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HOUSING THE GLOBAL MECHANISM OF THE UNITED NATIONS CONVENTION
TO COMBAT DESERTIFICATION IN THOSE COUNTRIES EXPERIENCING
SERIOUS DROUGHT AND/OR DESERTIFICATION,
PARTICULARLY IN AFRICA

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ABBREVIATIONS AND ACRONYMS

CCD	United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
COP	Conference of the Parties
GEF	Global Environment Facility
FAO	Food and Agriculture Organization of the United Nations
INCD	International Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

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I. Introduction

1. The First Conference of Parties (COP) of the United Nations Convention to Combat Desertification (CCD), held in Rome 29 September - 10 October 1997, selected IFAD to house the Global Mechanism of the Convention, and welcomed a collaborative institutional arrangement between IFAD, the United Nations Development Programme (UNDP) and the World Bank to support the Global Mechanism.

2. The Executive Board has been kept informed of the ongoing negotiations within the Intergovernmental Negotiating Committee for the Elaboration of an International Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (INCD) on the identification of an organization to house the Global Mechanism of the Convention through documents EB 95/54/R.24, EB 95/55/INF.3 and EB 96/59/R.93 presented in April 1995, September 1995 and December 1996 respectively. In this context, the Executive Board has also been informed of the invitation of the chairman of INCD in January 1995 to IFAD and the other four organizations (the World Bank, the Global Environment Facility (GEF), UNDP and the United Nations Environment Programme (UNEP)) to consider housing the Global Mechanism, and the responses that were provided, including the positive statements of interest and capacity by IFAD and UNDP. As negotiations progressed, INCD called upon IFAD and UNDP to submit updated proposals. Document EB 97/61/INF.4 provided the Executive Board with the updated proposal submitted by IFAD in response to the request of INCD at its tenth session in January 1997, as well as a summary of the outcome of the resumed tenth session of INCD in August 1997.

3. The Executive Board at its Sixty-Second Session in December 1997 considered document EB 97/62/R.33, the precursor to the current document. The Executive Board welcomed the decision of the CCD COP (Decision 24/COP.1) that IFAD should house the Global Mechanism. It also welcomed the collaborative institutional arrangements between IFAD, as lead institution, and the World Bank and UNDP in supporting the Global Mechanism. Finally, the Board noted that housing the Global Mechanism would not have implications for IFAD's administrative budget, as its administrative and operating costs would be borne by the Convention budget and extrabudgetary contributions. The Board decided to submit this report and the draft resolution presented in the Attachment for the consideration of and adoption by the Governing Council.

4. The Governing Council is invited to consider the report and to adopt the draft resolution on the housing of the Global Mechanism.

II. Background

5. The United Nations Convention to Combat Desertification entered into force on 26 December 1996, and to date has been ratified by 113 countries. The objective of the Convention is "to combat desertification and mitigate the effects of drought in countries experiencing serious drought and/or desertification, particularly in Africa, through effective action at all levels, supported by international cooperation and partnership arrangements, in the framework of an integrated approach which is consistent with Agenda 21, with a view to contributing to the achievement of sustainable development in affected areas".

6. The Convention specifies the rights and obligations of developed and developing-country parties to the Convention, including the elaboration of action programmes at the national, subregional and regional levels through a consultative and participatory process leading to concrete partnership agreements between local populations, governments of developed and developing countries, non-governmental organizations (NGOs), the private sector and international organizations. CCD includes provisions on scientific and technical cooperation and supporting measures such as capacity-building, education and awareness-raising, a secretariat to service the parties, as well as provisions on financial resources and financial mechanisms. In regard to the latter provisions, CCD establishes a Global Mechanism that will increase the efficiency and effectiveness of existing financial mechanisms and promote actions leading to resource mobilization.

7. As reported in document EB 95/54/R.24, the INCD chairman sent a letter dated 18 January 1995 to the heads of GEF, UNDP, UNEP, the World Bank and IFAD to ascertain, on a preliminary basis, the interest and capacity of these organizations in housing the Global Mechanism, and to facilitate INCD deliberations on this issue at its seventh session in August 1995. As described in document EB 95/55/INF.3, IFAD submitted a preliminary statement of interest and capacity to host the Global Mechanism to the CCD Interim Secretariat on 25 May 1995. Initial responses were also submitted to INCD by UNDP, UNEP, the World Bank and GEF. The full text of submissions by IFAD and other institutions was communicated to the Executive Board through Attachment II to document EB 95/55/INF.3, in the form of a document considered at the seventh session of INCD in August 1995 (INCD document A/AC.241/33 + Add.1). IFAD's proposal advocated the need for a shared vision of the Global Mechanism and the desirability of establishing a hosting system for the mechanism, having a financial institution with relevant mandate, experience and capacity at its core. At that seventh session, INCD considered the issue of the Global Mechanism and noted with interest the positive statements of interest by IFAD and UNDP. As reported in document EB 96/59/R.93, at its eighth and ninth sessions in February 1996 and September 1996 respectively, INCD further elaborated the functions of the Global Mechanism and the defined criteria for selection of an organization to house it.

8. At the tenth session of INCD in January 1997, as communicated to the Executive Board in document EB 97/61/INF.4, IFAD and UNDP were requested to provide updated versions of their submissions to house the Global Mechanism to the CCD Interim Secretariat by May 1997 so that these could be compiled for discussion by the first COP. IFAD and UNDP complied with this request and submitted updated versions to the CCD Interim Secretariat in May 1997. Attachment A of EB 97/61/INF.4 provided ICCD/COP(1)/5 entitled Global Mechanism: Compilation of Revised Offers of the International Fund for Agricultural Development (IFAD) and United Nations Development Programme (UNDP). This document contains the full text of: (i) the INCD decision 10/3 requesting updated IFAD and UNDP proposals; (ii) the INCD negotiating text on the functions of the Global Mechanism and criteria for selecting an institution to house it (Appendix I of ICCD/COP(1)/5); and (iii) the full text of proposals by IFAD and UNDP for housing the Global Mechanism (Appendix II and III of ICCD/COP(1)/5 respectively).

