



United Nations

ICCD/COP(10)/INF.6



Convention to Combat Desertification

Distr.: General
26 September 2011
English
English, French and Spanish 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

The management response of the Global Mechanism

Summary

The present document, submitted to the Bureau of the ninth session of the Conference of the Parties on 1 September 2011, contains the response of the Global Mechanism's Managing Director to the consultants' report on the evaluation of the Global Mechanism. Please note that this document is published without further editing.

**Consultants' Report on the
Assessment of the Global Mechanism
Following Decision 6 of the Conference of Parties at its 9th Session**

**Management Response
of the Global Mechanism of the UNCCD**

**Rome
July 2011**

1. Avant-Propos:

The Global Mechanism (GM) was invited by the Bureau of the Conference of the Parties at its 9th Session (COP9) of the United Nations Convention to Combat Desertification (UNCCD) to provide a management response to the consultants' report entitled "Assessment of the Global Mechanism", which was undertaken by Rachel Schutte and Priyalal Kurukulasuriya, on behalf of the Bureau as a follow-up to Decision 6/COP9.

The management response of the GM will confine its comments to the section of the assessment report containing the analytical review, which develops the arguments for four proposals of institutional change (sections I – IV). The GM does not herein comment on the four proposals as contained in sections VI – VII.

2. Analytical Summary

2.1 Assertions and Challenges

The analysis contained in the "Assessment of the Global Mechanism (GM)" in Sections I – IV makes the following assertions:

1. The GM acts independently from the Secretariat and the cooperation with the Secretariat is still weak despite efforts of the COP;
2. Duplication and overlap add to a waste of resources for the Convention;
3. A clear delineation of tasks and functions of the Secretariat and the GM is missing;
4. The GM does not sufficiently report to the COP and its overall accountability is insufficient;
5. The Memorandum of Understanding between IFAD and the Conference of Parties of the UNCCD constitutes a major limitation to the functioning of the GM

The analysis challenges the following agreements of country Parties:

1. Independence of the GM as a subsidiary body of the Convention and its function as a supporting institution for developing country Parties according to Article 21 of the Convention;
2. Ability of the Conference of Parties to exercise oversight of the GM with regard to accountability and reporting of the GM;
3. Ability of IFAD to exercise the administrative and fiduciary oversight

As a consequence, the report strongly indicates that the GM needs to be controlled by a new institutional arrangement considering the role of the UNCCD Secretariat. The consultants' report does not assess any other hosting arrangements beyond IFAD and the UNCCD Secretariat despite the fact that it was specifically requested to do so by their terms of reference.

2.2 GM as a functional institution

The GM was established as an independent subsidiary body of the UNCCD with its own management structure and with direct accountability to the COP (see Article 21 of the Convention). This was confirmed by the legal opinion of the Office of Legal Affairs of the United Nations in October 2009, ICCD/COP (9)/9/Add.2, Annex II paragraph 4. The administrative and fiduciary oversight of the GM is guaranteed by the International Fund for Agricultural Development (IFAD) under the Memorandum of Understanding between the Conference of Parties and IFAD. New arrangements for oversight and accountability by the COP of the GM, as well as the Secretariat, have been put in place through the 10-Year Strategy of the Convention (2008-2018), namely the RBM approach and new reporting structures (decision 3/COP.8).

It should be noted that the independence of the GM was purposefully agreed upon by country Parties, under the premise that a secretariat of a global instrument like the UNCCD and other Multi-lateral Agreements should not dispose over an operational arm like the GM, the GEF or any other institution. Such institutions require their own governance structure, like that of the GM, which is accountable solely to the Conference of Parties.

Based on the current institutional arrangements, the GM has tripled its staff numbers and its operational finance since 2004. This was made possible through the changed approach of the GM, where it developed the concept of the Integrated Financing Strategy (IFS) as a governance tool for developing country Parties. The IFS approach is fully in line with the text of the Convention and contributes directly to the 10-Year Strategy of the UNCCD and its call for Investment Frameworks for Sustainable Land Management, which is the ultimate goal of the IFS process at country and sub-regional levels.

