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**REVIEW OF AVAILABLE INFORMATION REGARDING THE FINANCING OF
CONVENTION IMPLEMENTATION BY MULTILATERAL AGENCIES AND
INSTITUTIONS, INCLUDING INFORMATION ON THE ACTIVITIES OF THE
GLOBAL ENVIRONMENT FACILITY CONCERNING DESERTIFICATION
THAT RELATE TO ITS FOUR FOCAL AREAS, AS SPECIFIED IN ARTICLE 20,
PARAGRAPH 2(b), OF THE CONVENTION**

Note by the secretariat*

SUMMARY

The process leading to the creation of a new focal area within the Global Environment Facility (GEF) for land degradation has gone through several stages. The GEF Council in November 2000 requested the Chief Executive Officer of the GEF to explore the best options for enhancing GEF support in assisting affected countries, especially those in Africa, to implement the Convention. In November 2001, the Chief Executive Officer submitted a recommendation to the GEF Council suggesting that the designation of land degradation (desertification and deforestation) as a focal area of the GEF was the best way to achieve the objective sought by the Council.

The World Summit on Sustainable Development in Johannesburg in 2002, while identifying the United Nations Convention to Combat Desertification (UNCCD) as an important tool for poverty eradication, called on the GEF Assembly to take appropriate action on the designation of land degradation as a GEF focal area, and to consider making the GEF a financial mechanism of the Convention.

* The submission of this document was delayed in order to provide the Conference of the Parties with the most updated information on the matter, notably on the relevant deliberations of the Council of the Global Environment Facility.

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I. BACKGROUND INFORMATION

1. Article 20, paragraph 2(b), of the UNCCD provides that Parties undertake “to promote the mobilization of adequate, timely and predictable financial resources, including new and additional funding from the Global Environment Facility of the agreed incremental costs of those activities concerning desertification that relate to its four focal areas, in conformity with the relevant provisions of the Instrument Establishing the Global Environment Facility”.
2. Article 21 of the Convention provides that “the Conference of the Parties shall promote the availability of financial mechanisms and shall encourage such mechanisms to seek to maximize the availability of funding for affected developing country Parties, particularly those in Africa, to implement the Convention.”
3. In its decision 1/COP.5, the COP requested the Committee for the Review of the Implementation of the Convention (CRIC), at its session to be held during the COP, to consider reports on collaboration with the GEF, with a view to elaborating draft decisions, where necessary, for consideration and, as appropriate, adoption by the COP.
4. By decision 9/COP.5, the COP encouraged the GEF Council to take the necessary next steps in pursuit of designating land degradation, primarily desertification and deforestation, as a GEF focal area, and to consider the needs arising from such designation at its meetings on replenishment. The COP further encouraged the meetings of the third GEF replenishment to consider the need for new and additional financial resources, to assist in achieving the objectives of the UNCCD.
5. By the same decision, the COP also requested the Executive Secretary of the UNCCD and the Managing Director of the Global Mechanism to continue to cooperate actively in the GEF secretariat’s work on modalities for designating land degradation as a focal area.
6. This note reports on latest developments, both within the GEF Council, and as an outcome of the Second GEF Assembly, in response to the above decisions.

II. DESIGNATION OF LAND DEGRADATION AS A GEF FOCAL AREA AND AMENDMENT OF THE GEF INSTRUMENT

7. At its meeting in May 2002, the GEF Council considered and approved amendments to the GEF Instrument to designate land degradation, primarily desertification and deforestation, as a GEF focal area, as a means of enhancing GEF support for successful implementation of the UNCCD. At its session held in Beijing, the Council recommended the amendment of the GEF Instrument in order to include land degradation as a new focal area. In doing so, the GEF Council observed that this action was consistent with its mandate, and with the provisions of the Convention. The Council also noted that since the GEF is to finance the incremental costs associated with achieving global environmental benefits, the GEF would need to work closely with the Global Mechanism of the UNCCD in its efforts to assist developing country Parties to mobilize funding from bilateral and multilateral development agencies for the non-incremental costs of sustainable land management projects.

8. The GEF Assembly meeting in October 2002 in Beijing, China, approved the amendments to the *Instrument for the Establishment of the Restructured GEF*, thereby designating land degradation, primarily desertification and deforestation, as a new GEF focal area.¹

9. Further, the GEF Assembly confirmed that the GEF shall be available as a financial mechanism of the UNCCD, pursuant to paragraph 21 of the Convention, if the COP should so decide. In this regard, the Assembly requested the GEF Council to consider any such decision of the COP with a view to making the necessary arrangements.²

10. It is noteworthy that the GEF Assembly, in welcoming the successful and substantial third replenishment of the GEF Trust Fund, to the amount of US\$ 2.966 billion, pointed out that this would provide additional resources necessary to enable the GEF to address the funding of new focal areas and existing ones and to continue to be responsive to the needs of recipient countries.

