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**Programme and budget**

**Financial performance for the Convention trust funds**

**Financial performance for the Convention trust funds**

**Note by the secretariat**

**Addendum**

**Consideration of the report on the implementation of the costed two-year  
work programme of the Global Mechanism (2008–2009)**

*Summary*

1. This document, prepared pursuant to article 21 of the United Nations Convention to Combat Desertification, presents the 2008–2009 contribution of the Global Mechanism (GM) to the achievement of the operational objectives identified in the 10-year strategic plan and framework to enhance the implementation of the Convention (2008–18) (The Strategy).
2. The Strategy calls on the GM to take a leading role in contributing to its operational objective 5, which pertains to the mobilization and improvement of the targeting and coordination of national, bilateral and multilateral financial and technological resources in order to increase their impact and effectiveness. The Strategy gives the GM a supporting role in achieving operational objective 1, on advocacy, awareness-raising and education, and operational objective 2 on the Policy framework
3. Through its work with affected country Parties in developing the Integrated Investment Frameworks (IIFs) called for by operational objective 5 of The Strategy, the GM has focused on supporting the development and implementation of Integrated Financing Strategies (IFSs) in the context of regional, subregional and national financing platforms in affected country Parties.

The GM has engaged with 46 developing countries in direct, substantive country interventions towards establishing IFS processes. In total, the GM has engaged with 110 countries, including in a subregional context, in Designing Integrated Financing Strategies (DIFS) knowledge enhancement workshops and 20 subregional institutions in all regions of developing country Parties (see the annex to this report). A total of 12 IFSs devised by the GM have been adopted by affected country Parties, of which four have been implemented and four fully endorsed. Examples of leveraged financing through the IFS include in Lebanon (USD 26 million), Jordan (USD 29 million) and Ethiopia (USD 260 million).

4. Through its work with developed country Parties in promoting actions leading to financial resource mobilization for sustainable land management (SLM), the GM has engaged with 14 bilateral and multilateral donor agencies. The Multi-donor Platform has been established for enhanced cooperation and country engagement.

5. Over the course of the biennium, the GM has continued to work with IFIs and United Nations organizations. Using the methodology of the GM, portfolio reviews were carried out by the World Bank and the African Development Bank examining all projects financed by the two banks in Africa since 2003. The GM also engaged in a new partnership with the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP), which centres on the UNDP/the Global Environment Facility (GEF) Least Developed Countries (LDC) and Small Island Developing States (SIDS) Targeted Portfolio Approach for Capacity Development and Mainstreaming of Sustainable Land Management. It has increased the overall financing available to the 47 LDC/SIDS under this initiative to USD 29.6 million. The GM is co-financing with USD 5 million.

6. In terms of innovative resources, the GM's focus has been on climate change, forest finance, market access and trade, market-based mechanisms, the private sector, civil society organizations and foundations, and South-to-South cooperation.

7. In the biennium 2008–2009, the GM had the largest budget turnover since its operations began, with a UNCCD core budget of approximately EUR 3 456 000 (without programme support costs), extra-budgetary contributions amounting to EUR 11 395 557 million and a total turnover of EUR 14 851 557. Two additional negotiations on extra-budgetary contributions are still ongoing at the time of writing this report.

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## **I. Introduction**

1. Through decision 3/COP.8, country Parties to the United Nations Convention to Combat Desertification (UNCCD) adopted the 10-year strategic plan and framework to enhance the implementation of the Convention (2008–18) (The Strategy). The present document, prepared pursuant to article 21 of the UNCCD, which requests the Global Mechanism of the UNCCD (GM) to report to the Conference of the Parties (COP), presents the contribution of the GM to the achievement of The Strategy in the two-year period 2008–2009 as well as its performance against its expected accomplishments. This programme performance report was prepared in June 2009, and is based on activities conducted and results achieved between January 2008 and May 2009 as well as projected activity and results expected between June and December 2009.

## **II. The Global Mechanism's results-based management framework**

2. Prior to the adoption of The Strategy, the GM had developed a results-based management (RBM) system for use from 2006 to 2007 as an internal tool for monitoring its performance. In 2008, a revised RBM system was developed by the GM in response to the requirements of The Strategy and the decisions of the eighth session of the Conference of the Parties (COP 8). The revised RBM system was reviewed at the seventh session of the Committee for the Review of the Implementation of the Convention (CRIC 7) in Istanbul, Turkey, in November 2008. The CRIC indicated in particular that it would like the GM to limit its activities under the operational objectives for which it has only a supporting role, that is, operational objectives 1 and 2, to avoid overlap and duplication with the activities carried out by the secretariat.

3. The GM's four-year workplan (2010–2013) and costed two-year work programme (2010–2011) reflect the new RBM framework, which was fully revised pursuant to the recommendations made at CRIC 7 (ICCD/COP (9)/5/Add.2 and ICCD/CRIC(8)/2/Add.3).

## **III. Global Mechanism performance report**

4. The Strategy calls on the GM to take a leading role in contributing to operational objective 5 of The Strategy, on financing and technology transfer, 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. The Strategy also gives the GM a supporting role in achieving operational objective 1 on advocacy, awareness-raising and education, and operational objective 2 on the policy framework.

5. It should be noted that the GM is contributing to operational objectives 1 and 2 mostly in terms of financial, mainstreaming and governance issues, and through partnership building in accordance with its mandate and COP decisions.

6. Operational objective 5 has five expected outcomes. The GM's contribution to outcome 5.1, affected country Parties develop integrated investment frameworks for leveraging national, bilateral and multilateral resources with a view to increasing the effectiveness and impact of interventions, revolves around increasing the knowledge, understanding and use by affected country Parties of integrated financing strategies (IFSs) for sustainable

land management (SLM), leading to the development of integrated investment frameworks (IIFs) for financing SLM.