2.3 Approach and service provision

The growing number of requests for IFS development from country Parties and the increasing demand for the GM's knowledge exchange workshops on "Designing Integrated Financing Strategies", are adequate indicators that the GM's approach in fulfilling its mandate, as outlined by the Convention, has been mainstreamed under the UNCCD. In this regard, it seems that the consultants, in stark contrast with the views of the country Parties, have been critical of the concept of the IFS without adequately substantiating their line of reasoning on this crucial issue (see in particular section 2.2.2). Indeed, the IFS was interpreted in the consultants' report as an indicator of the GM acting independently and without accountability to the Conference of Parties.

Furthermore, the consultants' report indicates that the GM could serve as the fund-raising body of the Convention for the functioning of the "UNCCD machinery" such as for recurrent costs for COP and CRIC participation of focal points, the budget for CRICs and CST events and other costs of the Convention at global level in contradiction to the Convention text. The Decision of COP9 on the development of a "common fund raising strategy" for this purpose is a joint activity of the Secretariat and the GM and does not change the GM's mandate, as the GM is only asked to support the fund-raising unit of the Secretariat through its experience and networks.

2.4 Cooperation between the Secretariat and the GM

The consultants' report bases its arguments firmly on the perceived lack of cooperation with the Secretariat. The consultants call for a systemic or institutional arrangement to

enforce cooperation. The GM has always maintained that the cooperation between the Secretariat and the GM as a “learning process” with increasingly good results, which were positively received during CRIC in February 2011. The GM team would like to take this opportunity to thank all colleagues of the Secretariat of the UNCCD for their engagement with the GM on our joint achievements such as on RCM/RCU, PRAIS I and communication. Considering the good results of the cooperation, the apparent lack of cooperation between the two institutions has been increasingly utilised as a political argument and is not based on the day-to-day reality of the two teams.

2.5 Accountability and Reporting

The GM would like to reiterate that accountability, transparency and compliance with COP decisions on the side of the GM has never been subject to any criticism at any COP or CRIC and no decision in this regard has been taken by any COP prior to 2007 when new reporting guidelines were agreed upon for all subsidiary bodies of the Convention. The consultants’ report has purposefully not evaluated the new modalities of accountability and transparency as regards the RBM Programme of Work and Budget of the GM as well as reporting obligations as decided upon by the Conference of Parties.

2.6 Conclusion:

Based on the above and in summary of the factual corrections below, the management of the GM would like to underline that the consultants’ report as a whole portrays the GM, at best, as pursuing an agenda separate from the Convention, and at worst as being willingly delinquent. The report broadly lacks due diligence in evaluating the facts and figures, it disregards developing countries’ appreciation of and demand for the GM’s engagement at country and sub-regional levels and it sends the message to donor agencies and international institutions that the GM is essentially dysfunctional.

With regard to the latter, the portrayal of a subsidiary body of the UNCCD in this manner will almost certainly guarantee that the success of future resource mobilisation efforts will be at stake, not only for the GM and its activities but for the Convention as whole. The report is in no way helpful to improving the GM’s services to country Parties nor in finding a solution to the long-standing “institutional issue”, which has very little to do with the quality of the GM’s work, but with a lack of consensus on a political agenda over which the GM has no authority. This is also in stark contrast to the findings of the GM’s satisfaction survey, which was requested by COP, and which reveal that constituencies are overwhelmingly positive about the IFS and GM services. It is therefore both unfortunate and unnecessary that the consultants have chosen such a biased and negative approach to the substantive assessment of the GM¹.

Lastly, it should be considered by the Conference of Parties of the UNCCD that the foundation for any new institutional arrangement is still missing, namely a consensus by country Parties on the services of the GM to be provided. In other words, what is expected from the GM in the future? “Form follows function” – the consultants’ report remains

¹ In an earlier draft of the assessment, the consultants had written: (...) *the GM appears to have been very successful with its resource mobilization efforts and its programmes of work at the country level.* In a footnote it said: *For example, the GM continues to receive appreciative communications from Ministers and senior officials from affected parties for the very useful contribution that it is making towards addressing desertification issues in their respective countries.* This text no longer exists in the final report nor was it replaced by any other positive remark throughout the report.

vague with regard to the improvement or change of services of the GM under the various institutional options.

3. Factual Corrections

This management response will be confined to the correction of only the major factual errors, given that the consultants' report contains countless examples of factually incorrect information and interpretations. Hence, this management response cannot comment in detail on 72 pages.