9. At the resumed tenth session of INCD in August 1997, the Committee adopted a decision (10/18) on housing the Global Mechanism, which was reproduced in full in Attachment D of EB 97/61/INF.4. In summary, the decision, in its operative paragraph 1, requested COP, at its first ordinary session (29 September - 10 October 1997) to consider the proposals of IFAD and UNDP to house the Global Mechanism, including any modifications, and to take appropriate action. In operative paragraph 2, the Committee requested that the Secretariat, in consultation with IFAD and UNDP, develop proposals on administrative and operational modalities of the Global Mechanism for consideration and adoption by COP. Finally, in operative paragraph 3, it invited IFAD, UNDP and the World Bank to consult on and develop a proposal on a possible collaborative institutional arrangement for the Global Mechanism for consideration and appropriate action by COP.

10. The Executive Board, at its Sixty-First Session in September 1997, took note of document EB 97/61/INF.4, with some members providing comments on IFAD's revised proposal to house the Global Mechanism. Reflecting these comments, and in response to operative paragraph 1 of the above decision (10/18), IFAD submitted modifications to its submission (as contained in ICCD/COP(1)/CRP.3). In addition, the Secretariat submitted proposals on administrative and operational modalities (as contained in ICCD/COP(1)/5/ADD.2/REV.1); and IFAD, UNDP and the World Bank, at the invitation of the President of the Fund, met at IFAD on 18-19 September 1997 to discuss and agree upon collaborative institutional arrangements in support of the Global Mechanism. This agreement, which was submitted to COP (as contained in ICCD/COP(1)/CRP.1), reflects the commitment of the three institutions to support the Global Mechanism regardless of the institution selected to house it. It emphasizes involving other institutions such as the Food and Agriculture Organization of the United Nations (FAO), UNEP, regional banks and NGOs in supporting the work of the Global Mechanism. These documents and conference room papers were tabled for consideration by the first COP.

III. IFAD's Proposal to House the Global Mechanism

11. IFAD's updated proposal (see EB 97/61/INF.4) presents a balanced perspective on the role and functions of the Global Mechanism. CCD has a multi-source, multi-channel orientation to finance, rather than one predicated on a single financial mechanism. The proposal emphasizes that the Global Mechanism can operate effectively only if it is in synergy with its housing institution and is firmly based on partnership with the full range of actors involved in resource mobilization and utilization for CCD implementation. As proposed by IFAD, the Global Mechanism can be characterized in terms of the following:

- a process of mobilizing and channelling resources for implementation of CCD;
- a network of partners involved in the process;
- a catalyst in facilitating the resource-mobilization and channelling process, in promoting the development of the network, and in enhancing the cooperation and coordination among the partners; and
- a service to parties (and COP), providing them with information, analyses and advice on request and acting as an honest broker among them; promoting partnerships and new endeavours, identifying gaps and opportunities, reporting progress to COP and seeking its guidance and direction.

12. In IFAD's proposal, the five functions and 26 different tasks envisaged for the Global Mechanism are streamlined and grouped into two programme areas, namely: Programme A: Mobilizing and Channelling Resources; and Programme B: Knowledge, Information and Advisory Services on Finance. Programme A consists of: (i) marketing and promoting finance for CCD; (ii) catalytic finance for multi-source/multi-financing of CCD, including cofinancing of projects developed within the context of national action programmes for possible financing by IFAD; and (iii) direct grant financing for enabling activities. Programme B is comprised of activities supporting resource mobilization related to information, analysis and advice on CCD finance, and Global Mechanism reporting to COP. IFAD proposes a preliminary development and testing phase of two years during which the Global Mechanism's operational strategy will be articulated in close consultation with major stakeholders, subject to the guidance and approval of COP. The proposal places emphasis on close collaborative arrangements with institutions relevant to the Global Mechanism, particularly UNDP, FAO, and multilateral financial institutions as well as NGOs. The proposal also lays out administrative and operational modalities for the functioning of the Global Mechanism, with an administrative budget to be covered fully by COP. Finally, it is stated clearly that the proposal is subject to approval by IFAD's Executive Board.

IV. Decisions of COP Regarding the Global Mechanism and Selection of IFAD to House it

13. The first COP of CCD finalized the outstanding function of the Global Mechanism, entitled Mobilizing and Channelling Financial Resources. It also selected IFAD to house the Global Mechanism and welcomed the collaborative institutional arrangement among IFAD, UNDP and the World Bank in support of the Global Mechanism. Additionally, it adopted a decision on the convention's budget, including provisions for the 1999 Global Mechanism budget. The decisions of COP directly relevant to the Global Mechanism are presented below.

Functions of the Global Mechanism

14. The annex to Decision 24/COP.1 (see Appendix A) includes new text for the contested paragraph 4(e) of the functions of the Global Mechanism as laid out in Appendix I of ICCD/COP(1)/5. The new text on Global Mechanism functions, consisting of two subparagraphs that replace the bracketed text of paragraph 4(e), reads as follows:

"4(e) Guide and direct, as requested and as appropriate, the channelling and allocation of resources mobilized for the purpose of the Convention from bilateral and multilateral sources through the host and other organizations in an adequate, predictable and timely fashion to local, national, subregional and regional levels for the implementation of action programmes, projects and activities to combat desertification and/or mitigate the effects of drought in affected developing country parties, particularly in Africa.

4(f) Use, as requested and appropriate, its own resources made available to it through trust fund(s) and/or equivalent arrangements established by the host organization for the Global Mechanism's functioning and activities, as defined in this annex, from bilateral and multilateral sources through the host organization and from the budget of the Convention."

