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**PROGRESS REPORT ON THE ESTABLISHMENT OF THE GLOBAL MECHANISM
OF THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION**



PROGRESS REPORT ON THE ESTABLISHMENT OF THE GLOBAL MECHANISM OF THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION

I. BACKGROUND

1. Document GC 21/L.10 provided the Governing Council with a full report on negotiations and decisions taken before the end of 1997 with regard to the Global Mechanism of the United Nations Convention to Combat Desertification (CCD). At that point, the first session of the Conference of the Parties (COP) had been held, and all decisions related to the Global Mechanism (GM) were recorded in COP decisions 24 and 25 with their respective annexes. These documents were attached to document GC 21/L.10 as was COP decision number 6 dealing with the budget and programme of the Convention for 1999.

2. In order to facilitate the reading of this report, a brief recapitulation of the above decisions is provided here. Thus, the first session of the COP decided to select IFAD to house the GM. It further decided that a Memorandum of Understanding (MOU) between IFAD and the COP be developed that would address, *inter alia*, the following:

- the separate identity of the GM within its Housing Institution;
- the measures to be taken to assure full accountability and full reporting to the COP;
- the field office support available for GM activities;
- the administrative infrastructure available to support the GM; and
- the arrangements for the handling of resources made available to the GM for its functioning and activities.

3. The COP also requested IFAD and the CCD Secretariat to work out appropriate arrangements for liaison and cooperation between the Secretariat and the GM, in order to avoid duplication of efforts and to enhance the effectiveness of Convention implementation in accordance with the respective roles of IFAD and CCD.

4. In addition, the COP welcomed the agreement between IFAD, the United Nations Development Programme (UNDP) and the World Bank on collaborative institutional arrangements for the GM, and decided that this agreement will form the initial basis for collaboration among the three institutions. The annex to decision 25/COP.1 addresses this issue in some detail and states that IFAD, UNDP and the World Bank “would establish a ‘Facilitation Committee’ for the GM, to coordinate support from the three institutions.”

5. The first session of the Conference of the Parties (COP.1) also urged Governments, all interested organizations and the private sector, to promptly make available the voluntary contributions needed to ensure that the GM could begin operating on 1 January 1998. This was necessary since no COP budget would be available for the GM until 1999. It was further agreed that the managing director of the Global Mechanism should be nominated by UNDP and appointed by IFAD.

6. The Governing Council, through its Resolution 108/XXI, decided to accept the decision of the COP to select IFAD to house the GM. It authorized the Executive Board to approve the MOU



between the COP and IFAD on the housing of the GM, and authorized the President of IFAD to sign the MOU. It also requested the President to report periodically to the Executive Board on the administrative arrangements for the housing of the GM and on activities IFAD may undertake in support of it, in addition to the activities of the GM itself.

7. The process for recruiting the managing director was initiated soon after the COP.1 and on 19 October 1998, the first incumbent took up his duties. Voluntary contributions from Germany and Sweden made it possible to appoint the managing director and initiate activities. The Executive Board approved a negotiated draft of the MOU in September 1998, and subsequently transmitted it to the Secretariat for submission to and approval of the second COP. A verbal progress report was delivered to the Executive Board at its Sixty-Fifth Session in December 1998. This Board session coincided with the initial meetings of the second COP.

II. PROGRESS REPORT

A. Institutional Arrangements

Memorandum of Understanding

8. Following the Executive Board's approval of the draft MOU at its Sixty-Fourth Session in September 1998, the document was forwarded to the CCD Secretariat for formal submission to the second Conference of the Parties. The COP was fully satisfied with the substance of the instrument but requested that comments made by Parties be taken into account and that a revised draft of the MOU be submitted to the third Conference of the Parties. The Organisation for Economic Co-operation and Development (OECD) countries made a specific presentation of their comments on the MOU to the Plenary, and expressed the opinion that some of the language in it "needs to be modified for purely technical reasons." Although the MOU will only be formally approved at the third COP, the second COP however "calls on all those to whom the draft MOU is addressed, to act, pending its entry into operation, as if it were already in effect."

Budget and Establishment of the GM Office

9. The first COP "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 January 1 1998." In 1998, all costs related to the establishment of the GM had to be met from voluntary contributions received from Germany, Sweden and Switzerland. This allowed recruiting of the managing director and meeting related costs in 1998. As of 1999, the COP is providing the GM with a budgetary allocation to meet administrative and operational expenditures. The allocation for 1999 is USD 1.033 million. The amount will be deposited into an account held by IFAD specifically for contributions to the GM from the COP.