Secondly, it is to note that the consultants' report complicates the relatively clear accountability and reporting lines through the introduction of confusing arguments. One of these arguments is the assertion that the GM is neither audited by the UN nor does it follow financial rules of the UN as the Secretariat in its budget administration. However, in contrast to the Secretariat, the GM follows IFAD's rules and procedures as agreed upon through the MoU between the COP and IFAD. The report portrays this as a problem in itself and makes no attempt to outline what problems this might cause.

3.1 Budget Reporting Inconsistencies

Under section 2.1.3.2 "Budget Reporting Inconsistencies", the GM has commented extensively on the consultants' misunderstanding of the GM's basic financial planning, administration and reporting modalities.

- (1) The GM presents to the COP a budget **proposal** for each biennium containing core and voluntary funding expectations under the common RBM framework. The COP consequently **adopts** a core budget financed through assessed contributions of country Parties.. The budget proposal for voluntary or extra-budgetary funded activities is not adopted by COP as it is totally dependent on the GM being able to raise these funds over the course of the biennium. The budget for voluntary contributions is therefore **an estimate**. The same applies for the Secretariat or in fact any other UN institution. Commonly the GM's proposed voluntary contribution budget is therefore not, at the time of the proposal, fully funded. It is also often the case that the budget for voluntary contributions which the GM proposes at the COP differs in amount and allocation over the biennium because either the fund raising is more or less successful over the biennium.
- (2) The GM presents an annual budget to IFAD, which is the instrument that allows the GM to get an **allotment for planned activities**. IFAD financial rules only allow for proposed annual budgets to contain items for which the GM has **funds in its accounts** (core or voluntary). Thus the difference between what is adopted RBM-based budget through COP (which is based on estimates) and the annual budgets approved by IFAD financial controller (which is based on actual funding availability) can be substantial in positive as well as negative terms. Furthermore, the budget for the respective year might not be exhausted due to variety of reasons causing a carry-over of funds into the next year.
- (3) The overall annual financial report on actual expenditure of core and voluntary contributions is the external **audit report on expenditure** (Price Waterhouse), which is made available to all donor agencies and to the UNCCD Secretariat. In these **the expenditures and current assets** held in

our accounts are called “actuals” and constitute neither estimated nor planned financial data.

- (4) In the biennium performance reports to COP, the GM reports on **donor contributions received in the last biennium**, regardless of the duration of the grant agreement which can last up to 4 years.

In summary, the consultant report concludes that there are inconsistencies comparing figures that are legitimately not comparable since estimates, budget planning and actual expenditure and assets held in the accounts can vary significantly. The approach of the consultants in comparing estimates, budget planning and actual expenditure and assets is factually incorrect and professionally questionable and gives rise to the impression that the consultants have been biased in order to support the argument of lack of oversight and accountability.

3.2 GM STAFF POSITIONS WITHOUT COP APPROVAL

In section 2.1.3.3, the factually incorrect portrayal of the GM’s staffing situation and reporting and accountability obligations is used in the consultancy report to substantiate the skewed conclusion that “ (...) *the GM appears to have failed to discharge its reporting and thus accountability obligation to the COP and CRIC* (...)”. The GM objects to this slanted depiction by the following arguments:

- a. The consultancy report states that one example of lack of COP oversight is that the COP has not explicitly approved posts financed through extra-budgetary contributions. While extra budgetary posts are not approved in the budget decision, the subsidiary bodies of the Convention do present their estimation of staffing needs funded from extra-budgetary contributions in their budget proposal under the RBM system. Currently, none of the UNCCD subsidiary bodies have their extra budgetary posts explicitly approved in the budget decision as they are not part of the core budget and can only be filled if the funds are secured by other means.
- b. With regard to the table on “GM Staff Positions as of September 2010” under section 2.1.3.3, the appointments of P-level staff from extra-budgetary positions for the biennium 2010 – 2011 was 5 and not 10 (ten) as in Table 5. This is in line with the proposed Programme of Work and Budget of the GM (ICCD/COP(9)/5/Add.2) considered by COP in the context of the budget discussions. The budget of the UNCCD, including the GM, was adopted through COP 9/Decision 6. The consultants’ report should have made it perfectly clear that the staff requirements for the implementation of extra-budgetary contributions are always indicative and dependent on the level of resources mobilized. Therefore, the staffing from extra-budgetary funds could be lower or higher than indicated in the budget proposal to COP. It is fully in line with UN practices, including for the UNCCD Secretariat, to appoint staff on a temporary basis to implement programmes that are financed by the donor community beyond the core budget. The comments on two drafts of the consultants’ report and all documents provided to the consultants by the GM were not taken into account nor was IFAD contacted to verify the comments of the GM. Based on the factually wrong number of staff the consultants’ report builds its argument on lack of oversight by the COP constituting another example of absence of due diligence and professionalism.

