



United Nations

ICCD/COP(10)/INF.4



## Convention to Combat Desertification

Distr.: General  
3 August 2011

English only

---

### Conference of the Parties

#### Tenth session

Changwon, Republic of Korea, 10–21 October 2011

Item 8 (b) of the provisional agenda

#### Follow-up to the assessment of the Global Mechanism by the Joint Inspection Unit

#### Evaluation of existing and potential reporting, accountability and institutional arrangements for the Global Mechanism

### Statement by the International Fund for Agricultural Development on the consultants' report on the evaluation of the Global Mechanism

#### *Summary*

This Statement has been delivered by the representative of the International Fund for Agricultural Development on the occasion of the fourth COP Bureau intersessional meeting (Bonn, February 2011). The document is made available to Parties in the context of their deliberations and decision making process as they relate to the evaluation of the Global Mechanism (ICCD/COP (10)/4) and should be read in connection with decision 10/COP.3. Please note that this document is published as received from the representative of the International Fund for Agricultural Development and without further editing.

## **IFAD's Position regarding the Assessment of the Global Mechanism: Follow-up to Decision 6 of COP9 and to the JIU Report of 2009**

First let me apologise again that I cannot be with you on 20 February, since the IFAD Governing Council – which is a once a year event for our Member States – runs from 17-21 February.

### **1. JIU Report (JIU/REP/2009) discussed at COP-9, Argentina**

The key paragraphs referring to IFAD's position and the quotations attributed to and confirmed by the President of IFAD are numbered 113 and 158.

The key elements from those paragraphs regarding this assessment of reporting accountability and institutional arrangements for the GM, indicate clearly that IFAD does not have or indeed intend to acquire any oversight or accountability functions for the GM programme. These key elements are as follows:

(i) from paragraph 113, the current arrangements for IFAD hosting the GM “do not involve any accountability, oversight and/or coordination functions to be enforced by IFAD over the GM, as this is the prerogative of the COP”; and,

(ii) from paragraph 158, “the President of IFAD stressed that if the COP decides to adopt the ‘status quo’ (*or indeed any alternative*) scenario, it should develop a concrete mechanism for enforcing accountability and oversight of the GM and coordination with other entities, in particular with the permanent secretariat. The GM being an independent institution in its own right, IFAD is not contemplating taking up any such additional functions”.

Reference is also made to the Facilitation Committee of GM in the JIU Report. But the Facilitation Committee of the GM can not assume oversight functions; it only provides strategic advice to the GM as agreed and confirmed by its members (including during the latest FC meeting held in Buenos Aires on 28 September 2009).

### **2. The Assessment of the Global Mechanism (Schutte and Kurukulasuriya)**

The statements in this Report regarding IFAD reflect our position.

For example:

(i) 2.1.1 (page 20) – “neither the IFAD nor the FC is providing any active oversight or governance over the activities of the GM, including over the use and disbursement of funds from its three accounts<sup>1</sup>. This is in line with the results of the JIU report which concluded that “the current arrangements do not involve any accountability, oversight and/or coordination functions to be enforced by IFAD over the GM, as this is the prerogative of the COP.”<sup>2</sup>

(ii) 2.1.1.3 (page 22) – “the IFAD Vice-President and other IFAD management are adamant that the IFAD in no way currently exercises active oversight or guidance over the

---

<sup>1</sup> This conclusion was also confirmed by the IFAD Vice-President and Assistant Vice President of Programmes in Rome on 6 September 2010. However, this does not exclude ongoing engagement on a working level between the GM and IFAD.

<sup>2</sup> JIU/REP/2009/4, p. 20.

GM, but merely provides advisory services related to fiscal oversight to meet the requirements of the external auditors. Indeed, the last PB was issued in 2005 announcing the appointment of the new Managing Director of the GM, and since then, according to IFAD's Governing Body documents and internal consultations, it appears that IFAD's de facto oversight and governance over the GM is limited to administrative matters"

(iii) 2.2.1.3 (page 40) – "IFAD has indicated that it has no intention of ensuring the accountability of the GM to the COP, nor in playing any further role than that of a housing institute with administrative and logistical responsibilities. According to statements made by both GM and IFAD representatives, IFAD's de facto oversight over the GM appears to be limited to administrative matters."

(iv) Turning to our MoU relating to GM's institutional housing arrangement, Section 2.3.1.3 (page 66) – "The IFAD General Counsel highlighted that the current MoU is structurally and legally flawed with many inconsistencies and contradictions and needs to be revisited along with the COP of UNCCD, independent of the outcome of this assessment, to define a limited role of IFAD vis-à-vis the GM in clear and unambiguous terms."