7. In North Africa, the GM, together with Algeria, Morocco and Tunisia, focused on optimizing the human, technical and financial resources available in the region. The approach is based on the development of an information tool that continually monitors SLM financing opportunities, identifies innovative financing sources and strengthens solidarity within the Maghreb through South-to-South cooperation. It provides national stakeholders with the information they need on bilateral and multilateral sources of funding and enhances their capacity to access these resources. In addition, synergistic opportunities are being identified with respect to financing mechanisms from within the climate change regime that address SLM. Furthermore, an analytical study is under way to set up a system for monitoring and evaluation of investment flows for SLM.

8. In West Africa, the GM supported the TerrAfrica process in the development of SLM investment frameworks in Burkina Faso, Ghana, Mali, Niger and Nigeria. In Côte d'Ivoire the GM supported developing the financial component of a national action programme (NAP) as a first step towards IFS development. At the subregional level, the GM established a partnership with the Economic Community of West African States (ECOWAS) to coordinate actions for UNCCD implementation. By the end of 2009, nine countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Cape Verde) will have participated in subregional or national Designing Integrated Financing Strategies (DIFS) knowledge exchange and capacity-enhancement workshops.

9. In Central Africa, the GM supported the development of a financing strategy for the subregional action programme (SRAP) to combat land degradation and desertification in Central Africa, which was adopted in 2008. The GM also contributed to the design of a road map for UNCCD implementation that was agreed by member countries of the Central African Forests Commission (COMIFAC). In addition, pursuant to the establishment of a cooperation agreement with COMIFAC, the GM is supporting a programme for the mobilization of financial resources for UNCCD implementation in the subregion. By the end of 2009, all COMIFAC member countries will have participated in subregional or national DIFS workshops. In Rwanda, the GM is supporting a participatory process for the financial component of the NAP as a step towards establishing an IFS in close collaboration with a Global Environment Facility (GEF)-supported programme on SLM.

10. In East and Southern Africa, the GM's work has laid the foundations for the effective mobilization of financial resources in five countries (Eritrea, Ethiopia, Uganda, Mozambique and Zambia). The main activities of the GM supported the governments in forging strategic partnerships at the country level to leverage funds for implementation of their NAPs and other SLM programmes.

11. Notably, the GM's efforts in Ethiopia with the TerrAfrica platform to mainstream NAP/SLM in the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) Poverty Reduction Strategy Paper (PRSP) led to the earmarking of an estimated USD 260 million in investment in SLM. Following successful efforts by the GM and its partners to mainstream UNCCD concerns in the PASDEP, a number of development partners – most

notably the World Bank, the European Commission and the UK Department for International Development (DFID) – aligned their current country assistance strategies with government priorities, resulting in SLM becoming a key area of support. Similar processes are ongoing in the other countries where the GM's work with donors focuses on: (a) developing joint programmes and investment frameworks that promote SLM; (b) participating in country dialogue to influence financial decision-making; (c) conducting joint reviews, financial diagnostics and strategic work to facilitate resource mobilization; and (d) initiating and brokering financial partnerships.

12. By the end of 2009, 13 countries in the region will have participated in subregional or national DIFS knowledge exchange and capacity-enhancement workshops (Angola, Comoros, Eritrea, Ethiopia, Lesotho, Madagascar, Mauritius, Mozambique, Seychelles, South Africa, Swaziland, Tanzania and Uganda).

13. In the Middle East, the GM's partnership with the Ministry of Agriculture of Lebanon and the United Nations Development Programme (UNDP) country office has led to the establishment of an SLM umbrella programme. The Integrated Investment Framework (IIF) is a portfolio of projects financed by Spain, Brazil, Sweden, Australia, German Agency for Technical Cooperation (GTZ), Finland, UNDP/DDC and the International Fund for Agricultural Development (IFAD) amounting to approximately USD 26 million. In Jordan, the IFS was launched in March 2009 by the Ministry of Planning and International Cooperation and the Ministry of the Environment (for more details see outcome 2.3). The first project under the IIF is a USD 29 million project for Jordan on mainstreaming sustainable land and water management practices, developed by IFAD and the GM and co-financed by the OPEC Fund for International Development and GEF under the MENARID programme.

14. A DIFS workshop was undertaken in Esfahan, Iran, in February 2008 to develop national competencies for resource mobilization to combat desertification. The success of the workshop is reflected in the follow-up activities undertaken by the UNCCD focal point office in terms of transferring the knowledge gained to the organizations that are members of Iran's National Committee to Combat Desertification. The DIFS approach to influencing public budget formulation was used to inform the next five-year socio-economic development plan to address desertification-related issues.

15. In Central Asia, the GM continued to coordinate the Strategic Partnership Agreement (SPA) for UNCCD implementation, a partnership consisting of 10 donors, and oversaw the evaluation inception phase of the Central Asian Countries Initiative on Land Management (CACILM). The evaluation served to strategically orient the mobilization of finance for the second phase. In addition, the GM worked with UNDP to integrate the development of DIFS and IFS development into the UNDP/GEF capacity-building project for CACILM, which amounted to approximately USD 3.8 million for ensuring that the financing targets set for the second phase will be met.

16. In South and South East Asia, new IFS development processes have been initiated in Cambodia, Viet Nam, Lao People's Democratic Republic, Nepal and Sri Lanka subsequent to the convening of DIFS workshops. A national DIFS workshop for Cambodia was organized with UNDP in February 2009 and a subregional workshop for Lao, Myanmar, Thailand and Viet Nam

in June 2009 in Ho Chi Minh City. In addition, a DIFS workshop for South Asia was convened together with UNDP in April 2009, bringing together Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka.