Organization to House the Global Mechanism and Agreement on its Modalities

15. The COP decision on housing the Global Mechanism (Decision 24/COP.1 - see Appendix A) notes with appreciation the revised offers of IFAD and UNDP to house the Global Mechanism; selects IFAD to house the Global Mechanism; and requests that the Secretariat, in consultation with IFAD, develop a memorandum of understanding (MOU) between COP and IFAD for consideration and adoption at the second session of COP in 1998. The main operative paragraphs of the COP decision are reproduced in full below:

1. Decides to select IFAD to house the Global Mechanism on the basis of criteria agreed on in Section B of the Annex to INCD decision 10/3;
2. Decides also that the Global Mechanism, in carrying out its mandate, under the authority and guidance of the COP, should perform the functions described in the annex to this decision;
3. Requests the secretariat, in consultation with the organization to house the Global Mechanism, as well as the other two collaborating institutions referred to in Decision 25/COP.1, to develop a memorandum of understanding between the COP and appropriate body or organization for consideration and adoption at the second session of the COP;
4. Requests also the secretariat and the organization housing the Global Mechanism, in consultation with the two other collaborating institutions, in developing the memorandum

of understanding referred to in paragraph 3 above, to take fully into account document ICCD/COP(1)/5 and other related documents, including document ICCD/COP(1)/CRP.1, to address, inter alia, the following:

- (a) the separate identity of the Global Mechanism within the housing organization;
 - (b) the measures to be taken to assure full accountability and full reporting to the COP;
 - (c) the field office support available for Global Mechanism activities;
 - (d) the administrative infrastructure available to support the Global Mechanism; and
 - (e) arrangements for the handling of resources made available for Global Mechanism functioning and activities.
5. Further requests the organization housing the Global Mechanism and the secretariat to work out appropriate arrangements for liaison and cooperation between the secretariat and the Global Mechanism in order to avoid duplication and to enhance the effectiveness of Convention implementation in accordance with their respective roles in implementation;
 6. Invites relevant institutions, programmes and bodies of the United Nations system, including the United Nations Food and Agriculture Organization (FAO), the Global Environment Facility (GEF), the United Nations Environment Programme (UNEP) and the World Food Programme (WFP), intergovernmental, regional and subregional organizations and regional development banks, as well as interested non-governmental organizations (NGOs) and the private sector, to actively support the activities of the Global Mechanism;
 7. Urges Governments and all interested organizations, including non-governmental organizations and the private sector, to make promptly the voluntary contributions necessary to ensure that the Global Mechanism can begin operating on 1 January 1998 on the basis of Section A of Appendix I of document ICCD/COP(1)/5 and continue effective operations on the basis of the memorandum of understanding referred to in paragraph 3 above after its adoption by the second session of the COP; and
 8. Reiterates that, in accordance with article 21, paragraph 7 of the Convention, the COP shall, at its third ordinary session, review the policies, operational modalities and activities of the Global Mechanism and, on the basis of this review, shall consider and take appropriate action."

Collaborative Institutional Arrangements in Support of the Global Mechanism

16. The COP decision on collaborative institutional arrangements (Decision 25/COP.1 - see Appendix B), welcomes the agreement among IFAD, UNDP and the World Bank on collaborative institutional arrangements for the Global Mechanism, and decides that this agreement will form the initial basis for collaboration among the three institutions. It also urges the three institutions to proceed with arrangements for coordination, including the establishment of a facilitation committee to coordinate their support to the work of the Global Mechanism.

Budget and Programme for 1999

17. The COP decision on budget and programme for 1999 (Decision 6/COP.1 - see Appendix C), allocates USD 1 million for the administrative and operating budget of the Global Mechanism out of the core budget of the Convention for the second year of the biennium 1998-1999. It is noted that for 1998, the administrative and operating budget of the Global Mechanism will need to be financed from voluntary contributions (see paragraph 14 above).

V. Proposed Status of Global Mechanism within IFAD

18. In carrying out its mandate, under the authority and guidance of the Conference, the Global Mechanism will, in accordance with operative paragraph 2 of Decision 24/COP.1 of the Conference, perform the functions described in the annex to that decision. As the housing institution, the Fund would support the Global Mechanism in performing these functions in harmony with the mandate, policies, rules and regulations of the Fund. The following are among the considerations that would underpin IFAD's housing of the Global Mechanism, which would form a basis for negotiating MOU between COP and IFAD:

- (a) The Global Mechanism would function under the authority of the Conference and be fully accountable to the Conference. The chain of accountability would run directly from the head of the Global Mechanism to the President of IFAD, who would be accountable, as head of the housing organization, to the Conference. The President may authorize the head of the Global Mechanism to report to the Conference on his behalf.
- (b) The Global Mechanism would be located at the headquarters of the Fund in Rome. Although the Global Mechanism would have a separate identity within the Fund, it nevertheless would be an organic part of the structure of the Fund directly under the President.
- (c) The Fund would design with the Secretariat of the Convention, appropriate arrangements for liaison and cooperation between the Secretariat and the Global Mechanism in order to avoid duplication and to enhance the effectiveness of Convention implementation in accordance with their respective roles in implementation.
- (d) The Fund would fully cooperate with UNDP and the World Bank to proceed with, actively pursue and develop further the collaborative institutional arrangements described in document ICCD/COP(1)/CRP.1, including the establishment of a facilitation committee.
- (e) The Fund would make appropriate arrangements to obtain supporting services from the United Nations Resident Coordinator system, UNDP country offices and FAO field offices.
- (f) In its submission contained in ICCD/COP(1)/5, IFAD emphasized that the administrative and operating budget of the Global Mechanism should be financed by COP. This would be the basic principle for Global Mechanism operations in 1999 and beyond. In 1998, the administrative and operating budget should be financed through voluntary contributions to be placed in a Global Mechanism special account opened for this purpose.
- (g) In order to facilitate management, reporting and auditing, the resources of the Global Mechanism would be handled and disbursed by the Fund following the administrative and financial procedures, as well as the quality control mechanisms of the Fund.

VI. Next Steps

19. In the event that the Governing Council approves the recommendation that IFAD houses the Global Mechanism (para 24 below), the following steps would need to be taken in order to ensure that, in line with the recommendations of COP, the Global Mechanism can begin operations as soon as possible in 1998 and subsequently continue its operations on the basis of the MOU mentioned above.

20. IFAD would undertake preparatory activities for the Global Mechanism in collaboration with UNDP and the World Bank, and in close consultation with FAO and other institutions including NGOs.