10. The balance of the voluntary contributions received in 1998 and additional ones expected for 1999 will be credited to one and/or two accounts held by IFAD for the purpose of managing voluntary contributions to the GM. The first of these two accounts will meet administrative and operational expenses over and above the USD 1.033 million provided by the COP. The second one, termed "Special Resources for CCD Finance Account (SRCF)", will be used for the GM's functioning and activities in support of Convention implementation. In order to clarify what activities funds deposited in this account will be used for, and how they will be managed, a basic framework in the form of a legal text will be prepared and submitted to the Executive Board for approval.



11. All three accounts are referred to in the MOU, and IFAD has pledged a contribution to the SRCF, expecting other donors to match its contribution. A full definition of the three accounts is a prerequisite for discussing this issue with potential donors.

12. Since the arrival of the managing director, the GM has been operating with only two staff, the managing director and a temporary administrative assistant. Following the approval of the 1999 budget, the recruitment process for two professional posts and general service staff has been initiated. These additional staff should be in post as of April or May, thus enhancing considerably the capacity of the GM. However, it is broadly recognized that staff capacity will have to be further expanded in order to allow the GM to address all the functions that have been given to it by the Parties to the Convention. It is a reasonable assumption that the 2000 core allocation from the COP will be increased.

Facilitation Committee

13. Following the first COP, early actions were taken to convene the Facilitation Committee (FC). The first meeting was held in March 1998 under the chairmanship of the World Bank. There it was agreed to hold three ordinary meetings of the FC per year, with the chair rotating among the three founding members. The chairperson has the following functions: (a) to prepare the agenda and the minutes of the meeting; (b) to report to the COP on behalf of the committee; and (c) to call extraordinary meetings in consultation with other members. In accordance with these provisions, three meetings were held in 1998. In addition to that chaired by the World Bank, one was held in New York in July 1998 under the chairmanship of UNDP and another in Rome in November 1998, chaired by IFAD.

14. At its second meeting, the FC decided to expand its membership beyond its founding members. Thus, the Executive Secretary of the Convention and a representative of the Global Environment Facility (GEF), both represented at the meeting, were accepted as full members. It was also agreed to extend membership of the FC to representatives of the African Development Bank (AfDB), the Asian Development Bank (AsDB), the Inter-American Development Bank (IDB) and the Islamic Development Bank (IsDB). In addition, the managing director of the GM was invited to become an *ex-officio* member of the FC.

15. The first two meetings of the FC took place before the managing director of the Global Mechanism had taken office. These meetings were devoted to defining the role of the FC more precisely, as follows:

- The FC's main role is to support and advise the GM on how to develop its operations and scope, and to collaborate further and forge systematic links among the institutions that support the GM. These may include institutions that are not FC members.
- The FC serves as a demand-driven advisory body. It is not part of the structure and governance of the GM nor an intermediary between the GM and its housing institution.
- At the request of the GM, the members of the FC may establish task forces to develop ideas and work on specific issues. Organizations that are not members of the FC may be part of these task forces.

16. In addition, the FC analyzed the general nature of the activities that its founding members and potential collaborating agencies could undertake to support the GM. Such activities include:



- developing networks to support GM operations;
- identifying and selecting major resource mobilization initiatives, to demonstrate the GM's potential effectiveness;
- helping to provide concrete support to the development of CCD action programmes at all levels; and
- developing forms of cofinancing joint initiatives between FC members.

17. As regards the GEF, the three founding institutions indicated their commitment to ensuring that the GEF will support projects that address desertification as it relates to the GEF focal areas. In particular, the UNDP and the World Bank, as GEF implementing agencies, together with IFAD, will assist the GM in exploring possibilities of securing new, additional funds from the GEF for CCD activities. The GEF has assured in turn the GM and other agencies of its full support and pro-active actions to help achieve these objectives.

18. The third meeting of the FC took place immediately before the second Conference of the Parties. At the meeting, the FC discussed the draft operational strategy prepared by the managing director and made recommendations with regard to the strategy and the 1999 work plan and budget.

19. Thus, the FC has both taken shape and been valuable in providing support to the GM. It is expected that the role of the committee will be even more significant as the GM becomes more active at country, sub-regional and regional levels, and once all new member institutions are fully conversant with the tasks of both the GM and the committee.

20. The AfDB was represented at the third meeting of the FC, while the other regional banks and the IsDB were not present. These institutions will be approached separately in time for the fourth meeting of the committee with further information and a request to attend.