17. Together with UNDP, the GM is convening a DIFS workshop for the Pacific Islands at the end of July 2009. The Maldives, Timor Leste and 14 Pacific Island countries will participate. This workshop comes under the framework of the UNDP Least Developed Countries (LDC) and Small Island Developing States (SIDS) Targeted Portfolio Approach for Capacity Development and Mainstreaming of Sustainable Land Management project, which is funded by GEF for UNDP and the European Commission for the GM, covers 47 LDCs/SIDS and has made available up to USD 29.6 million.

18. In the Latin American and the Caribbean (LAC) states, the GM has focused its support on designing IFSs. The Government of Guatemala has already endorsed an IFS. IFS design was initiated in Argentina, Ecuador (where it was integrated into the new rural development strategy), Honduras, Nicaragua and Peru. Other countries, such as the Dominican Republic, Panama and Uruguay, have requested the GM's support for IFS development and preliminary activities are under way. The GM's efforts have contributed to improving the integration of UNCCD issues into the institutional and programmatic subregional structures of Mesoamerica, Mercosur and the Caribbean Community (CARICOM) through the design of SLM investment promotion platforms. This has resulted in donor support for SLM in the region (see below under outcome 5.2). At the end of 2009, all the UNCCD LAC country Parties (33 countries) will have participated in a subregional DIFS knowledge exchange and capacity enhancement workshop.

19. Responding to a request for support from Central and East European States, the GM organized and delivered a regional expert consultation on IFSs in close collaboration with the Czech Republic and the UNCCD secretariat. Representatives of various ministries, institutions and civil society organizations (CSOs) from Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, the Czech Republic, Lithuania, Montenegro, Romania, the Russian Federation, the Slovak Republic, Slovenia, Serbia and Ukraine participated in the event.

20. Outcome 5.2 states that developed country Parties provide substantial, adequate, timely and predictable financial resources to support domestic initiatives to reverse and prevent desertification/land degradation and mitigate the effects of drought. In 2008–2009, the GM's activities under this outcome focused mainly on liaising, networking and engaging with donors at the country level in the context of IFS and IIF development, and at the subregional level through participation in the subregional financing platforms. The Multi-donor Platform, established by the GM, also provided opportunities for donors with which the GM has funding agreements to provide advice and feedback on the GM's operations and strategic framework. Early discussions on direct support for IFS projects by donor agencies at the country level were successful and a project template has been developed.

21. In North Africa the GM engaged with France, Italy, Spain and the European Commission, most notably in the context of ongoing Mediterranean initiatives. In four countries in West and Central Africa, the GM engaged with Denmark, France and the European Commission in the context of their annual support programmes. In East and

Southern Africa, the GM engaged with various donors (Norway, Finland, Denmark, German Agency for Technical Cooperation (GTZ), UK DFID, the European Commission, China and Italy) leading to SLM being increasingly reflected in their Country Cooperation Programmes, Joint Assistance Strategies and Sector-wide Programmes. In Asia and the Pacific the GM engaged with Canada, Finland, Germany, Italy, Japan, Norway, Spain, Sweden and the USA and the European Commission to promote their participation in investment frameworks for SLM. The majority of these donors were approached in the context of IFS development. It is anticipated that the inclusion of NAP and IFS priorities in national development frameworks and budgets will enable the leveraging of supplementary financing from these donors for SLM programmes and projects.

22. In the LAC States, the work of the GM has led to programmatic and financial support by Finland, Norway and Sweden (of USD 15 million) for the Central American Agro-Environmental and Health Strategy (ERAS), for which SLM is one of the four priority areas. In the framework of the ERAS, the GM collaborated with the Tropical Agricultural Research and Higher Education Centre (CATIE) to develop the SLM Investment Promotion Platform for Mesoamerica (PIMAST), through which the donors agreed to pool their resources in support of SLM-related activities. The GM also supported the elaboration of the Mercosur UNCCD Strategy, leading to a contribution by the European Commission of EUR 3 million. The GM's efforts in the region also contributed to mobilizing EUR 1 million from the European Commission for SLM initiatives in the Caribbean.

23. In the context of outcome 5.3 – Parties increase their efforts to mobilize financial resources from international financial institutions, facilities and funds, including GEF, by promoting the UNCCD/SLM agenda within the governing bodies of these institutions – the GM fostered consultations among UNCCD focal point institutions and national IFI representatives at the country level in order to generate greater interest from IFIs and increase their financial allocations for SLM. GM actions also supported the engagement of affected country Parties in programmatic approaches to mobilize co-finance, for example GEF investments, or investment from other facilities and funds, in particular climate change finance.

24. Over the course of the biennium, the GM continued to work on building and improving knowledge on SLM investment flows and funding patterns, and developed an innovative methodology to review the investment portfolios of major IFIs. This methodology was used to undertake a parallel portfolio review of all the projects financed by the World Bank and the African Development Bank in Africa since 2003. In addition to increasing the availability and visibility of information on SLM investments made by IFIs, the SLM portfolio reviews facilitate the gradual harmonization of analytical approaches for identifying and quantifying UNCCD-related activities. The SLM portfolio reviews are informing improved UNCCD reporting guidelines and contributing to the refinement of the Rio Markers developed by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

25. With regard to IFAD, the GM's host organization, the GM has strengthened its collaboration with the Near East and North Africa, and the Asia and Pacific Divisions. GEF's MENARID programme for North Africa and West Asia adds to the increasing number of engagements with the Programme Management department of IFAD. The GM also

mainstreamed climate change and SLM issues into the Viet Nam Country Strategic Opportunities Programme (COSOP), thereby opening up a potential window of USD 100 million over 5 years for SLM-related work. Drawing on this success, the GM is working to mainstream climate change finance and SLM-related issues into the entire portfolio of IFAD's Asia and Pacific Division and is preparing for an enhanced engagement in the two Africa Divisions of IFAD. A detailed account of the enhanced cooperation with IFAD in 2008 is contained in the GM's Progress Report to IFAD's Governing Council at its Thirty-second Session in February 2009.<sup>1</sup>

26. The GM, in consultation with the GEF and UNCCD secretariats, developed a strategy for enhancing the GM's complementarities with GEF, in line with The Strategy. The basic elements and objectives of the GM/GEF strategy are set out as part of the four-year work plan of the GM (ICCD/CRIC (8)/2/Add.3).