IFAD, UNDP and the World Bank will establish a facilitation committee and appoint focal points for this committee, to coordinate their support to the Global Mechanism.

21. In view of the Convention's budgetary situation for 1998, the Global Mechanism's administrative and operating budget in 1998 will need to be financed through extrabudgetary voluntary contributions. Firm indications have been received from some donors willing to provide such contributions. Additional efforts will be required to ensure adequate provision for 1998. A Global Mechanism special account would be opened for these voluntary contributions. An interim staffing arrangement for the Global Mechanism would be established subject to availability of voluntary resources.

22. In line with Decision 24/COP.1, a draft MOU between COP and IFAD for housing the Global Mechanism would be developed by the CCD Interim Secretariat in consultation with IFAD, as well as with UNDP and the World Bank. Subject to the Governing Council's approval of the draft resolution attached, the Executive Board would approve this MOU before submission to COP at its second ordinary session in August 1998.

23. The President of IFAD, or his designated representative, would report to the second session of COP on arrangements made for the functioning of the Global Mechanism in 1998, and present a programme of work and budget for the Global Mechanism in 1999.

VII. Conclusions and Recommendations

24. Since the very beginning of the intergovernmental negotiating process for the Convention, IFAD has played a supportive role. IFAD's own experience addressing the needs of the poor in dryland areas has enriched the deliberations for the Convention and has been well reflected in the Convention's major emphasis on grass-roots and participatory action. The Fund is well recognized as a major actor in supporting sustainable development in the drylands, and this dimension of IFAD operations is likely to be increasingly important.

25. In view of the congruity between IFAD's mandate and operations, the provisions of CCD and the Fund's capacity and experience in addressing poverty and environmental degradation in dryland areas, the Governing Council is invited to consider the information contained in this document and to: (i) decide to accept in principle the decision of the Conference of the Parties of CCD to select IFAD to house the Global Mechanism; and, accordingly, (ii) adopt the draft resolution attached hereto.

DRAFT RESOLUTION ON THE HOUSING OF
THE GLOBAL MECHANISM OF THE UNITED NATIONS
CONVENTION TO COMBAT DESERTIFICATION

Resolution/XXI

The Housing of the Global Mechanism of the United Nations Convention to Combat Desertification

The Governing Council of IFAD,

Noting the decision of the Conference of the Parties (COP) to the United Nations Convention to Combat Desertification (CCD), at its First Session, to invite IFAD to house the Global Mechanism of the CCD (Decision 24/COP.1);

Further noting the important role played by IFAD in the first twenty years of its existence in combatting desertification;

Having considered document GC 21/L.10 on the Selection of IFAD to house the Global Mechanism of the CCD, the recommendations of the Executive Board thereon and the draft Resolution contained in the said document;

Decides that:

1. IFAD shall accept the decision of the Conference of the Parties (COP) of the CCD at its First Session to select IFAD to house the Global Mechanism thereof.
2. The Executive Board is authorized to approve the modalities, procedures and administrative arrangements to be contained in a Memorandum of Understanding between the COP and IFAD for the housing of the Global Mechanism by IFAD.
3. The President of IFAD is authorized to sign a Memorandum of Understanding between COP and IFAD, containing such arrangements as the Executive Board may approve for the housing of the Global Mechanism.
4. The President of IFAD is requested to report periodically to the Executive Board on the administrative arrangements for the housing of the said Global Mechanism in IFAD and on such activities as IFAD may undertake in support of the Global Mechanism, while also keeping the Executive Board informed of the activities of the Global Mechanism.

Decision 24/COP.1

Organization to House the Global Mechanism
and Agreement on its Modalities

The Conference of the Parties,

Recalling that the Conference of the Parties (COP), in accordance with article 21, paragraphs 5 and 6, of the Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, shall:

- (a) identify, at its first ordinary session an organization to house the Global Mechanism established under article 21, paragraph 4, of the Convention;
- (b) agree with the organization it has identified upon the modalities for the Global Mechanism; and
- (c) make, at its first session, appropriate arrangements with the organization it has identified to house the Global Mechanism for the administrative operations of such Mechanism, drawing to the extent possible on existing budgetary and human resources,

Having examined the recommendations of the Intergovernmental Negotiating Committee for the Elaboration of an International Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (INCD) regarding the functions of the Global Mechanism, and the criteria for selecting an institution to house it, as reflected in Appendix I of document ICCD/COP(1)/5 and in paragraphs 1 and 2 of the Committee's decision 10/3, taken at the first part of its tenth session, with the amendment contained in document ICCD/COP(1)/5/Add.1,

Recalling decision 10/18 of the INCD, taken at its resumed tenth session, which, inter alia:

- (a) requests the COP at its first session to consider the offers of the International Fund for Agricultural Development (IFAD) and the United Nations Development Programme (UNDP), including any suggestions they deem necessary, and to take appropriate action on the matters related to the selection of an institution to house the Global Mechanism; and
- (b) requests the Convention Secretariat, in consultation with IFAD and UNDP, to develop proposals on administrative and operational modalities of the Global Mechanism for consideration and adoption by the COP at its first session,

Noting with appreciation the revised offer of IFAD to house the Global Mechanism, contained in Appendix II of document ICCD/COP(1)/5, as supplemented by document ICCD/COP(1)/CRP.3, prepared in response to operative paragraph 1 of INCD decision 10/18,

Also noting with appreciation the revised offer of UNDP to house the Global Mechanism, contained in Appendix III of document ICCD/COP(1)/5, as supplemented by document ICCD/COP(1)/CRP.2, prepared in response to operative paragraph 1 of INCD decision 10/18,

Noting further document ICCD/COP(1)/5/Add.2/Rev.1, which contains proposals developed by the Convention Secretariat, in consultation with IFAD and UNDP regarding the administrative and operational modalities of the Global Mechanism,

1. Decides to select IFAD to house the Global Mechanism on the basis of criteria agreed on in Section B of the Annex to INCD decision 10/3;

2. Decides also that the Global Mechanism, in carrying out its mandate, under the authority and guidance of the COP, should perform the functions described in the annex to this decision;