Operational Strategy

21. After having immediately taken up his post, one of the main tasks of the managing director was to begin developing an operational strategy for the GM. The basis for the strategy is the Convention itself and in particular, Article 21, which deals specifically with financial mechanisms, the annex to decision 24/COP.1, which sets out the functions of the GM, and the annex to decision 25/COP.1, which deals with collaborative institutional arrangements for the Global Mechanism. The documents referred to provide guiding principles on how the GM should operate and list over forty points and sub-points that constitute the scope of the GM's mandate.

22. The draft operational strategy is organized into three sections. The first gives the context and highlights the fact that desertification and land degradation are as much a development issue as an environmental one. The second section lists the functions of the GM and organizes the more than forty points into seven clusters of tasks. The third section sets out the approach to be taken in implementing the GM. Thus far, this is the least developed part of the strategy. However, it is clear that it will take time before the GM has the capacity to deal with all its tasks effectively. It is therefore necessary to set priorities. In doing so, priority has been given to achieving early action at the national and sub-regional levels and in setting up the database that will provide information on development assistance flows and needs, and criteria for allocating available resources. Furthermore, the Convention gives priority to Africa and therefore this region will be allocated proportionally more resources than Asia and Latin America.



B. Decisions Taken By the Second Conference of the Parties and Advice Given by the Facilitation Committee

23. As mentioned above, the FC met immediately before the second COP. It was agreed that as the managing director had been in the post for only five weeks, it was not necessary to present the operational strategy in writing to the Conference. Moreover, the FC recommended that the GM should focus initially on marketing and awareness-raising, development of the database and resource mobilization and channelling. It was also agreed that a more complete set of criteria needed to be developed in order to decide where, geographically-speaking, the GM will become engaged. Such criteria could include the degree to which the country or sub-region is effected by desertification and land degradation, the degree to which action plans and programmes have been developed and the position of a country on the Human Development Index list. It was also considered important that the GM demonstrate relatively early results in resource mobilization so as to generate confidence in its operations.

24. During the second session of the Conference of the Parties, several meetings were held with regional groups and with the non-governmental organization (NGO) group. These meetings contributed to a better understanding of the situation facing the various groups, their priorities and expectations. The NGO group asked whether it would be possible for NGOs to be represented on the FC. An agreement that the NGO group propose what it will contribute to the FC should it become a full member was reached. A response is expected during the month of March; hopefully, it will be possible for the FC to decide this issue at its fourth meeting.

25. The decision of COP.2 with regard to the GM is attached as Annex I¹. The decision reflects the Conference's appreciation of the role of the FC, requests the GM to establish an ongoing process for consultation with NGOs and urges the GM and the Convention Secretariat to cooperate to avoid duplication and to enhance the effectiveness of Convention implementation. Furthermore, it notes with appreciation the financial support already provided on a voluntary basis by some country Parties and appeals to Governments, all interested organizations and the private sector, to support the functioning of the GM. It **"takes note** of the first draft of the Operational Strategy and requests the Managing Director of the Global Mechanism to complete the development of an Operational Strategy, so as to ensure full consideration of all its main functions including mobilization and channelling financial resources as contained in its decision 24/COP(1)." Moreover, it **"decides** to undertake, at its third session, in accordance with article 21, paragraph 7, of the Convention, the first review of the policies, operational modalities and activities of the Global Mechanism and, on the basis of this review, consider and take appropriate action."

26. Concerning the decision to review the GM at the third session of the COP, it was understood that many of the tasks given to the GM will have yet to become operational at the time of COP.3, especially since the report for the Conference will have to be written well in advance of the meeting. However, it was considered important that the GM be reviewed so as to be able to provide advice and modifications in its approach at an early stage of its operations. This approach is welcome, not least since the GM represents something of a new paradigm in resource mobilization. It can certainly benefit both from the Parties' interest in its operations and their active support in developing its strategy and operational modalities.

¹ Unedited advance copy.



27. The operational strategy will be further developed and the decision of the Conference will be taken into consideration. The managing director will consult closely with members of the FC in this process. It is expected that several drafts will be discussed before a final version is ready for presentation to COP.3.

28. A formal document setting out the respective responsibilities of the GM and the Convention Secretariat still needs to be drafted. As its details will be related to the development of the operational strategy, it will therefore be considered in this context.

29. To conclude, preparatory work in setting up the GM and rendering it operational had been largely completed at the end of 1998. This year will see the office of the GM expand and its work in the field, in cooperation with all its partners, begin in earnest.