27. At the operational level, the GM continues to work on GEF initiatives such as CACILM and TerrAfrica, as well as at the national level in all regions to increase flows of co-financing for SLM-related GEF activities. Of particular note is the new partnership brokered by the GM, which brings together UNDP and the United Nations Environment Programme (UNEP) and harmonizes the deployment of work to avoid duplication, build complementarities and rationalize resources.

28. The GM has established a partnership with the launching secretariat of the Arab Environment Facility (AEF), which was endorsed by the League of Arab States. Similarly, the GM is actively working with UNEP, the Economic Commission for Latin America and the Caribbean (ECLAC), the Inter-American Development Bank (IADB) and UNDP to design a region-wide proposal on how to increase investments for SLM in Latin America. The partnership with ECLAC has also been formalized to collaborate on various issues, particularly the economic assessment of land degradation linked to ongoing analysis of the economic impacts of climate change in LAC States.

29. Outcome 5.4 envisages that 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 civil society organizations, and other financing mechanisms for climate change adaptation and mitigation, biodiversity conservation and sustainable use and for hunger and poverty reduction. In this regard, the GM is facilitating country Parties' understanding of the changes in the financial environment following principles for aid effectiveness, highlighting the opportunities these offer, and illustrating how UNCCD focal point institutions can work with them to their advantage. In support of the processes surrounding the IFSs, the GM is developing a package of innovative instruments, mechanisms and sources including on how to mobilize new and additional finance through domestic budgetary processes and the use of donor aid modalities (e.g. direct budget support, basket and pooled funding and GEF, IFAD and other related co-financing arrangements) for UNCCD implementation. The IFS concept constitutes the main framework for the GM's work on innovative finance for SLM.

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<sup>1</sup> IFAD, Documents and publications, GC document GC 32/L.13, [www.ifad.org](http://www.ifad.org).

30. As a partner of the TerrAfrica initiative, the GM developed in 2008–2009 practical notes for effective SLM financing and policy in sub-Saharan Africa. The notes, prepared in collaboration with the Food and Agriculture Organization (FAO) of the United Nations, the World Bank and Oxford Policy Management, are part of a package of knowledge products contributing to the development of country SLM investment frameworks (CSIF) and IIFs financing SLM programmes. The GM has also produced knowledge products on the Heavily Indebted Poor Countries Initiative (HIPC), on Public Financial Management Processes, and on aid modalities and instruments and their implications for SLM financing. This analytic work continues as one of the major strategic programmes of the GM

31. Assessing opportunities for mobilizing innovative financing is central to the IFS development and implementation processes. DIFS workshops in the various countries and regions identified and reviewed innovative financing mechanisms and sources of finance to enable country partners to pursue a range of opportunities. A side event was held at CRIC 7 to inform UNCCD constituents on innovative financing opportunities and the development of a methodological framework for assessing the innovative financing mechanisms most appropriate for use in dry and degrading lands.

#### **A. Climate change**

32. During the biennium, the GM enhanced its facilitation role in accessing new and additional financial resources from climate change mechanisms to support UNCCD implementation at the national and regional levels. The GM provided technical and financial assistance for the identification, design, negotiation and implementation of climate change initiatives to promote SLM.

33. The GM's efforts revolved around the implementation of case studies and pilot programmes to identify and tap into climate change financing opportunities, prioritizing African countries. For instance, the GM provided strategic support to the Common Market for Eastern and Southern Africa (COMESA) Climate Initiative, while also providing technical support for West and Central Africa through COMIFAC, and for Latin America and the Caribbean. In Latin America, such mechanisms have been explored via the Mesoamerican Climate Change strategy (particularly adaptation) and through targeted initiatives in Honduras on adaptation financing and in Ecuador and Peru in relation to carbon trading and environmental services.

34. A key strategic result is the support for national planning for adaptation through capacity-building initiatives. For instance, capacity-building sessions, organized jointly with IFAD, will be held in the Asia-Pacific region to help countries better understand the linkages between climate change and land degradation as a means to access financing from climate change financing mechanisms. The GM further enhanced its participation and contribution to the discussions surrounding the post-2012 climate change regime with a view to increasing resource mobilization and investment opportunities for climate change mitigation and adaptation in developing countries affected by land degradation. For instance, the GM is already supporting an initiative to integrate SLM/UNCCD issues into the Adaptation Fund of the Kyoto Protocol. Furthermore, the GM provided technical input into and participated in the Global Donor Platform for Rural Development (GDPRD), most notably through its working group on climate

change. The GM will co-organize with IFAD the GDPRD annual meeting, a key strategic intervention to influence investor decisions.

35. In response to a proposal submitted by the GM, the European Commission has granted EUR 2.3 million to the GM through its Environment and Natural Resources Thematic Programme (ENRTP). The funds will be used in support of the GM's initiative to integrate climate change finance into SLM investment strategies in nine countries (Ecuador, Guatemala, Lao, Mozambique, Niger, Palestine, Rwanda, Senegal, Tanzania).