3. Requests the Convention Secretariat, in consultation with the organization to house the Global Mechanism, as well as the other two collaborating institutions referred to in decision 25/COP.1, to develop a memorandum of understanding between the COP and appropriate body or organization for consideration and adoption at the second session of the COP;

4. Requests also the Convention Secretariat and the organization housing the Global Mechanism, in consultation with the two other collaborating institutions, in developing the memorandum of understanding referred to in paragraph 3 above, to take fully into account document ICCD/COP(1)/5 and other related documents, including document ICCD/COP(1)/CRP.1, to address, inter alia, the following:

- (a) the separate identity of the Global Mechanism within the housing organization;
- (b) the measures to be taken to assure full accountability and full reporting to the COP;
- (c) the field office support available for Global Mechanism activities;
- (d) the administrative infrastructure available to support the Global Mechanism; and
- (e) arrangements for the handling of resources made available for Global Mechanism functioning and activities;

5. Further requests the organization housing the Global Mechanism and the Convention Secretariat to work out appropriate arrangements for liaison and cooperation between the Convention Secretariat and the Global Mechanism in order to avoid duplication and to enhance the effectiveness of Convention implementation in accordance with their respective roles in implementation;

6. Invites relevant institutions, programmes and bodies of the United Nations system, including the United Nations Food and Agriculture Organization (FAO), the Global Environment Facility (GEF), the United Nations Environment Programme (UNEP) and the World Food Programme (WFP), intergovernmental, regional and subregional organizations and regional development banks, as well as interested non-governmental organizations (NGOs) and the private sector, to actively support the activities of the Global Mechanism;

7. Urges Governments and all interested organizations, including non-governmental organizations and the private sector, to make promptly the voluntary contributions necessary to ensure that the Global Mechanism can begin operating on 1 January 1998 on the basis of Section A of Appendix I of document ICCD/COP(1)/5 and continue effective operations on the basis of the memorandum of understanding referred to in paragraph 3 above after its adoption by the second session of the COP;

8. Reiterates that, in accordance with article 21, paragraph 7 of the Convention, the COP shall, at its third ordinary session, review the policies, operational modalities and activities of the Global Mechanism and, on the basis of this review, shall consider and take appropriate action.

FUNCTIONS OF THE GLOBAL MECHANISM

In order to increase the effectiveness and efficiency of existing financial mechanisms, a global mechanism is established to promote actions leading to the mobilization and channelling of substantial financial resources.

In accordance with the relevant provisions of the Convention, in particular articles 7, 20 and 21, and the financial provisions of relevant regional implementation annexes, the global mechanism shall function under the authority and guidance of the Conference of the Parties, including on policies, operational modalities and activities, and be accountable and make regular reports to it, according to the principles of transparency, neutrality and universality. The global mechanism, in carrying out its mandate under article 21, paragraph 4, should perform the following functions:

1. Collecting and Disseminating Information

- (a) Identify potential sources of financing from bilateral donors, the United Nations system, multilateral financial institutions, regional and subregional financial mechanisms, and non-governmental organizations, foundations and other private sector entities, and establish relationships and maintain contacts with them.
- (b) Establish and update an inventory of the financial needs of affected developing country Parties for carrying out action programmes, as well as other relevant activities related to the implementation of the Convention, on the basis of information provided under relevant articles of the Convention.
- (c) Identify and draw up an inventory of relevant bilateral and multilateral cooperation programmes and available financial resources in the form of a comprehensive database, incorporating information both from Parties and from various financial mechanisms, comprising:
 - (i) Sources of available financing through bilateral and multilateral agencies, including their funding patterns and eligibility criteria, using reports to the Conference of the Parties by Parties and all other available data;
 - (ii) Sources of financing from non-governmental organizations, foundations, academic institutions and other private sector entities that might be encouraged to provide funding, including their funding patterns and eligibility criteria;
 - (iii) National funding in affected country Parties to finance actions designed to combat desertification and/or mitigate the effects of drought.
- (d) Disseminate information collected in accordance with paragraphs (a), (b) and (c) to Parties on a regular basis and make it available, on request, to interested intergovernmental and non-governmental organizations.

2. Analyzing and Advising on Request

- (a) Promote the matching of available resources to the projects and programmes of affected developing countries related to combating desertification, including assisting them to find new and additional resources for the implementation of the Convention.
- (b) Analyze and provide advice on sources of financial assistance and on mechanisms to channel resources to the local, national and subregional levels, including through non-governmental organizations and private sector entities.
- (c) Provide advice on the establishment, financing and management of national desertification funds.
- (d) Identify, promote and provide advice about innovative methods and incentives for mobilizing and channelling resources.

3. Promoting Actions Leading to Cooperation and Coordination

- (a) Disseminate information it collects so as to facilitate the assessment of, and exchange of information on, the effectiveness of financial assistance, including its accessibility, predictability, flexibility, quality and local-level orientation.
- (b) Provide identified United Nations agencies, funds and programmes, and multilateral financial institutions, with information and stimulate coordination among them, including in multiple-source financing.
- (c) Encourage, and facilitate coordination through the provision of information and other measures concerning relevant multiple-source financing approaches, mechanisms and arrangements, such as co-financing, parallel financing, consortia and joint programmes.
- (d) Increase awareness of the Convention, and promote the participation in its implementation, of identified foundations, academic institutions, non-governmental organizations and other private sector entities and facilitate contacts with them by interested Parties, in order to contribute to the mobilization and channelling of substantial financial resources.
- (e) Provide information, making use of the Conference of the Parties and other relevant existing forums, that will:
 - (i) Facilitate discussion of relevant issues in the governing bodies of multilateral financial institutions;
 - (ii) Inform Parties about the eligibility criteria and projects of international financial instruments and mechanisms, including particularly the Global Environment Facility (GEF), as they relate to implementation of the Convention;
 - (iii) Inform affected country Parties about each other's relevant activities;

- (iv) Disseminate methodologies developed by Parties to identify and prioritize the financial needs of action programmes at all levels;
 - (v) Promote full use and continued improvement of the funding sources to be utilized for the implementation of the Convention referred to in relevant articles of the Convention.
- (f) Identify and then provide information and advice on financing sources for the transfer, acquisition, adaptation and development of environmentally sound, economically viable and socially acceptable technologies relevant to combating desertification and/or mitigating the effects of drought.
 - (g) Promote partnership building as it relates to the support of the mobilization of financial resources for the implementation of the Convention at the local, national, subregional and regional levels.
 - (h) Facilitate the financing of information exchange on best practices utilized in combating desertification and/or mitigating the effects of drought at the local level in affected developing country Parties.

