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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**

Governing Council — Thirty-first Session
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For: **Information**

Note to Governors

This document is submitted for the information of the Governing Council.

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Abbreviations and acronyms

COP	Conference of the Parties (to the UNCCD)
FC	Facilitation Committee (of the Global Mechanism)
FIELD	Financial Information Engine on Land Degradation
GEF	Global Environment Facility
GM	Global Mechanism (of the UNCCD)
GTZ	German Agency for Technical Cooperation
IFI	international financial institution
MDF	multi-donor facility (of the Global Mechanism – proposed)
NAP	national action programme
OPEC	Organization of the Petroleum Exporting Countries
PRSP	poverty reduction strategy programme
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

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

I. Introduction

1. Since beginning its operations in 1998, the Global Mechanism (GM) has submitted progress reports to the Governing Council of IFAD at its annual session.
2. During 2007, the GM's resource mobilization strategy has been guided by and aligned with changes in the international development financing architecture: the emergence of new modalities for resource allocation based on greater country leadership, country-driven identification of development priorities, and improved donor coordination and harmonization – in the spirit of the United Nations reform initiatives for system-wide coherence, including in the area of international environmental governance.
3. The GM aims to strengthen its country-level operations through collaborative arrangements within the United Nations system and, in particular, with IFAD.
4. The eighth session of the Conference of the Parties (COP 8) to the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD) was held in Madrid, Spain, 3-14 September 2007. The Conference adopted a 10-year strategic plan and framework (hereafter "The Strategy", decision 17/COP 8). The GM was assigned a central responsibility in contributing, in particular, to Operational objective 5: Financing and technology transfer, which seeks "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". It was also given 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" and to 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". The GM's approach and activities are aligned with the outcomes linked to these objectives and are referenced in this report.

II. Progress towards resource mobilization

A. Overall objective and service provision

5. The overall objective of the GM is to support country Parties to the UNCCD in establishing an investment framework for a comprehensive programme on sustainable land management (SLM). To achieve this objective, the GM takes a broad approach to increasing investments in SLM by including sectors such as trade, water and adaptation to climate change that go beyond the biophysical rehabilitation of natural resources.
6. This year the GM actively promoted integration of the SLM agenda into poverty reduction strategies and rural development programmes in its partner countries. This work supports the overall process of financial resource allocation from national and international sources for domestic development programming at the country level.
7. Services that the GM has provided in 2007 to promote successful resource mobilization for SLM at the national level comprise:

- Technical backstopping in the development of comprehensive strategies that blend public, private and innovative sources of financing for a comprehensive investment framework;
- Offering strategic advisory services to broaden access to financing from non-traditional sources;
- Cooperating with national institutions and donor partners to facilitate harmonization and alignment of international agencies and their programmes with national SLM priorities;
- Developing knowledge and building the capacity of national counterparts to navigate resource mobilization processes effectively – including national budgetary processes and access to international funding;
- Organizing expert consultation meetings and joint donor missions;
- Supporting negotiations to reach agreements with donors and financial institutions on financing national SLM-related programmes and projects emanating from comprehensive investment frameworks.

B. Creating an enabling environment for resource mobilization

8. In order to render its services effectively, in the past year the GM has developed a specific approach to country engagement, with the ultimate goal of developing investment frameworks for SLM. The three main pillars underpinning this approach are mainstreaming, partnership-building and knowledge management.

(a) Mainstreaming¹

9. The GM sees mainstreaming as a process of informed dialogue and national-level action focusing on the proper management of natural resources and poverty reduction. The objective is a political commitment to articulate issues of land degradation and desertification as a national priority within national-level planning and budgetary processes – alongside corollary actions to improve policy, legislative and institutional frameworks.
10. Experience has shown that mobilization of substantial flows of finance cannot be achieved without such mainstreaming in national and international policy, planning and budgetary processes and overarching national development frameworks. Government ownership of this process and support from development cooperation partners is fundamental to success.

