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GLOBAL MECHANISM

**CONSIDERATION OF, WITH A VIEW TO ADOPTING, THE REVISED DRAFT
MEMORANDUM OF UNDERSTANDING BETWEEN THE CONFERENCE OF THE PARTIES
AND THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

Note by the secretariat

1. By decision 24/COP.1, paragraph 3, the Conference of the Parties (COP) requested the secretariat, in consultation with the International Fund for Agricultural Development (IFAD), as well as the United Nations Development Programme (UNDP) and the World Bank, to develop a memorandum of understanding (MOU) between the COP and the appropriate body or organization on the Global Mechanism (GM) for consideration and adoption at the second session of the COP.
2. The COP also requested the secretariat and IFAD, in consultation with the UNDP and the World Bank, in developing such MOU, to take fully into account document ICCD/COP(1)/5 and other related documents, including ICCD/COP(1)/CRP.1.
3. In conformity with decision 24/COP.1, a draft memorandum of understanding was proposed to the Conference of the Parties for consideration at its second session (ICCD/COP(2)/4/Add.1).
4. By decision 19/COP.2, the Conference of the Parties took note of the draft memorandum of understanding and requested the secretariat to continue consultations on the text, in order to ensure that comments made by Parties were 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.
5. The Conference of the Parties, by the same decision, decided also 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.

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6. Following consultations with the concerned Parties and IFAD, a revised draft of the MOU was prepared by the secretariat. The new text was approved by the Executive Board of IFAD at its session on 28 and 29 April 1999.

7. In accordance with decision 19/COP.2 of the Conference of the Parties, the draft memorandum of understanding and draft decision ICCD/COP(2)/L.19 are annexed, for consideration and decision by the Conference of the Parties (see annexes I and III, respectively), together with the text of decision 19/COP.2 (annex II).

Annex I

MEMORANDUM OF UNDERSTANDING BETWEEN THE
CONFERENCE OF THE PARTIES OF THE CONVENTION TO COMBAT
DESERTIFICATION AND THE INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT REGARDING THE MODALITIES AND ADMINISTRATIVE
OPERATIONS OF THE GLOBAL MECHANISM

MEMORANDUM OF UNDERSTANDING, dated _____, between the Conference of the Parties (hereinafter called "the Conference") of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (hereinafter called "the Convention" or "CCD") and the International Fund for Agricultural Development (hereinafter called "the Fund" or "IFAD") regarding the modalities and administrative operations of the Global Mechanism.

WHEREAS the Conference was required, in accordance with Article 21, paragraphs 5 and 6, of the Convention, to identify at its first ordinary session, an organization to house the Global Mechanism established under Article 21, paragraph 4, and whereas the Fund submitted a revised offer to house the Global Mechanism, contained in Appendix II of the document ICCD/COP(1)/5 and supplemented by document ICCD/COP(1)/CRP.3;

WHEREAS the Conference, in paragraph 1 of its decision 24/COP.1, taken at its first session, selected the Fund to house the Global Mechanism established under Article 21, paragraph 4, of the Convention;

WHEREAS the Conference, in paragraphs 1 and 2 of its decision 25/COP.1, also taken at its first session, decided that, in support of the functions of the Global Mechanism, the organization to house the Global Mechanism shall, as the lead organization, fully cooperate with the United Nations Development Programme (UNDP) and the World Bank and other relevant international organizations; and

WHEREAS the Conference, in paragraphs 3 and 4 of its decision 24/COP.1, requested the secretariat of the Convention, in consultation with the Fund, UNDP and the World Bank, to develop a memorandum of understanding between the Conference and an appropriate body of the Fund;

NOW THEREFORE it is hereby understood that the modalities and administrative operations of the Global Mechanism will be as follows:

I. FUNCTIONS OF THE GLOBAL MECHANISM

In carrying out its mandate, under the authority and guidance of the Conference, the Global Mechanism will, in accordance with paragraph 2 of decision 24/COP.1 of the Conference, perform the functions described in the annex to that decision. As the housing institution, the Fund will support the Global Mechanism in performing these functions in the framework of the mandate and policies of the Fund.

II. STATUS OF THE GLOBAL MECHANISM WITHIN THE FUND

A. Separate identity of the Global Mechanism

While the Global Mechanism will have a separate identity within the Fund, it will be an organic part of the structure of the Fund directly under the President of the Fund.