4. Mobilizing and Channelling Financial Resources

- (a) Promote actions leading to the mobilization and channelling of financial resources to all levels in accordance with the provisions of the Convention.
- (b) Undertake actions and/or activities, in partnership particularly with developed country Parties, and relevant institutions, that shall, consistent with the Convention, mobilize and maximize for the purpose of the Convention adequate and substantial financial resources, including, as agreed in the Convention, new and additional resources, on a grant or, if necessary, concessional basis, to fund activities under action programmes of affected developing country Parties, particularly those in Africa, at all levels in conformity with the Convention and with the particular conditions of the regions of relevant regional implementation annexes.
- (c) Promote the use of existing bilateral and multilateral financial mechanisms and arrangements that mobilize and channel substantial financial resources to affected developing country Parties in combating desertification and mitigating the effects of drought.
- (d) Undertake actions and/or activities for the mobilization of adequate, timely and predictable financial resources, including new and additional funding from the Global Environment Facility of the agreed incremental costs of those activities concerning desertification that relate to its four focal areas, in conformity with the relevant provisions of the instrument establishing the Global Environment Facility.
- (e) Guide and direct, as requested and as appropriate, the channelling and allocation of resources mobilized for the purpose of the Convention from bilateral and multilateral sources through the host, and other organizations in an adequate, predictable and timely fashion to local, national, subregional and regional levels for the implementation of action programmes, projects and activities to combat desertification and/or mitigate the effects of drought in affected developing country Parties, particularly in Africa.

- (f) Use, as requested and appropriate, its own resources made available to it through trust fund(s) and/or equivalent arrangements established by the host organization for the Global Mechanism's functioning and activities, as defined in this annex, from bilateral and multilateral sources through the host organization and from the budget of the Convention.
- (g) Encourage, in conjunction with the Conference of the Parties, the provision, through various mechanisms within the United Nations system and through multilateral financial institutions, of support at the national, subregional and regional levels to activities that enable developing country Parties to meet their obligations under the Convention.
- (h) Increase the efficiency and effectiveness of existing financial mechanisms and collaborate with them to facilitate and catalyse the mobilization and channelling by them of adequate and substantial financial resources, including new and additional resources, for implementation of the Convention.
- (i) Play, among other functions, a catalytic role, in ensuring the availability of resources for project and programme design and implementation from bilateral and multilateral sources.
- (j) Promote and facilitate, through the actions in paragraphs (a) to (i):
 - (i) The transfer, acquisition, adaptation and development of environmentally sound, economically viable and socially acceptable technologies, knowledge, know-how and practices relevant to combating desertification and/or mitigating the effects of drought in affected developing countries, in conformity with the Convention.
 - (ii) The use of indigenous and traditional knowledge and technologies, as well as local expertise, at all levels in affected developing countries.

5. Reporting to the Conference of the Parties

- (a) Provide reports to the sessions of the Conference of the Parties on its activities, including in those reports the following:
 - (i) The operations and activities of the global mechanism, including the effectiveness of its activities in promoting the mobilization and channelling of the substantial financial resources referred to in paragraph 4 (a) above to affected developing country Parties;
 - (ii) The assessment of future availability of funds for implementation of the Convention, as well as assessment and proposals for effective ways and means of providing such funds.

Decision 25/COP.1

Collaborative Institutional Arrangements in Support
of the Global Mechanism

The Conference of the Parties,

Having examined decision 10/18 of the Intergovernmental Negotiating Committee for the Elaboration of a Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (INCD), taken at its resumed tenth session, which, inter alia, invites the International Fund for Agricultural Development (IFAD), the United Nations Development Programme (UNDP) and the World Bank to consult on and develop a proposal on the possible collaborative institutional arrangements for the Global Mechanism for submission to, consideration by and appropriate action by the Conference of the Parties (COP) at its first session,

Welcoming, as an important element in the successful functioning of the Global Mechanism, the agreement of IFAD, UNDP and the World Bank on collaborative institutional arrangements for the Global Mechanism, as reflected in document ICCD/COP(1)/CRP.1, annexed to this decision,

1. Decides that this agreement shall serve as the initial basis for collaborative institutional arrangements in support of the Global Mechanism by the three organizations;
2. Decides also that, in carrying out the functions of the Global Mechanism, in accordance with its decision 24/COP.1, the organization to house the Global Mechanism shall, as the lead organization, fully cooperate with the other two institutions that entered into the collaborative institutional arrangements described in document ICCD/COP(1)/CRP.1;
3. Urges the three institutions concerned to proceed with the arrangements proposed in document ICCD/COP(1)/CRP.1, including the establishment of a facilitation committee, and requests the three institutions to actively pursue and develop further those arrangements and report to the second session of the COP;
4. Invites relevant institutions, programmes and bodies of the United Nations system, including the Food and Agriculture Organization of the United Nations (FAO), the Global Environment Facility (GEF), the United Nations Environment Programme (UNEP) and the World Food Programme (WFP), regional and subregional organizations and regional development banks, as well as interested non-governmental organizations (NGOs) and the private sector, to actively support the activities of the Global Mechanism, as contemplated in paragraph 5 of the annex to document ICCD/COP(1)/CRP.1 and, in this connection, to establish and/or strengthen programmes to combat desertification in affected developing countries;
5. Requests the organization housing the Global Mechanism to report to the second session of the COP on modalities regarding collaboration between itself and the NGO community, as well as collaboration with other interested organizations, including the private sector.