**3. The issue of IFAD's provision of administrative services and logistics support and in addition, grant support to GM (Section 2.3.2, between pages 67 and 69)**

(i) Paragraph 2.3.2.1, indicates that "IFAD's in-kind contribution to GM amounts to around half a million USD" (page 67). Paragraph 2.3.2.5 (page 68) indicates a higher estimation based on an overhead on the GM second and third accounts, but this paragraph notes correctly, "Although IFAD does not charge GM for management of the voluntary contributions, the GM assumes and factors a notional in-kind contribution from IFAD of 13% programme support costs for management of its extra-budgetary funds, which it estimates to be between 1.3 and 1.6 USD million/annually. For example, GM's 2010 – 2011 programme budget of EUR 14 million was estimated to result in about USD 1.3 million of in-kind support from IFAD<sup>3</sup>. However, IFAD has emphasized that such a service charge on programme support costs is not generally levied by IFAD<sup>4</sup>". Furthermore, footnote 240 (on page 135) referring to the same issue notes correctly that, "Consultations with IFAD indicated that it has never discussed charging the GM 13% in programme support costs, or agreed to provide this as an in-kind contribution, nor does it charge this amount to other institutes it houses and therefore should not be considered an in-kind contribution to the GM. Discussed during a meeting with the IFAD Vice president and senior staff on 6 September 2010, as confirmed with IFAD's Head of Administration and in a formal questionnaire."

<sup>3</sup> This was noted as financial and human resources administration and legal support of IFAD. According to GM's response to the FIRST DRAFT report, dated 28 November 2010, the value of IFAD's in-kind contribution for the biennium programme 2010 – 2011 stands at EUR 1 380 000 at the regular programme support cost rate of 13%. This in-kind contribution covers only the extra-budgetary portfolio of EUR 10.691.797. This figure on in-kind contribution was cleared by IFAD's Controller's Office and is laid down in document ICCD/COP(9)/5/Add.2, Table 6; see Decision 6/COP.9

<sup>4</sup> Consultations with IFAD indicated that it has never discussed charging the GM 13% in programme support costs, or agreed to provide this as an in-kind contribution, nor does it charge this amount to other institutes it houses and therefore should not be considered an in-kind contribution to the GM. Discussed during a meeting with the IFAD Vice president and senior staff on 6 September 2010, as confirmed with IFAD's Head of Administration and in a formal questionnaire. Compare to ICCD/COP(9)/5/Add.2, para. 38.

(ii) These issues will of course be re-considered in the renegotiation of the MoU referred to in paragraph 2 (iv) above and will lead to higher overheads being charged to GM operations. This follows increasing pressure on IFAD to increase the efficiency of its operations and to reduce its administrative cost basis.

4. A further benefit to the GM was the grants it was provided by IFAD, totalling 10 million USD. But paragraph 2.3.4.2 on page 70 notes correctly that, “however, IFAD confirmed that, with the recent exhaustion of its initial pledge to the GM of 10 million USD, the GM must now compete with other bidders for IFAD grant funds according to standard procedures, and that IFAD funds to the GM will henceforth be “unpredictable”. Future grant support to the GM will be a function of IFAD’s grant policy based on a competitive process, ‘regardless of the location of the GM’, which awards grant finance to the most effective and efficient grant proposals contributing to rural poverty reduction.”

**5. GM Facilitation Committee:**

2.1.1.6 (page 23) – “normally meets at least once a year and according to the FC meeting reports from 2009, the FC was conceived as a demand-driven advisory body to the GM, providing guidance on the GM’s operations and fostering collaborative institutional arrangements between the GM and institutions with relevant technical and financial expertise”; then (page 24), it “has been effectively inactive since its last meeting during COP9 in September 2009. Reasons for its inactivity range from a lack of budget (according to the GM) and, as confirmed by IFAD which holds the current FC chair, the preference of FC members to wait until the outcome of the current evaluation and resulting COP Decisions.”<sup>5</sup>

Let me conclude by underlining that whatever decisions COP takes regarding the GM, IFAD’s commitment to the UNCCD objectives is unwavering. You may recall the IFAD statement at COP9 on 21 September which underlined once again our continuing commitment to dryland development and to combat land degradation in its member countries. However, like all organisations IFAD acknowledges the need to increase our achievements in effectiveness and efficiency across our actions, and for this reason IFAD is open to any modifications of GM hosting arrangements that the COP considers appropriate.

---

<sup>5</sup> This was apparently a decision made jointly by the GM and the FC former (UNCDP) and present chairs (IFAD), according to a phone conversation with the GM Managing Director, Christian Mersmann on 20 October 2010; IFAD’s response, from 1 November 2010, confirmed that the current review of the GM for the Bureau, led to the reaction that “we should perhaps await that before convening the next meeting of the FC”; IFAD also noted that a hand-over Note to IFAD from the former chair is still outstanding. The last available FC meeting minutes are from the FC’s 21st Session in Buenos Aires, Argentina on 28th September 2009, titled “Summary of Action Points of the Facilitation Committee of the Global Mechanism of the UN Convention to Combat Desertification.