36. The Global Mechanism and the secretariat for COMESA have an ongoing partnership, which has been formalized in a memorandum of understanding to increase collaboration and enhance the relationship between the Parties. In the context of this partnership, the GM has been supporting the COMESA Climate Initiative. The GM has brokered a partnership between the African Ministerial Conference on Environment (AMCEN) secretariat and COMESA in support of activities in preparation for the fifteenth session of the Conference of the Parties of the United Nations Framework Convention on Climate Change in Copenhagen in December 2009. The objective is to enhance the synergies between land degradation, desertification and climate change, which could potentially trigger finance for broad SLM-related issues post 2012. This partnership greatly informed the preparations for the recent Africa High-level Panel on Climate Change and the Special Session of AMCEN. AMCEN unequivocally called for a new and equitable climate change regime that responds to the priorities and needs of the continent, including increased finance for climate change adaptation and mitigation measures.

37. Furthermore, the GM has provided support to subregional meetings to strengthen the linkages and synergies between climate change adaptation and mitigation, NAPs and the Comprehensive Africa Agriculture Development Programme. In line with this, the GM has contributed from a finance point of view to the preparation of policy documentation on agriculture, forestry and other land use and reduced emissions from avoided deforestation, and forest degradation. In addition, the GM is supporting the establishment of a COMESA Carbon Finance Facility/Fund through a feasibility study. The facility/fund will be linked to comprehensive IFSs and IIFs at the country and regional levels.

## **B. Forest finance**

38. The GM is supporting the mainstreaming of forestry issues into Rwanda's NAP and alignment with the current public budget and aid financing architecture. The GM participated in the Joint Sector Review and dialogue between the Government of Rwanda and development partners and provided input on planned forestry activities. The GM is also preparing three studies – Forest Finance in Heavily Indebted Poor Countries, New Aid modalities and Sustainable Forest Management (SFM), and Microfinance and SFM – as inputs to the forthcoming World Forestry Congress with a focus on forests of particular significance in the UNCCD context. At the regional level, the GM is engaged in the Network for Natural Gums and Resins in Africa (NGARA) and is working closely with the African Forest Forum (AFF) on the theme Forestry and Climate Change. The GM also commissioned a scoping case study on forest finance sources that will be integrated into the GM's Financial Information Engine on Land Degradation (FIELD) database. The GM participates actively with the UNCCD secretariat in the

Collaborative Partnership on Forests and in the United Nations Forum on Forests (UNFF) process, which focused at its recent session on both desertification and finance.

### **C. Market access and trade**

39. The GM's approach to resource mobilization through market access and trade is framed within the context of the World Trade Organization (WTO) initiative on Aid for Trade (A4T). The aim of the GM is to channel trade-related resources towards IIFs for SLM. In 2008–2009 the GM focused on the LDCs and on mainstreaming SLM in trade-related processes such as the Integrated Framework for Trade-related Technical Assistance to LDCs (IF). The IF participating agencies (the International Monetary Fund, the International Trade Centre, the United Nations Conference on Trade and Development (UNCTAD), UNDP, the World Bank and the WTO) combine their efforts with those of LDCs and their other development partners to respond to the trade development needs of LDCs to enable them to become full and active players in and beneficiaries of the multilateral trading system.

40. Current initiatives in Mali (on gum arabic) and Uganda (on non-timber forest products) are assessing how to access resources under the IF in the context of SLM country programmes and related investment frameworks. Other countries, including Burkina Faso, Ethiopia and Zambia, have expressed interest in using the same approach to access IF resources. The GM is also in the process of identifying trade-related processes and financing mechanisms of interest within regional policy frameworks, such as the EU-Comunidad Andina de Naciones (CAN) and the European Neighbourhood Policy. In this context, pilot activities have been carried out in Ecuador, Lebanon and Tunisia and are about to start in Peru.

41. The GM has also developed its network with Geneva-based trade organizations such as the Enhanced Integrated Framework Secretariat, the International Trade Centre and UNCTAD and its BioTrade Initiative. The GM also consulted donors (Canada, Denmark, Finland, Sweden, and the UK) on their A4T programmes and strategies and how to channel financing to SLM priorities and land degradation issues linked to increased trade.

### **D. Market-based mechanisms**

42. In collaboration with CATIE, an organization based in Central America with significant experience in market-based mechanisms for natural resource management, analytical and methodological work is being carried out to identify mechanisms that can provide incentives for land users to invest in SLM practices. The methodological framework is designed to assess which mechanisms are best suited for use in dry and degrading lands in accordance with geographic, biophysical and socio-economic characteristics. The methodology will be tested in Cameroon in 2009.

### **E. The private sector**

43. The GM has undertaken the development of a private sector approach with the objective of increasing, directly or indirectly, private sector investments in SLM activities. The approach will be piloted in Zambia and dialogue with the private sector is being promoted in Mexico and Peru. In Kenya, modalities were established for the effective engagement and mobilization of the

private sector in NAP implementation, and implementation has started. The GM has continued to support the Government of South Africa in the development of a public-private partnership initiative, the objective of which is to increase private sector SLM investments in the country. The partnership was launched by the Deputy Minister for Environment and Tourism Affairs during a ceremony in which Shell Solar announced a contribution of ZAR 600 million (around USD 660 million) for the promotion of alternative energy by rural households, while several other companies pledged financial contributions for the promotion of SLM in the country. Furthermore, the Development Bank of Southern Africa (DBSA) will host a special fund, to which it will also contribute, to finance initiatives on SLM pursuant to the public-private partnership.