(b) Partnership-building²

11. Following the Paris Declaration on Aid Effectiveness, the Monterrey Consensus on Financing for Development and the “One UN” reforms, partnerships have become all the more relevant to development financing. In this context, the GM has established partnerships with governments, bilateral and multilateral development cooperation partners, the private sector, civil society and academia. These partnerships draw on the comparative advantages of the partners to achieve specified development outcomes and impact at all levels. In 2007, GM has achieved significant results in resource mobilization through:

¹ Decision 5/COP 6 (2003) called upon the GM to support countries in mainstreaming their national action programmes (NAPs) in poverty reduction strategies and national development frameworks. Decision 5/COP 7 (2005) reiterated this call by encouraging the GM to intensify its interactions with international financial institutions (IFIs). The 10-year strategic plan and framework adopted (decision 17/COP 8 (2007)) – The Strategy – contains objectives and outcomes supporting these efforts, for example Strategic objective 4, Expected impact 4.2, and Operational objective 2, Outcome 2.3.

² GM partnership-building activities are in line with Strategic objective 4 of The Strategy. That objective seeks “to mobilize resources to support implementation of the Convention through building effective partnerships between national and international actors” (decision 20/COP 8).

- Facilitating structured policy dialogue with partners on the causes and impact of desertification and drought and on ways to address them, entering into agreements to finance SLM programmes and projects;
 - Brokering new and strategic partnerships to broaden the financing base of the UNCCD and advocating mainstreaming of the UNCCD in national development frameworks;
 - Providing advisory services to optimize financing opportunities by strengthening partnership arrangements;
 - Establishing learning partnerships through South-South cooperation and triangular partnerships;
 - Convening and organizing partnership meetings to mobilize financial resources for national, subregional and regional action programmes;
 - Initiating innovative public/private partnerships.
12. The GM has also benefited substantially over the years through its partnerships with IFAD, the World Bank, regional development banks such as the African Development Bank, the Asian Development Bank, the Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development and 17 bilateral agencies. The institutional partnership with IFAD – the GM’s host agency and primary financier through generous grants totalling US\$7.5 million to date – has been crucial.

(c) Knowledge management

13. Knowledge management is one of the pillars that guides GM strategy and operations. Results can only be achieved if all institutional activities are backstopped and substantiated by technical and non-technical knowledge. SLM constituencies need to be aware of and able to access the development financing instruments available at country and subregional levels in order to leverage investments, identify traditional and innovative sources of funding from which they could benefit, and articulate the arguments needed to influence policy reform.
14. Against this backdrop, the GM’s Economics and Financing Instruments Programme works to increase understanding of these new development financing instruments and modalities to ensure resource allocation in national budgets for UNCCD processes. The amount of finance available for UNCCD implementation is increasingly dependent not only on the political will of governments to identify SLM as a national priority, but also on allocation of resources in national budgets for this purpose. The programme is designing and implementing training modules on core issues, with a view to enhancing national capacities to develop and implement national financing strategies for UNCCD implementation.

C. Developing integrated financing strategies

15. The GM’s approach to resource mobilization is supported by the Integrated Financing Strategy (IFS) – a guiding framework for locating and developing a mix of financial resources to fund programmes and projects for SLM and combat desertification. While helping develop the appropriate blend of funds – internal, external and innovative – the strategy also uncovers potential barriers in resource identification, allocation and disbursement within a particular national context. It highlights aspects of the policy, fiscal, legal, institutional and human resource environments that may impede certain actions in resource mobilization or programme execution.
16. Through the IFS, the GM aims to support country Parties in setting up coordination and partnership platforms to facilitate the mobilization and allocation of national resources. The IFS is tied to an action plan that outlines the activities to be carried out to open a path to resource mobilization that will lead to the setting up of an SLM investment framework. It brings together international development partners with government bodies, civil society organizations and the private sector.

17. To support development of the IFS, the GM has designed a structured learning programme, Designing Integrated Financing Strategies to Combat Desertification. This programme has proved effective in facilitating peer-to-peer exchanges of knowledge and strategies for negotiating increased financing for the UNCCD. Launched in western Asia and North Africa with generous financial support from the OPEC Fund for International Development and the Swiss Agency for Development Cooperation, the programme will be extended to the other regions in 2008.