B. Resources of the Global Mechanism

The resources of the Global Mechanism will comprise the following:

(a) Amounts received from allocations of the core budget of the Convention by the Conference to meet the administrative and operational expenditures of the Global Mechanism. These amounts will be held by the Fund upon receipt in an account termed "Core Budget Administrative Account";

(b) Amounts contributed voluntarily by multilateral and bilateral donors as well as other sources, including non-governmental organizations and the private sector, to meet the administrative and operational expenditures of the Global Mechanism and remuneration to the Global Mechanism for services rendered to a specific donor or group of donors. Such amounts will be held by the Fund upon receipt in an account termed "Voluntary Contributions Administrative Expenses Account"; and

(c) In accordance with section 4(f) of the annex to decision 24/COP.1 of the Conference, amounts made available for the use, as requested and appropriate, of the Global Mechanism ("Global Mechanism's own resources") for its functioning and activities from bilateral and multilateral resources through trust fund(s) and/or equivalent arrangements established by the Fund, including the proceeds of cost-sharing arrangements with the Global Mechanism. All these amounts will be held by the Fund upon receipt in an account termed "Special Resources for CCD Finance (SRCF) Account". The Fund will provide a grant contribution as part of the initial capitalization of the SRCF Account and seek matching financing from interested donors, taking into account the offer made by IFAD at the first ordinary session of the Conference in paragraph 48 of document ICCD/COP(1)/5.

C. Management of the Global Mechanism resources

With respect to the funds allocated from the core budget of the Convention and received by the Fund under (a) above, the rules of procedure and financial rules adopted by the Conference will apply to the transfer to IFAD of the said funds. With respect to the funds received by IFAD under (a), (b) and (c) above, all these amounts will be received, held and disbursed and the said accounts will be administered by the Fund in accordance with the rules and procedures of the Fund, including those applicable to the management of the Fund's own supplementary funds (trust funds).

D. Management of the Global Mechanism

The Managing Director of the Global Mechanism (hereinafter called "the Managing Director") will be nominated by the Administrator of UNDP and appointed by the President of the Fund. The Managing Director, in discharging his or her responsibilities, will report directly to the President of IFAD. The Managing Director will cooperate with the Executive Secretary of the CCD pursuant to decision 9/COP.1.

III. RELATIONSHIP OF THE GLOBAL MECHANISM TO THE CONFERENCE

A. Accountability to the Conference

(1) The Global Mechanism will function under the authority of the Conference and be fully accountable to the Conference.

(2) The chain of accountability will run directly from the Managing Director to the President of the Fund to the Conference of the Parties. The Managing Director will submit reports to the Conference on behalf of the President of the Fund.

(3) The Conference will provide policy and operational guidance as necessary, including guidance resulting from the review of the policies, operational modalities and activities of the Global Mechanism to take place at its third ordinary session in accordance with Article 21, paragraph 7 of the Convention.

(4) The Managing Director will be responsible for preparing the programme of work and budget of the Global Mechanism, including proposed staffing, which will be reviewed and approved by the President of the Fund before being forwarded to the Executive Secretary of the Convention for consideration in the preparation of the budget estimates of the Convention, in accordance with the financial rules of the Conference.

(5) The budget estimates for the Global Mechanism, which will be shown in a separate section of the Convention budget, may include administrative and operational expenditures to be financed both from the core budget of the Convention, and, if appropriate, from the Voluntary Contributions Administrative Expenses Account.

(6) The Conference will approve the programme of work and budget of the Global Mechanism, authorize the Executive Secretary to transfer resources from the General Fund of the Convention to the Fund for all or a portion of the Global Mechanism's approved operating expenses and reimburse the United Nations for any administrative support costs incurred in this process.

(7) The Fund will, as soon as practicable following the end of the financial year of the Convention, provide the Conference with an audited financial statement of the Core Budget Administrative Account in accordance with the Fund's normal audit procedures.

B. Reporting to the Conference

The Managing Director, on behalf of the President of the Fund, will submit a report to each ordinary session of the Conference on the activities of the Global Mechanism. Such reports which will be submitted to the Executive Secretary for circulation to the Conference, will encompass the following:

(a) The operations and activities of the Global Mechanism, including the effectiveness of its activities in promoting the mobilization and channelling of the substantial financial resources referred to in section 4(a) of the annex to decision 24/COP.1 of the Conference;

(b) An assessment of the future availability of funds for implementation of the Convention, as well as proposals for effective ways and means of providing such funds; and

(c) The activities of the Fund, UNDP and the World Bank as well as other relevant organizations in supporting the Global Mechanism.

IV. COLLABORATIVE INSTITUTIONAL ARRANGEMENTS

A. General collaborative arrangements

The Fund will, in accordance with paragraphs 2 and 3 of decision 25/COP.1 of the Conference, fully cooperate with UNDP and the World Bank to proceed with, actively pursue and develop further the collaborative institutional arrangements described in document ICCD/COP(1)/CRP.1, including the establishment of a Facilitation Committee. Pursuant to paragraph 5 of decision 24/COP.1, the Facilitation Committee will include the Executive Secretary as its member.