#### **F. Civil society organizations and foundations**

44. In 2008–2009, the GM strengthened partners' understanding of the role of CSOs as strategic, technical and financial actors in NAP implementation and SLM. The GM facilitated the engagement of CSOs in IFS and IIF processes and provided targeted support to mobilize CSOs and their partners in several countries and subregions, including Burkina Faso, Mali, Peru and Central America. In the context of IFS and IIF development and implementation the GM supported government and CSO partners to undertake reviews and analyses of the CSO landscape and assess the role and contribution of CSOs to the UNCCD and SLM agenda. Consultations among CSOs served to identify actions to improve the positioning of CSOs for seizing financing opportunities with local government, development cooperation, and international non-governmental organizations and foundations. Support to five additional countries is under development (Ethiopia, Guatemala, Honduras, Nicaragua and Uganda).

45. The GM also developed tools to: inform the IFS and IIF process with regard to CSO participation; map and analyse CSO participation at the country level in cooperation with Drynet, a global consortium of CSOs working to strengthen national platforms; and map potential financial partner support to CSOs at the country level. By the end of 2009, screenings of key international NGOs and foundations with the potential to support SLM financially will have been completed, and contacts strengthened at the country level and established at the international level.

46. The GM's contribution to outcome 5.5, access to technology by affected country Parties is facilitated through adequate financing, effective economic and policy incentives and technical support, notably within the framework of South-to-South and North-to-South cooperation, resides in its support to South-South and North-South cooperation designed to allow affected country Parties to access knowledge and encourage technology transfer.

47. In the context of its South-to-South cooperation programme, bringing together the countries of the Sahel and the Sahara, the GM held a capacity-building workshop for the benefit of participating countries (Benin, Cameroon, Cape Verde, Chad, Morocco, Niger, Senegal and Tunisia) and regional organizations, such as the Permanent Inter-state Committee for Combating Drought in the Sahel and ECOWAS. The workshop focused on exchanges of experience in resource mobilization.

48. The GM signed an agreement with the Community of Sahelo-Saharan States (CENSAD) with a view to establishing an African partnership and investment platform for cooperation, solidarity and sustainable development to be endorsed by CENSAD's heads of state and government. An agreement pertaining to the review of the UNCCD SRAP for West Africa and of SLM mainstreaming into the national agricultural investment plans of West African countries, as well as to cooperation on the Great Green Wall Initiative, is to be signed with ECOWAS in June 2009.

49. The GM negotiated a financial contribution from the European Commission/EuropAid for the scope-acp project, a South-South cooperation programme for the Caribbean, the Pacific and sub-Saharan Africa. These discussions led to the mobilization of USD 4,900,000 under a European Commission-GM financial agreement for three years. In this context, all the Pacific islands, all the Caribbean States and 24 countries from Africa will have participated in subregional or regional DIFS knowledge exchange and capacity enhancement workshops by the end of 2009.

50. At the international level, actions were taken that led to a South-South Alliance on finance. The Algerian Ministry of Foreign Affairs assumes the leadership of this alliance, most notably by committing to finance a large-scale integrated project in a sub-Saharan country.

51. The cooperation agreement between the GM and the Arab Maghreb Union, signed in 2008, serves as the basis for mobilizing additional resources and for developing South-South interregional cooperation. This two-year work programme revolves around two issues: accessing information on financing sources and opportunities, and promoting South-South technology transfer.

52. The GM has promoted knowledge sharing and information exchange by strengthening the South-South SolArid Programme between North and West African countries. Two new initiatives were launched based on the experience gained. The first consists of the establishment of three subregional platforms (Africa, the Caribbean and the Pacific) to share experiences and exchange information. The second seeks to establish a Technology Transfer Fund for Maghreb countries. The Fund is to form an integral part of the 2009 updated Maghreb SRAP.

53. Operational objective 1 of The Strategy, on advocacy, awareness raising and education, is to actively influence relevant international, national and local processes and actors in adequately addressing desertification/land degradation and drought-related issues. The GM's efforts towards outcome 1.1, desertification/land degradation and drought issues and the synergies with climate change adaptation/mitigation and biodiversity conservation are effectively communicated among key constituencies at the international, national and local levels, are detailed in the UNCCD secretariat-GM Joint Work Programme (JWP) and are reported separately in ICCD/COP(9)/6/Add.1. The GM communicates on these issues at the national level mainly through its strategic programmes, most notably on climate change finance (see outcome 5.4 above).

54. The GM contributes to the achievement of outcome 1.2, desertification/land degradation and drought issues are addressed in relevant international forums, including those pertaining to agricultural trade, climate change adaptation, biodiversity conservation and sustainable use, rural development, sustainable development and poverty reduction, by promoting the consideration of finance for SLM by relevant international forums with a view to increasing investment in SLM.

55. Among the various international meetings it attended, the GM's contribution to international events was focused on the organization of side events and panel participation at the sixteenth session of the Commission for Sustainable Development and the United Nations General Assembly in 2008, while the focus shifted to the UNFF and the Collaborative Partnership on Forests (CPF) desertification and finance discussions in its session and ad hoc expert groups in 2009. The GM's contributions to and participation in the CPF and sessions of the UNFF have resulted in land degradation and desertification issues being increasingly highlighted as core elements of the UNFF's multi-year programme of work. The GM and the UNCCD secretariat delivered a joint statement at the regional implementation forum for sustainable development at the United Nations Economic Commission for Europe in 2008.

56. The GM is a member of the Global Donor Platform for Rural Development, to which it contributes and in which it advocates for greater attention to UNCCD concerns. In this context the GM seeks to influence members of this group to mainstream the case for investing in the issues of desertification, land degradation and drought as well as SLM.