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DECISION 18/COP.2

Global Mechanism

The Conference of the Parties,

Recalling its decisions 24/COP.1 and 25/COP.1 on the organisation to house the Global Mechanism and agreement on its modalities, and on collaborative institutional arrangements in support of the Global Mechanism, respectively,

Taking note of the reports of the secretariat and of the International Fund for Agricultural Development (IFAD) as the organisation housing the Global Mechanism and the joint report of IFAD, the United Nations Development Programme (UNDP) and the World Bank¹ and of the draft memorandum of understanding with IFAD as the organisation housing the International Fund for Agricultural Development/Global Mechanism²,

Having considered the report of the Managing Director of the Global Mechanism³ and the report of the current chair of the Facilitation Committee⁴,

1. **Notes with concern** that the Global Mechanism did not begin operating on 1 January 1998, as indicated by the Conference of the Parties at its first session in its decision 24/COP.1;
2. **Notes with appreciation** the role played by UNDP in identifying and selecting the Managing Director of the Global Mechanism in consultation with, and his appointment by, the President of IFAD;
3. **Also notes with appreciation** the efforts made by IFAD to establish the framework for the separate identity of the Global Mechanism within IFAD as an organic part of the structure of the Fund, and looks forward to a prompt starting of its activities, in conformity with the provisions of the Convention and relevant decisions of the Conference of the Parties;
4. **Further notes with appreciation** the role of the Facilitation Committee with its expanded membership in supporting the work of the Global Mechanism and looks forward to the Committee's continued support;
5. **Invites** IFAD to pursue modalities of collaboration between itself and the community of non-governmental organisations, as well as collaboration with other interested organisations, including the private sector, and to submit a report to the Conference of the Parties at its third session;

¹ ICCD/COP(2)/4.

² ICCD/COP(2)/4/Add.1.

³ ICCD/COP(2)/CRP.1.

⁴ ICCD/COP(2)/CRP.2.



ANNEX I

6. **Requests** the Global Mechanism to establish an on-going process for consultation and collaboration with non-governmental organisations as well as with the private sector, and to submit a report to the Conference of the Parties at its third session for consideration and to take appropriate actions;
7. **Requests also** the Global Mechanism and the Convention secretariat to co-operate in order to avoid duplication and to enhance the effectiveness of the Convention implementation in accordance with their respective roles as contained in the Memorandum of Understanding;
8. **Invites** IFAD, UNDP, the World Bank and, as appropriate, the other members of the Facilitation Committee to nominate focal points for the purpose of liaison with the Global Mechanism;
9. **Invites** relevant institutions, programmes and bodies of the United Nations system, in particular UNDP, the World Bank, the Food and Agriculture Organisation of the United Nations, the Global Environment Facility, the United Nations Environment Programme and the World Food Programme, intergovernmental, regional and sub-regional organisations and regional development banks, as well as all other interested organisations, including non-governmental organisations and the private sector, to actively support the activities of the Global Mechanism;
10. **Takes note with appreciation** of the financial support already provided on a voluntary basis by some country Parties, and reiterates its appeal to Governments, all interested organisations and the private sector to make promptly further voluntary contributions to support the activities and, as appropriate, in addition to the core budget, to support the functioning of the Global Mechanism;
11. **Takes note** of the first draft of an Operational Strategy and requests the Managing Director of the Global Mechanism to complete the development of an Operational Strategy, so as to ensure full consideration of all its main functions including mobilising and channelling of financial resources as contained in its decision 24/COP(1);
12. **Decides** to undertake, at its third session, in accordance with article 21, paragraph 7, of the Convention, the first review of the policies, operational modalities and activities of the Global Mechanism and, on the basis of this review, consider and take appropriate action.



UNEDITED ADVANCE COPY

DECISION 19/COP.2

**Memorandum of Understanding
between the Conference of the Parties to
the United Nations Convention to Combat Desertification and
the International Fund for Agricultural Development
regarding the modalities and administrative operations of the
Global Mechanism**

The Conference of the Parties,

1. **Takes note** of the draft Memorandum of Understanding (MOU) between the Conference of the Parties to the United Nations Convention to Combat Desertification and the International Fund for Agricultural Development (IFAD) regarding the modalities and administrative operations of the Global Mechanism¹, jointly prepared by the secretariat of the Convention and IFAD, and requests the secretariat of the Convention to continue consultations on the text of the draft Memorandum of Understanding, in order to ensure that comments by Parties are taken into account, and to submit a revised draft of the Memorandum of Understanding for consideration and decision by the Conference of the Parties at its third session;
2. **Decides** to transmit to its third session the draft decision ICCD/COP(2)/L.19 submitted by Indonesia on behalf of the Group of 77 and China;
3. **Calls upon** all those to whom the draft MOU is addressed to act, pending its entry into operation, as if it were already in effect.

¹ ICCD/COP(2)/4/Add.1, Annex.