B. Cooperation with the Convention secretariat

(1) The Fund and the secretariat of the Convention will cooperate and exchange on a regular basis views and experiences necessary to facilitate the effectiveness of the Global Mechanism in assisting the Parties to implement the Convention.

(2) In accordance with paragraph 5 of decision 24/COP.1 of the Conference, the Fund will work out with the secretariat of the Convention appropriate arrangements for liaison and cooperation between the secretariat and the Global Mechanism in order to avoid duplication and to enhance the effectiveness of Convention implementation in accordance with their respective roles in implementation. Such collaboration between the Managing Director and the Executive Secretary will ensure the continuity and coherence of existing and future programmes of the Fund and the CCD.

C. Cooperation with other relevant organizations

The Fund will, in accordance with paragraph 6 of decision 24/COP.1 of the Conference and paragraph 4 of decision 25/COP.1, encourage active support for the Global Mechanism, as well as the establishment or strengthening of programmes to combat desertification in affected developing countries, by relevant institutions, programmes and bodies of the United Nations system, including the Food and Agriculture Organization of the United Nations (FAO), the Global Environment Facility (GEF), the United Nations Environment Programme (UNEP) and the World Food Programme (WFP), and by regional and subregional organizations and regional development banks such as the African Development Bank (AfDB), the Asian Development Bank (AsDB), the Inter-American Development Bank (IADB), the Islamic Development Bank (IsDB), the Central American Bank for Economic Integration (CABEI) and the Caribbean Development Bank (CDB), as well as interested non-governmental organizations and the private sector.

V. FIELD OFFICE SUPPORT FOR THE GLOBAL MECHANISM

The Fund will make appropriate arrangements to obtain supporting services from the United Nations country team, operating under the leadership of the United Nations resident coordinators within the framework of the resident coordinator system.

VI. ADMINISTRATIVE INFRASTRUCTURE

The Global Mechanism will be located at the headquarters of the Fund in Rome, where it shall enjoy full access to all of the administrative infrastructure available to the Fund offices, including appropriate office space, as well as personnel, financial, communications and information management services. Any direct costs and associated service charges reimbursable to IFAD will be reflected in the budget of the Global Mechanism.

VII. FINAL PROVISIONS

A. Entry into operation

The present Memorandum of Understanding will enter into operation immediately upon its approval by the Conference and the Fund.

B. Implementation of the Memorandum of Understanding

The Conference and the Fund may enter in such supplementary arrangements for the implementation of the present Memorandum of Understanding as may be found desirable.

C. Termination

The present Memorandum of Understanding may be terminated at the initiative of the Conference or the Fund with prior written notice of at least one year. In the event of termination, the Conference and IFAD will jointly reach an understanding on the most practical and effective means of carrying out any responsibilities assumed under the present Memorandum of Understanding.

D. Amendment

The present Memorandum of Understanding may be revised by mutual consent in writing between the Conference and the Fund.

E. Interpretation

If differences arise in the interpretation of the present Memorandum of Understanding, the Conference and the Fund shall reach a mutually acceptable solution on the basis of the English text thereof.

FOR THE CONFERENCE OF THE PARTIES TO THE
CONVENTION TO COMBAT DESERTIFICATION

Signed by: _____
Executive Secretary

FOR THE INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Signed by: _____
President

Annex II**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 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^{1/}, jointly prepared by the secretariat of the Convention and the International Fund for Agricultural Development, 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 memorandum of understanding is addressed to act, pending its entry into operation, as if it were already in effect.

12th Plenary
11 December 1998

^{1/} ICCD/COP(2)/4/Add.1, annex.

Annex III

Memorandum of understanding between the Conference of the Parties and the International Fund for Agricultural Development regarding the modalities and administrative operations of the Global Mechanism

Indonesia*/: draft decision

The Conference of the Parties,

Recalling its decision 24/COP.1 on the organization to house the Global Mechanism and agreement on its modalities,

Having considered the draft memorandum of understanding with the International Fund for Agricultural Development on the Global Mechanism, 1/

1. Adopts the memorandum of understanding annexed to the present decision, thereby bringing it into force; 2/

2. Requests the Convention secretariat and the International Fund for Agricultural Development to take, jointly and/or separately, all necessary measures for the full and timely implementation of the memorandum of understanding.

*/ On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

1/ ICCD/COP(2)/4/Add.1.

2/ ICCD/COP(2)/4/Add.1, annex, to be annexed to the decision, upon adoption, in the final report of the Conference.