57. Outcome 1.3 states that CSOs and the scientific community in the North and the South are increasingly engaged as stakeholders in the Convention processes and desertification/land degradation and drought are addressed in their advocacy, awareness-raising and education initiatives. In all the countries and subregions that benefited from GM support, the GM fostered the awareness and understanding of CSOs and scientific institutions as well as their engagement in UNCCD processes, including NAP elaboration and implementation, multi-stakeholder and cross-sectoral national coordinating bodies, and the development and implementation of IFSs and IIFs. As is stated above in relation to outcome 5.3, the GM provided targeted support in some countries for the engagement of CSOs to allow them to better position themselves to mobilize, channel and leverage financing. CSOs also participated in subregional and national DIFS workshops.

58. The GM established strategic partnerships with some scientific institutions to carry out its work, including the Costa Rica-based CATIE and the Institute of Agricultural Research for Development (IRAD) in Cameroon.

59. In the two-year period 2008–2009, the GM strengthened its collaboration with the scientific community mainly through proactive participation in the meetings of the Bureau of the Committee on Science and Technology (CST) and through a direct contribution to the work of the Drylands Science for Development (DSD) Consortium, which was selected by the CST to organize the UNCCD's 1st Scientific Conference. In particular, the GM has provided input, suggestions and advice in relation to areas where further scientific work and research would be instrumental in catalyzing interest in SLM and mobilizing investments from international financial institutions, governments and the private sector.

60. Operational objective 2, on the policy framework, is to support the creation of enabling environments for promoting solutions to combat desertification/land degradation and mitigate the effects of drought. The GM supports outcome 2.1, policy, institutional, financial and socio-economic drivers of desertification/land degradation and barriers to SLM are assessed, and appropriate measures to remove these barriers are recommended by fostering Country Parties' awareness of the financial drivers of, barriers to and incentives for SLM, leading to improved policy frameworks. The GM's mainstreaming work at the national level, its FIELD database and participation in the DAC of the OECD working parties on development cooperation and environment, statistics, and aid effectiveness in the context of the Paris Declaration have all been instrumental in the elaboration of GM country programmes and in the process leading to the development of IFSs.

61. The GM has contributed to outcome 2.2, affected country Parties revise their NAPs into strategic documents supported by biophysical and socio-economic baseline information and include them in integrated investment frameworks, through its work to support the development of guidelines for SLM alignment in the NAPs to The Strategy initiated by the UNCCD secretariat. An overview of the GM's contribution to this outcome is reported separately in the joint secretariat-GM programme performance report.

62. The GM aims to contribute to outcome 2.3, affected country Parties integrate their NAPs and SLM and land degradation issues into development planning and relevant sectoral and investment plans and policies, through its work with affected country Parties to foster, through the IFS, the identification of investment opportunities for NAP priorities in national development processes such as PRSPs and relevant sectoral and investment plans and policies (see outcomes 5.1 to 5.5 for more detail).

63. The GM's contribution to outcome 2.4, developed country Parties mainstream UNCCD objectives and SLM interventions into their development cooperation programmes/projects in line with their support to national sectoral and investment plans, is described in detail above under outcomes 5.1 to 5.5.

64. The GM's contribution to outcome 2.5, mutually reinforcing measures among desertification/land degradation action programmes and biodiversity and climate change mitigation and adaptation are introduced or strengthened in order to enhance the impact of interventions, stems from its work to foster increased SLM financing through synergistic implementation of the Rio conventions. The work of the GM that contributes to results under this outcome is mainly to find synergies with finance, primarily as it relates to climate change and trade, for example, BioTrade in eight countries.

#### **IV. Executive Direction and Management**

65. During the biennium, the GM updated its RBM system three times in response to COP 8 decisions, CRIC 7 recommendations and feedback, and the desired harmonization with the UNCCD secretariat. The GM has also revised its CSEA to align it with The Strategy. This will be presented to the Conference of the Parties at its ninth session in the GM's Programme of Work and Budget for the biennium 2010–2011. (ICCD/COP(9)/5/Add.2). GM staff members

were given the opportunity to develop their knowledge and skills with regard to the new areas of GM work envisaged in The Strategy.

66. The GM's Country Engagement Modalities were finalized this biennium and provide a tool for the GM management to ensure that GM programmes adhere to agreed quality procedures. RBM systems are being developed to monitor performance throughout the biennium and to allow consolidated reporting to the COP and the CRIC. Financial management and budgeting following IFAD rules and regulations and systems are in place to monitor these.

67. The JWP 2008–2009 was developed and then revised after comments at CRIC 7. Among other things, envisaged NAP alignment guidelines were added in September 2008. The performance on the JWP is reported in document ICCD/COP(9)/6/Add.1. The GM management has undertaken several consultations with the management of the UNCCD secretariat to improve communication and exchanges of views. The JWP 2010–2011 was successfully established with an increased number of strategic and substantive outcomes, while cooperation in 2008–2009 focused strongly on preparation for COP 9. The GM Facilitation Committee met once in connection with CRIC 7 and again in June 2009 and will hold a coordination meeting at COP 9.

68. Adequate resources were raised for programmed activities. In the biennium 2008–2009, the GM had the largest turnover of its existence, with a UNCCD core budget of approximately EUR 3 456 000 (not including programme support costs) and extra-budgetary contributions amounting to EUR 8 630 266 – a total turnover of EUR 12 086 266 with two additional negotiations on extra-budgetary contributions still ongoing. The GM is also awaiting regular contributions for 2009 from a number of donor agencies. With regard to voluntary contributions, the GM operates through bilateral agreements with donors. Donors that provide un-earmarked funding are increasingly requesting reporting along the lines of the RBM and biennium work programmes of the GM.