3.3 GM's Substantive Work

In section 2.2.2, as well as in other sections of the consultants' report, it is argued that the GM does not support NAPs and has reoriented its approach towards the concept of the Integrated Financing Strategy (IFS). The report claims that the GM is using the IFS independently of the CRIC and the COP and is using tools developed outside Convention processes. The report comes to the conclusion that this would improve if the institutional arrangements were changed.

This is factually incorrect. The GM has continued to support the development of NAPs and SRAPs (Rwanda, North Africa etc.), including through its engagement with the Secretariat on NAP alignment exercises, and has always taken NAPs into full account when working with the IFS (see IFS concept note as well as a number of IFS documents).

The GM has always sought the guidance and decision-making of the COP when developing its strategies, approaches and programmes of work. The tools and opportunities for CRIC and COP pronouncement and decision-making on the direction and tools used for implementing the mandate of the GM are already in place. The COPs and CRICs were well informed and the feedback of country Parties was very positive in this regard.

Considering the feedback of country Parties and international institutions/processes such as FAO, UNDP, UNFF, CBD and others, it should be stressed that this section of the assessment report by no means reflects the reality on the ground in terms of the GM's cooperation with country Parties. In this regard, the consultants' report does not show sufficient diligence for the following reasons:

1. Decision 4/COP.7 2005 Nairobi: The decision encourages the implementation of the Consolidated Strategy and Enhanced Approach (CSEA) as the first step to establishing the GM as an advisory body on finance for UNCCD implementation based on its mandate of Article 21 of the Convention
2. Decision 3/COP.8 2007 Madrid: The decision assigns responsibility within and delineates the operational framework for the 10-Year Strategy (to which the NAPs would then be aligned). The 10-Year Strategy and the operational framework is the basis for the systematisation of the GM's approach to financial resource mobilisation for the UNCCD, which was named the Integrated Financing Strategy in reference to its expected result, namely an Integrated Investment Framework, as specifically called for by the Strategy.
3. Decision 1/COP.9 2009 Buenos Aires: The decision established the four and two year work programmes of the GM, which includes expected accomplishments with explicit reference to the use of the IFS. Thus, it is clear that the COP has accepted the IFS as a tool for UNCCD implementation for 2010-2011.
4. The IFS is an operational instrument that follows the 10-Year Strategy of the UNCCD and its operational framework calling for an investment framework, which is the objective of the IFS. It is therefore an effective tool to assist countries in implementing Operational Objective No.5 of the 10-Year Strategy. It is also a way for countries to align their NAP as regards financing.
5. The IFS should be seen as strengthening, not weakening the implementation process as it provides finance for NAPs and related programmes. In none of the GM's sub-regional and national workshops were negative comments in

that vein received. On the contrary, IFS processes are increasingly in demand.

6. The “reorientation of the GM towards IFS” should therefore read “the orientation and focus of the GM on IFS development and implementation is fully justified by high country demand, the COP’s adoption of the GM Strategy of 2005, the 10-Year Strategy, the adoption of the GM’s work programme at COP 9 and the GM’s on-going country programmes.”

3.4 Duplication of Work

There is continuous reference in the consultancy report to, among others, overlaps, duplications, the undertaking of similar functions and uncoordinated actions between the Secretariat and the GM (see particularly section 2.2.3.5). However, references within the assessment remains at the level of generalities as regards duplication of work and no suggestion for delineation of tasks between the Secretariat and the GM is made. Considering the great difference between a Secretariat of a global convention and a subsidiary body charged with country support like the GM, the portrayed duplication of work is in fact mistaken in many regards.