COLLABORATIVE INSTITUTIONAL ARRANGEMENTS FOR
THE GLOBAL MECHANISM OF THE UNITED NATIONS
CONVENTION TO COMBAT DESERTIFICATION
19 SEPTEMBER 1997

I. Context

1. Operative paragraph 3 of the INCD 10 Resumed Session decision on the housing of the Global Mechanism (GM) invited IFAD, UNDP and the World Bank to “consult on and develop a proposal on the possible collaborative institutional arrangement for the Global Mechanism for submission to, consideration and appropriate action by the COP at its first session”.

2. Designated representatives of IFAD, UNDP and the World Bank met at IFAD headquarters in Rome on 18–19 September to discuss their response to the above invitation of the INCD. The following was agreed.

II. The Global Mechanism

3. The three institutions share the view that the objective of the Global Mechanism is to increase the flow of resources for CCD implementation, while increasing the effectiveness and efficiency of existing financial mechanisms.

4. In order to serve Parties effectively in meeting the Convention's financial provisions, the three institutions based their proposal on the following principles as embodied in the spirit of the CCD:

- demand-driven but also pro-actively responsive to the needs and priorities of Parties;
- oriented towards issues of finance (including for the transfer of technology);
- non-duplicative of existing mechanisms and facilities, but adding value to these;
- non-monopolistic, and geared towards promoting multi-source, multi-channel financing;
- highly flexible in operations, responding to emerging opportunities;
- lean and efficient, drawing on other institutions, including its housing institution, to the extent possible, as well as access to the United Nations system-wide capacities and facilities, in particular the Office of the Resident Coordinator;
- neutrality and universality will form the basis for the operations of the GM;
- the GM would have access to resources, through its host and other organizations, as outlined in paragraph 4(e) of INCD negotiating text on the functions of GM; and
- the administrative and operating budget of the GM would be financed by the COP.

III. Support for the Global Mechanism

5. The three institutions recognize that the Global Mechanism would need to draw on the support of a large number of relevant organizations. This would include IFAD, UNDP and the World Bank as well as Regional Development Banks, FAO, WFP, UNEP and other organizations, including NGOs.

6. The World Bank, while not seeking to house the GM, would actively support the GM. Regardless of whether IFAD or UNDP house the GM, and without prejudging the nature of any collaborative institutional arrangement, the three institutions would at least support the CCD and the GM in the ways outlined below.

General

7. IFAD, UNDP and the World Bank would establish a “Facilitation Committee” for the GM, to coordinate support from the three institutions, comprised initially of focal points to be designated by each institution. The functions and scope of the work of this committee would be developed by the three institutions in consultation with the institution housing the GM and the Head of the GM.

8. The three institutions will endeavour to ensure that the GEF would develop projects that address desertification, as it relates to GEF focal areas. In this context: (i) the respective focal points for GM matters within the World Bank and UNDP, as GEF Implementing Agencies, and IFAD would support the GM entity to explore possibilities for new and additional funds from GEF for CCD activities; (ii) co-financing or parallel funding arrangements with GEF funded dryland related activities would be pursued by all three institutions; and (iii) it is strongly recommended that GM be granted observer status with GEF Council.

The World Bank

9. The World Bank would support the GM, housed by IFAD and/or UNDP, as follows:

- (a) The Bank through its Drylands Knowledge Node would support the GM by generating and disseminating information and knowledge on technical issues and financial resource information flows;
- (b) The Bank would integrate appropriate drylands management policies in its Environmental Sector Work and Country Assistance Strategies and use these in its ongoing dialogue with affected countries to internalize drylands management issues within the countries' economic development programmes, and thus bring them forward for financing in the Bank's active portfolio and other donors' support;
- (c) The Bank would participate in high-level meetings with IFAD and UNDP to facilitate activities of the GM, and provide advice and support; and
- (d) The Bank would establish an institutional focal point to liaise with the GM, and with IFAD and UNDP on GM issues.

IFAD

10. IFAD's offer to house the Global Mechanism is contained in ICCD/COP(1)/5. Notwithstanding what it would offer if selected as housing institution, IFAD would nevertheless support the GM as follows:

- (a) IFAD would seek to achieve optimal convergence between its financial assistance for poverty alleviation in the drylands and Affected Country priorities under the Convention;
- (b) IFAD would participate in high-level meetings with UNDP and the World Bank to facilitate activities of the GM, and provide advice and support; and
- (c) IFAD would establish an institutional focal point to liaise with the GM and with UNDP and the World Bank on GM issues.

UNDP

11. UNDP's offer to house the Global Mechanism is contained in ICCD/COP(1)/5. Notwithstanding what it would offer if selected as housing institution, UNDP would nevertheless support the GM as follows:

- (a) Provide technical backstopping to National Action Programme (NAP)/Sub-regional Action Programme (SRAP) process;
- (b) Provide technical backstopping to National Desertification Fund (NDF) establishment;
- (c) Continue its work on Drought Preparedness and Mitigation (DPM), Environmental Information System (EIS)/Desertification Information System (DIS) and indicators, including monitoring and assessment linked appropriately to the work of the Committee on Science and Technology (CST);
- (d) Continue its work on special thematic initiatives (water management, women, NGO participation, advocacy on drylands);
- (e) Continue to mobilize seed/catalytic resources through UNDP Trust Fund for the above activities;
- (f) Continue to support activities for combating drought and desertification through UNDP core and non-core system;
- (g) UNDP would participate in high-level meetings with IFAD and the World Bank to facilitate activities of the GM, and provide advice and support; and
- (h) UNDP would establish an institutional focal point to liaise with the GM, and with IFAD and the World Bank on GM issues.