69. The annual external audits have been finalized without comment. The actual receivables from core assessed contributions are not predictable and thus IFAD has imposed a 10 per cent budget provision on GM annual core budgets.

70. In terms of communications and outreach during the biennium, the GM has committed to reaching out to an increasing number of constituencies through its corporate website and web tools, e-newsletters, publications and interactive knowledge management tools. Over 100 news items, events and newsletters were published and circulated in the biennium, and 34 publications and fact sheets were developed and distributed in international forums such as COP 8, CRIC 7 and IFAD's Governing Council.

71. The GM reported to the Executive Board of the IFAD Governing Council in 2008 and to the IFAD Governing Council itself in 2009.

72. Since 2008, content production has adopted an increasingly multilingual approach. The website, news and newsletters are now translated into French and Spanish, with a view to reaching a larger target audience across all regions. In addition, e-forums and communities of practice are being launched, on a demand-led basis, to increase interaction and foster information exchange on specific issues.

## V. Challenges and obstacles

73. At the management level, challenges stem from the obligation to report on performance at a time when one-third of the reporting period still remains. Revision of the reporting and programming cycles of the Convention may be required to address this challenge. For example, programme performance could usefully be reviewed only after a biennium is completed (i.e. in even years). Such a review could then inform the preparation of the programmes of work and COP discussions on the four-year workplans and work programming and budget in odd years.

74. A budgetary challenge arose from the Joint Inspection Unit (JIU) evaluation, which stemmed from COP 8. This issue was not addressed during the budget discussion at COP 8 and the GM was later requested to bear the costs of the JIU evaluation, which had not been budgeted for at COP 8.

75. At the programme implementation level, a major challenge remains the low priority given to and low level of integration of the UNCCD into national policy processes in many countries. Country-level processes related to SLM are often underfinanced, slow and uncoordinated, thereby delaying IFS development and implementation.

76. Institutional changes in national governments can pose a challenge. As a result, newly appointed authorities often lack awareness of and interest in SLM issues. There is also inadequate human capacity allocated to these issues in a number of country Parties and this severely reduces the integration of available financial and other resources. This affects the progress of GM contributions. However, the multi-stakeholder nature of the IFS process helps to keep momentum as the process is not solely dependent on one actor.

Annex**Geographic scope of Global Mechanism engagement, 2008–2009****Country level**

ASIA and PACIFIC: Cambodia, Iran, Jordan, Kazakhstan, Kyrgyzstan, Lebanon, Tajikistan, Thailand, Turkmenistan, Uzbekistan and Viet Nam

EAST and SOUTHERN AFRICA: Eritrea, Ethiopia, Ghana, Kenya, Mozambique, South Africa, Tanzania, Uganda and Zambia

LATIN AMERICA and the CARIBBEAN: Argentina, Brazil, Dominican Republic, Ecuador, Guatemala, Honduras, Nicaragua and Peru

NORTH AFRICA: Algeria, Libya, Mauritania, Morocco and Tunisia

WEST and CENTRAL AFRICA: Benin, Burkina Faso, Burundi, Cape Verde, Cameroon, Chad, Côte d'Ivoire, Mali, Madagascar, Niger, Rwanda, Senegal and Togo

**Subregional level**

ASIA and PACIFIC: Central Asia, League of Arab States, South Asia, South East Asia, The Pacific Islands and West Asia

EAST and SOUTHERN AFRICA: the Common Market for Eastern and Southern Africa (COMESA), the Intergovernmental Authority on Development (IGAD) and the Southern African Development Community (SADC)

LATIN AMERICA and the CARIBBEAN: the Caribbean, Central America and the Mercosur region

NORTH AFRICA: the Arab Maghreb Union (AMU), the Community of Sahel-Saharan States (CENSAD), SolArid (South-to-South Cooperation: North Africa and West Africa)

WEST and CENTRAL AFRICA: The Central African Forest Commission (COMIFAC), the Economic Community of Central African States (ECCAS), The Economic Community Of West African States (ECOWAS), the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS) and the West and Central African Small Island Developing States (SIDS)

**Countries participating in subregional DIFS Knowledge Enhancement Workshops:**

ASIA and PACIFIC: Bangladesh, Bhutan, China, Cook Islands, Fiji, Federated States of Micronesia, India, Kiribati, Marshall Islands, Myanmar, Nepal, Niue, Nauru, Pakistan, Palau, Papua New Guinea, Lao, Sri Lanka, Samoa, Solomon Islands, Thailand, Timor Leste, Tonga, Tuvalu, Vanuatu and Viet Nam

CENTRAL and EASTERN EUROPE: Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Czech Republic, Lithuania, Montenegro, Romania, Russian Federation, Serbia, Slovak Republic, Slovenia and Ukraine

EAST and SOUTHERN AFRICA: Angola, Comoros, Eritrea, Ethiopia, Lesotho, Madagascar, Mauritius, Mozambique, Seychelles, South Africa, Swaziland, Tanzania and Uganda

LATIN AMERICA and the CARIBBEAN Antigua and Barbuda, Argentina, Bahamas, Barbados, Bolivia, Brazil, Chile, Columbia, Dominica, Ecuador, Grenada, Guyana, Jamaica, Paraguay, Peru, St. Lucia, St. Vincent and the Grenadines, St. Kitts and Nevis, Trinidad, Surinam, Uruguay and Venezuela

WEST and CENTRAL AFRICA: Burkina Faso, Burundi, Cameroon, Central African Republic, Cote d'Ivoire, Democratic Republic of Congo, Gabon, Guinea, Equatorial Guinea, Liberia, Niger, Rwanda, São Tomé and Príncipe, and Senegal

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