D. Summary of engagements in 2007

18. A detailed account of the GM's work at national and subregional levels is contained in its report to COP 8 (available on the GM website at www.global-mechanism.org). Over the past four years, the GM has been active in over 27 countries and 12 subregions in Africa, Asia and the Pacific, and Latin America and the Caribbean.
19. At the country level, the GM employs the approach described earlier (paragraphs 8-14). The following countries are currently part of its work programme: Algeria, Argentina, Brazil, Burkina Faso, Cameroon, Ecuador, Eritrea, Ethiopia, Ghana, Guatemala, Honduras, Jordan, Kazakhstan, Kenya, Kyrgyzstan, Lebanon, Mali, Mexico, Morocco, Mozambique, Nicaragua, Pakistan, Peru, South Africa, Swaziland, the Syrian Arab Republic, Tunisia and Uganda.
20. The GM also works at subregional and regional levels – so that countries in which it is not directly engaged can benefit from its services – and has effectively mobilized substantial finance for UNCCD implementation. Initiatives include: the Sustainable Arid Land Management (SALAM) – A Partnership Programme for the Gulf and Neighbouring Arab States; Synergistic Implementation of Multilateral Environmental Agreements in South-East Asia and China; the Partnership for SLM Financing in the IGAD [Intergovernmental Authority on Development] subregion; the Strategic Partnership for SLM in southern Africa; the Community of Portuguese-speaking Countries (CPLP) initiative; the Partnership Initiative on Sustainable Land Management in the Caribbean Small Island Developing States; the Investment Promotion Platform and Capacity-Building for SLM Financing in Mesoamerica; Mainstreaming Multilateral Environmental Agreements under the Framework of the European Commission's Africa, Caribbean and the Pacific (ACP) Agreement; and SolArid: the GM's South-south cooperation programme for the Sahel and Sahara regions.

E. Success stories at national and subregional levels

21. The following examples of tangible results serve to illustrate the commonalities as well as the diverse approaches adopted by the GM towards resource mobilization, taking into account specific socio-economic and political contexts.
 - (a) Increasing financing for SLM: The case of Ethiopia**
22. Mainstreaming and partnership-building in Ethiopia have led to a higher priority being placed on SLM/national action programme (NAP) issues in the Plan for Accelerated and Sustained Development to End Poverty – Ethiopia's poverty reduction strategy programme (PRSP) for 2006-2010. Initial estimates suggest that more than US\$250 million could be allocated to SLM-related investments within the plan – a substantial increase over allocations under the first PRSP, which placed less emphasis on SLM-related investments.
23. The GM's mainstreaming efforts and analytical work in support of Ethiopia have resulted in the country being selected as a candidate for additional support in the mobilization of financial resources for NAP implementation within the framework of TerrAfrica – a multi-stakeholder partnership on SLM for sub-Saharan Africa. Through TerrAfrica, other multilateral and bilateral partners are working with the GM and the Government of Ethiopia to establish a national framework for scaling up investment for SLM and NAP priorities in the PRSP. These partners include: the African

Development Bank, the Food and Agriculture Organization of the United Nations (FAO), the German Agency for Technical Cooperation (GTZ), IFAD, the Government of Norway, the United Nations Development Programme (UNDP), the World Bank and the World Food Programme (WFP).

(b) Integrated financing strategy: The case of Lebanon

24. The successful completion of Lebanon's integrated financing strategy has marked a major milestone in efforts to implement the UNCCD. This strategy was developed over an 11-month period under the leadership of the Ministry of Agriculture, with GM support and in partnership with the Drylands Development Centre, GTZ and UNDP. The approach taken was to align national, donor and innovative financing mechanisms with NAP priorities. During the strategy development phase, the GM initiated negotiations with international donors to mobilize substantive financing. For example, IFAD is designing a US\$10 million project to support priorities identified in the strategy.
25. The GM has also drafted a multi-agency proposal in conjunction with UNDP-Lebanon with a view to accessing US\$6.5 million from the United Nations Fund for the Achievement of the Millennium Development Goals, managed by the Government of Spain and UNDP, in order to mainstream SLM practices in national and local development planning, policy and budgetary processes.
26. The financing strategy places special emphasis on involving the private sector in financial support through creative, trade-related initiatives. One proposal regards the development of the viticulture (grape vine) and viniculture (wine) sectors.