It is obvious that a constructive discussion on the roles and functions of the Secretariat and the GM is necessary in order to clarify what, from the perspective of country Parties, the respective scope and functions of our work should be. A few issues in question exemplify the factual errors with regard to duplication of work of the Secretariat and the GM:

1. The report states as evidence of duplication that both the GM and the Secretariat put resources in their budget under operational objective 1 and 2 of the 10-Year Strategy. In fact, the GM has been specifically mandated to have a supporting role in assisting countries under these objectives and is therefore required to allocate resources under these objectives. The evaluation does not identify for what purposes the GM has allocated resources which are in actual fact almost exclusively on finance (see RBM 2010-2011). Moreover, this was a decision taken by country Parties and extensively discussed in Istanbul in 2008 and in Buenos Aires in 2009.
2. On the issue of resource mobilization efforts of the Secretariat and the GM, it should be underlined that, in the majority of cases, the GM addresses different budget lines of the donor agencies for its country level operations than the Secretariat does, which is in need of extra-budgetary resources to service the global dialogue under the Convention in COPs and CRICs and to mobilize finance for recurrent costs emanating from the intergovernmental machinery like focal points participation in CRICs and COPs. In other words, there is in actual fact very little duplication as the GM raises finance for different purposes and mostly from different sources/budget lines of donor agencies.
3. The report claims that work with the GEF is another area of duplication and non-cooperation between the Secretariat and the GM, while at the same time asserting that the GM has distanced itself from GEF. Clearly the GM is more engaged at sub-regional and national levels without engaging into resource allocations of GEF at the international level as the GM is not an executing or implementing agency under the GEF. The latter is left to the political convening power of the Executive Secretary. For the GEF at the international level, the UNCCD Secretariat is in the lead and the GM works at that level only upon the request of the Executive Secretary.

4. The GM's work with GEF finance under TerrAfrica, CACILM and the Congo Basin Partnership/Forest Commission (COMIFAC) of Central Africa as well as other sub-regional processes and national-level engagements are clearly geared at baseline financing through day-to-day cooperation with governments, UNDP, FAO, UNEP, World Bank and IFAD as well as bilateral donor agencies. The GM has availed to the authors of the consultancy report a document with dozens of examples of GM cooperation initiatives and projects based on our GEF strategy, introduced in essence in our RBM document at COP 9 "Programme of Work and Budget 2011-2012". However, these examples do not appear to have been taken into account when the consultants drew their conclusions on the GM's work with the GEF.

3.5 IFAD Contributions

It can be stated without exaggeration that the contributions of IFAD to the GM, as well as the UNCCD as a whole, have not been evaluated by the consultants with due diligence. The reason for choosing IFAD as a 'hosting' or 'housing' institution remain valid, namely to have the GM working closely with a financial institution which focuses on agricultural development and in particular on drylands worldwide. This is the substantive and operational part of the hosting arrangement.

Secondly, IFAD provides excellent administrative and fiduciary services which appealed to all donor agencies. Over the past years, no criticism or complaint was ever filed.

In concrete financial terms, IFAD has been very supportive and constructive. Up to 2009, the Fund has fulfilled its pledge of USD 10 million in grants for the GM's operations. IFAD receives 8% of the 13% programme support costs while the Secretariat receives 5% for its services. 8% constitute Euro 289 000 for the biennium 2010/2011. With this rather small contribution from the UNCCD, IFAD provides:

1. housing with all costs included (not officially estimated), which the Government of Italy is providing;
2. financial and human resources administration and legal counsel for GM's programme of work 2010-2011, which has an indicative budget of EUR 14 million for the biennium (see Decision 6/COP.9). The value of these service provisions for the biennium programme 2010-2011 was calculated at EUR 1 380 000 using the common programme support cost rate of 13% under the Convention. This covers only the extra-budgetary portfolio of EUR 10 691 797. This figure was cleared by IFAD's Controller's Office and is laid down in document ICCD/COP(9)/5/Add.2, Table 6.

IFAD is currently calculating the actual costs of its services to the GM and the figures are not yet available.

Secondly, IFAD provides the guarantee of budget and advancement of finance for 2-year fixed term contracts of core budget staff based on the budget decision of the respective COP. In other words, no matter when the financial transfers from assessed contributions of country Parties are carried out during the respective biennium (which is usually late), GM staff are covered by the decision of the Executive Board to advance a maximum of one-year's salary payments which amounted to EUR 1 750 000 annually for the biennium 2010 - 2011. This very important guarantee of IFAD on salary payments was not subject to the consultants' assessment of IFAD's contribution to the GM.