IV. Specific Features of Collaborative Institutional Arrangements for the GM

12. The selection of the head of GM would take place through consultation between the President of IFAD and the Administrator of UNDP, keeping the President of the World Bank informed.
13. The GM would operate according to the modus operandi and procedures agreed upon in harmony with those of the GM housing institution.
14. The Administrator of UNDP and the President of IFAD would meet periodically, to agree on strategies for implementing the CCD and to harmonize their support for the work of the GM. This process would involve the President of the World Bank, as appropriate.
15. At the request of the GM, the three institutions may establish ad hoc task forces to develop ideas and work on specific issues, particularly innovative resource mobilization approaches, to help the GM entity in its work. Other organizations, including NGOs, would be associated.
16. The three institutions would advise and support the GM in developing its operational strategy, work programme and budget through the facilitation committee (referred to above).
17. The GM would report to the COP through the Head of the Housing Organization.
18. The GM would report to the COP on its activities and would also cover, in consolidated fashion, the support it receives from the three institutions and others.

V. Additional Considerations Involving IFAD–UNDP

19. It is agreed that whether UNDP or IFAD houses the GM in–depth consultations between the two agencies would be held on a number of areas that would require substantive collaboration in support of GM. This would include in particular:
 - (a) Consultation and agreement on the preparation and implementation on a strategic plan for collection and collation of information and its transformation into knowledge for all stakeholders, taking into account respective institutional comparative advantage;
 - (b) The role of the GM in relation to the role of collaborating institutions in actual project and programme development and implementation; and
 - (c) The possibility of drawing on existing initiatives and arrangements such as the CGIAR and NARs, and the work of the inter–agency working group on environmental funds in facilitating the work of the GM.

VI. Lead Institution Approach

20. Taking the above into account, and considering the important role that the three institutions can play in supporting the GM, it is proposed to consider support for the GM as a collaborative arrangement drawing upon the comparative advantages and commitment, as specified above, of the three institutions to the GM and the CCD process. However, in the interest of streamlining accountability, the COP may wish to select either IFAD or UNDP to assume a lead role and the responsibility for housing the GM.

Decision 6/COP.1

Budget and Programme of the Convention for 1999

The Conference of the Parties,

Recalling the provisions of the Convention, particularly article 22, paragraph 2 (g), which stipulates that the Conference of the Parties shall approve a programme and budget for its activities, including those of its subsidiary bodies, and undertake necessary arrangements for their financing;

Having considered the proposed budget for 1999, as the second year of the biennium 1998-1999, presented by the Executive Secretary of the Interim Secretariat in document ICCD/COP(1)/3/Add.1, and taking account also of documents A/AC.241/46 and A/AC.241/65;

1. Approves the core budget of the Convention for 1999, as the second year of the biennium 1998-1999, amounting to US\$ 6,100,000 ^{1/}, for the following purposes, not including conference servicing costs:

1999 Expenditures
(thousands of US\$)

I.	<u>Programmes administered by the Convention Secretariat</u>	
	Policy-making organs	48.0
	Executive direction and management	557.6
	Substantive support to the Conference of the Parties and subsidiary bodies	842.9
	Facilitation of implementation and coordination	1006.8
	External relations	431.9
	Global Mechanism	1003.0
	Administration and systems support	1094.3
	Administrative overhead charges	<u>648.0^{a/}</u>
	Subtotal	5632.5
II.	<u>Working capital reserve</u>	<u>467.5</u>
	TOTAL	<u>6100.0</u>

^{1/} Assuming that the estimated offset due to the relocation of the Secretariat will be at least US\$ 600,000.

^{a/} Assumes agreement with the United Nations on a 13 per cent overhead charge for 1999.

2. Takes note of estimates of contributions to offset the expenditures approved in paragraph 1 above, as follows:

	<u>1999 Contributions</u> (thousands of US\$)
I. Contributions from the host Government	TBD ^{b/}
II. Allotment of overhead for administration	<u>TBD</u>

3. (a) Welcomes General Assembly resolution 51/180 of 16 December 1996, and particularly paragraph 13 thereof whereby it requested the Secretary-General of the United Nations, subject to the decision of the Conference of the Parties at its first session, to consider maintaining the arrangements within the current programme budget of the United Nations for the Interim Secretariat to support the Convention beyond the first session of the Conference of the Parties until the Convention Secretariat designated by the Conference of the Parties begins operating, which should be no later than 31 December 1998;

(b) Notes that conference servicing costs, provision for which has been requested from the United Nations General Assembly, are estimated at \$1,000,000 for 1999, plus overhead charges; and that, should the General Assembly not accede to this request, the related cost will be charged to the Parties;

4. Approves the staffing table for the Convention Secretariat under the 1999 core budget as follows:

	<u>1999 posts</u>
I. <u>Professional category and above</u>	
ASG	1
D-2	
D-1	1
P-5	6
P-4	2
P-3	6
P-2	<u>5</u>
Subtotal	21
II. <u>General Service category</u>	<u>11</u>
TOTAL	<u>32</u>

b/ In accordance with the terms contained in the offer of the Government of Germany, DM 1,000,000 for Convention events and DM 1,000,000 to Secretariat beyond commitments as Party. Estimated dollar equivalent will be inserted at the second session of the Conference of the Parties.

5. Requests the Executive Secretary to report to the Conference of the Parties, at its second session, any proposed adjustments to the Convention budget for 1999, on a detailed basis, including programme expenditure, overhead charges and offsetting contributions, taking account particularly of revisions deriving from the decision on the physical location of the Convention Secretariat;

6. Authorizes the head of the Convention Secretariat to make transfers between each of the main appropriation lines set out in paragraph 1, Part I, above, up to an aggregate limit of 15 per cent of the total estimated expenditure for a given year for those appropriation lines, provided that in the process no appropriation line is reduced by more than 25 per cent;

7. Determines that the working capital reserve maintained within the General Fund shall be set at a level of 8.3 per cent of core budget expenditure, including overhead charges;

8. Recalls that, in accordance with paragraph 14 of the financial rules, contributions for 1999 are expected on or before 1 January 1999 and that each Party should, as far in advance as possible of that date, inform the head of the Convention Secretariat of the contribution it intends to make and the projected timing of that contribution;

9. Invites all Parties to the Convention to pay promptly and in full the contributions required to finance expenditures approved under paragraph 1 above as offset by estimated contributions noted in paragraph 2, taking account at an appropriate time of any revisions made to these estimates.