(c) Harmonization of public policies: The cases of Mexico and Ecuador

27. The GM's work to harmonize public policies in Mexico, undertaken in collaboration with the Regional Office for Latin America and the Caribbean of the United Nations Environment Programme (UNEP), has directly resulted in the elaboration and approval by the Government of a federal law on sustainable rural development.
28. This work has helped improve the overall policy context for SLM and has positively influenced budgetary reform processes and rural development planning cycles. The experience gained in systematically analysing all relevant policies that have a potential impact on natural resource management and sustainable development – and proposing improvements to the overall policy context – has given the GM a solid foundation for assisting other Latin American and Caribbean countries in improving the enabling policy framework in support of SLM.
29. Building on the knowledge gained in Mexico, the GM has partnered with FAO, UNDP and UNEP to replicate this initiative in Ecuador by supporting the development of an integrated financing strategy. A toolkit to support countries undertaking their own harmonization of public policies is currently being developed.

(d) South-South cooperation: SolArid

30. SolArid currently brings together peri-Saharan countries, addressing strategic issues that bridge regions, with the aim of building South-South partnerships for resource mobilization. In June 2007, the GM and the Community of Sahel-Saharan States signed a framework agreement setting the priorities for a South-South and multi-donor partnership platform for resource mobilization and increasing South-South cooperation through joint antidesertification measures, with a view to enhancing regional integration.
31. Another aspect of SolArid is its work on the socio-economic dimensions of desertification. In this context, the GM is organizing an international meeting of experts on "Desertification, migration and local development", to be held in Tripoli, Libyan Arab Jamahiriya, in November 2007.

32. SolArid also works on gender issues. The GM initiative, Promoting Women's Role in Decision-Making Processes in Francophone Africa in the Context of the UNCCD, responds to a request by women parliamentarians and NGO representatives from francophone African countries and stems from an awareness of the need to support economic and social activities undertaken by women to combat desertification. In June 2007, the GM and the Ministry of Environment and Sanitation of Mali co-organized an international workshop, Empowering Women to Invest in SLM, for national and international NGOs, ministerial representatives, subregional and international organizations, and development partners. The outcomes were a short-term operational plan and the establishment of the Tchém'sou Coalition – a platform for lobbying and information exchange and for forging financial partnerships to support women's networks that are active in managing natural resources in northern, western and central Africa.

F. Communication and outreach³

33. Knowledge management and communication are essential in maximizing the impact of GM operations. Innovative channels are being used by the Communications Group to raise awareness, share information, stimulate dialogue and generate knowledge, with the aim of empowering the GM's constituencies for UNCCD implementation.
34. These innovations have enabled the GM to reach out to constituencies not previously involved in the land degradation and desertification debate and to enable them to successfully scale up financing. For example, its new website has been recognized as a powerful tool in enhancing understanding of the GM's approach and its resource mobilization work. The GM's e-marketing strategy and regular e-mail newsletters have proved effective in reaching larger constituencies: over 6,000 individuals and organizations have subscribed. Web-based communities of practice, such as e-forums, have been popular among UNCCD constituencies for their pertinent subject matter and their facilitation of easy, cost-effective interactions. In addition, a kit developed in 2007 comprising papers, brochures and fact sheets has been circulated at international conferences and events.
35. The growing number of requests for replication of successful GM initiatives in other regions is a clear indication that these outreach tools are achieving the desired impact and that the GM is making progress towards achieving its goal of becoming a centre of excellence in the provision of strategic advisory services on finance and in generating relevant knowledge on SLM-related issues for UNCCD implementation.

G. New and innovative sources of funding: Strategic programmes⁴

36. The use of new sources of finance, innovative public and private resources, and the engagement of sectors that have not traditionally been involved with the UNCCD are key to implementation of the Convention.⁵ Progress has been achieved in 2007 in broadening the funding base through strategic programmes established for their potential to increase investment flows for UNCCD implementation by capitalizing on opportunities for resource mobilization from new and innovative sources. Such programmes include adaptation to climate change and compensation for environmental services, trade and market access, forestry initiatives and private-sector development.

³ The Strategy (decision 17/COP 8 (2007)) has assigned the GM a supporting role in contributing to Operational objective 1: Advocacy, awareness-raising and education.

⁴ These programmes are in line with The Strategy of the UNCCD. Operational objective 5: Financing and technology transfer, Outcome 5.4: "Innovative sources of finance and financing mechanisms are identified to combat desertification/land degradation and mitigate the effects of drought, including from the private sector, market-based mechanisms, trade, foundations and CSOs, and other financing mechanisms for climate change adaptation and mitigation, biodiversity conservation and sustainable use and for hunger and poverty reduction."

