implementing its programme in 2007 after radical changes in strategy and approach. It has therefore been possible only to report initial results and experiences in 2008. It can be concluded, however, that collaboration between IFAD and the Global Mechanism could be reinforced by aligning its approach with IFAD's instruments and processes (such as COSOPs) – in cooperation with other partners – such as the World Bank and bilateral development partners, particularly under the umbrella of initiatives such as TerrAfrica.
83. The strategic and substantive elements of the Global Mechanism's work with IFAD have gained ground in 2008, particularly in relation to climate change response and adaptation of poverty-stricken communities. The Global Mechanism strategic programmes add value to the in-house dialogue processes and consultations with Rome-based agencies and others. The newly established GECC unit, which serves as the IFAD GEF unit, will be the operational partner of the Global Mechanism in mobilizing cofinance for GEF investments and integrating climate change considerations into IFAD's country operations, as in the case of the COSOP for Viet Nam.
84. The ongoing evaluation of the Global Mechanism at IFAD is expected to provide insight into how best to proceed and highlight the strategic and operational options for improved cooperation. Initial results of the evaluation suggest that IFAD and the Global Mechanism hold similar views on the potential of their collaboration. Nevertheless, further clarification of the exact roles and contributions of the Global Mechanism and IFAD will be crucial in successfully enhancing this close network.