⁵ This is in line with the call for the GM to "provide advice, on request, to Parties on innovative methods of financing and sources of financial assistance and on improving the coordination of cooperation activities at national level" (UNCCD Article 21.5(b)).

37. These are not stand-alone programmes, but are encompassed within integrated financing strategies and support GM operations at country, subregional and regional levels by providing a knowledge base, networks and partnerships with key institutions and experts.
38. The GM is also exploring opportunities for South-South cooperation and triangular partnerships which are becoming increasingly important sources of finance as affected developing countries, such as Brazil, China, India and South Africa are asserting their role as emerging donors.

H. Financial Information Engine on Land Degradation and the harmonized portfolio review methodology

39. Through the Financial Information Engine on Land Degradation (FIELD), the GM collects and disseminates authoritative information on funding sources, policies, programmes and projects addressing land degradation. In particular, FIELD is used to generate analyses that contribute to more effective use of existing resources through informing governments and their development partners of the financial risks, opportunities, costs and returns of investments in SLM and other activities related to UNCCD implementation.
40. The experience accumulated by the GM in the identification, analysis and categorization of sustainable land management investments has led the international community to request its advice in improving the quality and format of UNCCD reports. This work has enabled it to develop an innovative portfolio review methodology, which was pilot-tested by IFAD and submitted to COP 8 and the GM's Facilitation Committee (FC) in September 2007. The World Bank and other organizations have expressed interest in undertaking similar reviews in collaboration with the GM as an input into forthcoming sessions of the Commission on Sustainable Development that will focus on desertification, drought, land management, dry-land development and Africa.

III. Lessons learned

41. Experience has demonstrated that although mainstreaming and partnership-building are lengthy processes, they are effective means of mobilizing financial resources for UNCCD implementation under current mechanisms for delivering development financing, particularly within the framework of poverty reduction strategies.
42. The mobilization of substantial financing for UNCCD implementation requires concerted, coordinated efforts by governments, development partners and other key stakeholders. Integrated financing strategies provide a comprehensive framework enabling countries to identify sources of financing and ways to access financing for agreed-upon national priorities over the medium term within a structured plan of action. While the GM plays a crucial catalytic role in this regard, country ownership and leadership are indispensable to success.
43. There is a growing potential to mobilize additional funding for UNCCD implementation through non-traditional sources and innovative methods – "comprehensive engagement". This, however, requires governments to enter into focused partnerships with actors that have not previously been involved. Success will therefore depend largely on a demonstration of mutual benefit, trust and accountability.
44. Involving UNCCD stakeholders in communication and knowledge management activities, soliciting their active participation and drawing upon their know-how as a foundation for the development of products and services will facilitate implementation of the Convention. Moreover, it is essential to craft simple, clear and highly focused messages that respond to the needs of the GM's operating environment and reach its constituencies.

IV. Enhancing the GM's institutional effectiveness for implementation of the UNCCD 10-year strategic plan and framework

A. Alignment

45. A review of its policies, operational modalities and activities confirms that innovation has always been a distinguishing feature of the GM. The recently adopted UNCCD 10-year strategic plan and framework to enhance the implementation of the UNCCD (The Strategy)⁶ has allowed the GM to examine its role and institutional effectiveness with a view to achieving the strategy's objectives, expected impacts and outcomes. As illustrated here and in the references made to The Strategy throughout this report, the GM is confident that it can contribute, together with its partners, to the achievement of the objectives outlined.

B. Action to be undertaken to increase financing

46. While The Strategy of the UNCCD provides confirmation of the GM's current approach, it also calls for refinements to sharpen its delivery. The GM's Consolidated Strategy and Enhanced Approach, endorsed by COP 7, focuses on country-level interventions and the facilitation of donor and country agreements to finance SLM. The GM has established strategic programmes, based on its current resources, to broaden the funding base through identification of the most promising sources of financing to complement flows of official development assistance to SLM. It is examining other sources of financing, identified in The Strategy,⁷ in order to assess how they may be incorporated into the strategic programmes.

C. Collaboration between the GM and the Global Environment Facility

47. In view of the complementary roles of the GM and the Global Environment Facility (GEF), in 2007 the GM held discussions with the Chief Executive Officer of the GEF and GEF Focal Area teams on how the GM might best support affected country Parties by enhancing the impact and overall flow of financing for SLM through strategic collaboration.
48. As an outcome of these discussions, and as called for in The Strategy, it is now elaborating an engagement strategy with the GEF and its implementing and executing agencies – particularly IFAD – to increase convergence between the two towards stronger and more sustainable resource mobilization for SLM.⁸
49. The engagement strategy will cover the various entry points in a policy or project planning cycle: from inception and partnership-building to project planning and cofinancing, as well as monitoring, evaluation and knowledge-sharing, and will guide the relationship between the GM and the GEF secretariat, as well as their vital collaboration with GEF agencies.

D. Collaboration between the GM and its Facilitation Committee

50. Drawing on its successful work with specific Facilitation Committee (FC) members, the GM is now seeking to engage the FC as a whole to support national, subregional and regional partnership platforms to increase financing for SLM. It is looking to the three founding members – IFAD, UNDP and the World Bank – to provide leadership in this endeavour.

⁶ ICCD/COP 8/L.17.

⁷ This call is made in the programme of work outlined for the GM in The Strategy: "...the GM explores new sources of finance and financing mechanisms to combat desertification/land degradation and mitigate the effects of drought, including the private sector, market-based mechanisms, trade organizations, foundations, CSOs, and other financing mechanisms, for climate change adaptation and mitigation, biodiversity conservation and sustainable use, and the fight against hunger and poverty".

⁸ This is also in line with the programme of work of the GM as outlined in The Strategy, which calls for the GM to develop a strategy to operationalize its complementary role to the GEF.

51. Success will depend on the FC being assigned a clear role in achieving the objectives of The Strategy of the UNCCD. Indeed, The Strategy calls for "Parties to increase their efforts to mobilize financial resources from international financial institutions (IFIs), facilities and funds, including the GEF, by promoting the UNCCD/SLM agenda within the governing bodies of these institutions" under its Operational objective 5: Financing and technology transfer. It also outlines a programme of work for the FC, inviting it to revise its mandate and adopt a joint work programme aligned with The Strategy, and also invites individual FC members to develop consistent and complementary financing platforms so as to align their activities with The Strategy.

E. Collaboration between the GM and the UNCCD secretariat

52. The GM places a high premium on its collaboration with the UNCCD secretariat in advancing the implementation of the Convention. During COP 8, Mr Luc Gnacadja, a national of Benin, was appointed Executive Secretary of the UNCCD by the United Nations Secretary-General. Henceforth, in addition to collaboration in the context of the GM's Facilitation Committee, the GM and the secretariat will undertake joint activities in order to facilitate the smooth delivery of services in achieving the objectives of The Strategy.

F. Managing for results

53. In anticipation of the results-based orientation of The Strategy, the GM has engaged in a pilot exercise to institute a results-based management and budgeting system in 2007. In line with COP decisions related to adoption of The Strategy, GM planning and budget cycles will now include a business plan coinciding with the 10-year period of The Strategy. As requested by the COP, the GM will "revise the current work plan, maintaining the [results-based management] approach, to make it consistent with The Strategy, and prepare a draft multi-year (four) work plan complemented by a costed biennial programme of work". The results chain of the GM's results-based management and budgeting system already corresponds to the logical framework of The Strategy. The prototype will enable the GM to respond quickly to COP guidance on results-based reporting.

V. Collaboration with IFAD

54. The COP decided that the GM should be hosted by an existing organization and should draw upon the expertise and comparative advantage of this institution in discharging its work. COP 1 reinforced that the mandate, objectives and capacity of the host organization should substantially complement the GM's work. As the global agency at the forefront of tackling land degradation and reducing rural poverty in countries most affected by desertification, IFAD was selected as the host.
55. IFAD's expertise and knowledge in financing projects and programmes and in mobilizing significant resources, together with its broad-based collaborative agreements with other IFIs, were important factors in the selection process for the host organization. While maintaining a separate identity, the GM works closely with IFAD and is supported by the Fund's administrative structure.

A. IFAD's mandate in the UNCCD context

56. IFAD's mission is to enable the rural poor to overcome poverty. Its mandate is thus inextricably linked to tackling land degradation. IFAD's commitment to combating the causes of this global problem is reflected in its investment programmes, grants and policy initiatives. Indeed, over the past 25 years, IFAD has committed over US\$3.5 billion to supporting dryland development and combating land degradation worldwide. Since the GM has been hosted by IFAD, these commitments of loans and grants have amounted to US\$3.5 billion, and a further US\$2 billion has been

provided by partner IFIs.⁹ Seventy per cent of IFAD-supported projects are located in ecologically fragile, marginal environments.

57. IFAD further strengthens its support for UNCCD implementation in its capacity as a GEF executing agency, with access to Focal Area funding. The GEF's Operational Programme on Sustainable Land Management (OP 15) uniquely positions IFAD to link projects addressing land degradation to poverty reduction and development concerns.

B. GM/IFAD partnership

58. The IFAD Strategic Framework 2007-2010 provides an excellent structure for GM/IFAD collaboration, as there are several points of convergence not only with the GM's own results framework and engagement strategy, but also with that of The Strategy of the UNCCD. The GM and IFAD have worked together on many occasions in mainstreaming UNCCD NAPs in IFAD's country and subregional strategic opportunities programmes and linking GM initiatives and UNCCD objectives to new IFAD-supported projects – with the aim of enhancing resource flows for UNCCD implementation. The review of IFAD-funded programmes and projects related to UNCCD objectives is just one illustration of cooperation between the two and highlights the comparative advantage of housing the GM at IFAD.
59. The GM collaborates with IFAD's GEF Unit in order to use GEF OP 15 finances to attract and mobilize cofinancing and to increase overall financial flows to SLM. This is consistent with a programmatic approach that engenders enhanced impact and sustainability of investments. GEF interventions must become increasingly more multisectoral and integrated in their approach, in response to challenges associated with the enabling policy, institutional and legislative environment governing SLM and OP 15 finances. The GM also works with IFAD in exploring how GEF financing can best be embedded within GM-facilitated national financing strategies and investment frameworks for SLM.
60. To date, IFAD is the largest financial contributor. IFAD resources have enabled the GM to support action programmes in 29 countries and 12 subregions, in addition to providing technical and financial support to other UNCCD-related initiatives. IFAD is also one of its strategic partners in the broader context of the Fund's membership on the FC.
61. IFAD and the GM will enhance their cooperation in view of IFAD's increasing efforts to integrate its investments into the overall development programmes of recipient countries. The GM – mandated to bring financial partners together to increase the financial resource base for poverty reduction and economic growth through SLM – will review its cooperation with IFAD and propose joint actions for the 2008-2009 biennium as part of its biennial programme of work and budget. It will report fully on IFAD/GM cooperation in 2008 and 2009.

VI. Donor agencies and the proposed multi-donor facility

62. The GM has been working with the Controller's Office and the Office of the General Counsel of IFAD to set up a multi-donor facility (MDF). The main rationale for the MDF is to pool diversified voluntary resources and effectively implement the GM's results-based management system through its biennial programme of work and budget.
63. The GM strives to establish a system of increasingly predictable finance through a "finance alliance" with donor agencies and IFIs in order to plan and budget voluntary contributions, as far as possible, for one biennium at a time. For its interventions at

⁹ *Review summary: Portfolio review of IFAD-funded programmes and projects related to UNCCD objectives (1999-2005)* (available at www.ruralpovertyportal.org/english/topics/desertification/documents/IFAD-GM-06.pdf).

the country level and its initiatives and programmes, it envisages a structured communication process with the donor agencies that contribute to GM operations.

64. The proposed MDF would be governed by a steering committee of selected member organizations, with IFAD as a permanent member, and a replenishment board with full membership of the contributing bilateral donors and IFIs.
65. The MDF and its procedures are based on the IFAD Executive Board decision of December 2006 (EB 2006/89/R.56) with regard to the "Procedures governing the Global Mechanism's Special Resources for the CCD Finance (SRCF) Account", known as the "third account". It is proposed that this account be used for the MDF in order to give the GM sufficient flexibility to operate as an advisory service provider on finance to developing countries. The proposed MDF is fully in line with the administrative procedures set out by the memorandum of understanding between IFAD and the COP and with the rules and procedures of IFAD.