III. APPROVAL OF THE GEF OPERATIONAL PROGRAMME ON SUSTAINABLE LAND MANAGEMENT

11. The Executive Secretary of UNCCD collaborated with the GEF Secretariat in the development of "Elements of a GEF Operational Programme for the Prevention and Control of Desertification through Sustainable Land Management",³ which was the basis for the preparation of an operational programme. The GEF Council at its meeting in Beijing, China, in October 2002, approved these elements, and requested the GEF Secretariat to develop, in consultation with the Implementing Agencies, relevant Executing Agencies and the secretariats of the UNCCD and its Global Mechanism, a draft operational programme.

12. Pursuant to this GEF Council decision, the GEF Secretariat held consultations as appropriate, and developed the Operational Programme on Sustainable Land Management (OP 15) which was approved by the GEF Council in May 2003.⁴

13. The GEF Council requested the GEF Secretariat to discuss with the UNCCD secretariat arrangements for facilitating collaboration between the GEF and the UNCCD, taking into account the proposed designation of the GEF as a financial mechanism of the UNCCD pursuant to Article 21 of the Convention.

14. The GEF Council recognized that in the framework of capacity building projects to be funded under the OP 15, the elaboration of national, subregional and regional action programmes and national reports were considered as components.

¹ The text of this decision is available on the GEF Web site: <http://www.gefweb.org>, in the Beijing Declaration of the Second GEF Assembly.

² The text of this decision is available on the GEF Web site: <http://www.gefweb.org>, in the Beijing Declaration of the Second GEF Assembly.

³ The Elements of a GEF Operational Programme for the Prevention and Control of Desertification through Sustainable Land Management are available on the GEF Web site: <http://www.gefweb.org>, as document GEF/C.20/8.

⁴ The text of the GEF Operational Programme on Sustainable Land Management (OP 15) is available on the GEF Web site: <http://www.gefweb.org>, as document GEF/C.21/6.

15. The GEF Council requested that the strategic priorities for land management be elaborated in the light of the OP 15, in order to reflect this as appropriate in the GEF Business Plan FY04-06.
16. With respect to the issue of incremental costs, the GEF Council agreed that the process of determining incremental costs in operationalizing this focal area should be made more transparent, and its application more pragmatic.
17. Several members of the GEF Council welcomed the approval of the OP 15 as a means of facilitating early implementation of the GEF Assembly's decision to designate land degradation, primarily desertification and deforestation, as a new GEF focal area. The Council pointed out that it would keep under review the implementation of the OP 15 with a view to promoting the programme's evolution through the incorporation of lessons learned and best practices.
18. It is pointed out in the OP 15 that the overall operational goal of the GEF focal area on land degradation is to catalyze partnerships with other organizations working on land management issues, land users and other stakeholders at the local, national, regional and global levels to provide coordinated financial and technical support to address land degradation in a way which will achieve long-term global environment benefits within the context of sustainable development.
19. The objective of the OP 15 is to mitigate the causes and negative impacts of land degradation on ecosystem stability, functions and services, to reduce carbon dioxide emissions and improve carbon sequestration, or to stabilize sediment storage and release in water bodies.
20. The OP 15 points out that GEF assistance would focus on funding the agreed incremental costs of accelerating country-driven actions on sustainable land management to preserve ecosystem stability, functions and services, to reduce carbon dioxide emissions and improve carbon sequestration, or to stabilize sediment storage and release in water bodies.
21. Under the OP 15, countries are expected to address land degradation issues, using integrated and cross-sectoral approaches, within the framework of sustainable development at the local, national, and/or trans-boundary levels. GEF support would be consistent with the work programme priorities of the UNCCD as well as with the programme priorities on sustainable land management of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change.
22. With regard to the important issue of capacity building, the OP 15 states that at the local, national and regional levels, capacity building would initially focus on country-driven activities aimed at creating the appropriate enabling environment and institutional capacity to support sustainable land management.
23. On-the-ground investments to address land degradation at the community level would comprise packages of interventions to improve both the livelihoods and the economic well-being of local people (baseline actions) and to preserve or restore ecosystem stability, functions and services through sustainable land management (GEF incremental actions). Examples of these would be drawn from the broad areas of sustainable agriculture, sustainable rangeland/pasture management, forest and woodland management and targeted research.

24. The OP 15 clearly points out that mechanisms will be established during the development of a sustainable land management project, including those on capacity building, to ensure effective stakeholder participation in the design, implementation, monitoring and evaluation phases.

IV. CONCLUSIONS AND RECOMMENDATIONS

25. Pursuant to the decision by the GEF Assembly that the GEF shall be available as a financial mechanism of the UNCCD, should the COP so decide, the CRIC may wish to recommend to the COP to accept the offer made by the GEF Assembly following the call made by the World Summit on Sustainable Development.

26. In order to further elaborate the relationship between the GEF and the COP for the smooth and effective operationalization of the focal area, the CRIC may wish to recommend the COP to authorize the Executive Secretary of the UNCCD to undertake appropriate consultations with the GEF Secretariat on its behalf, with a view to developing, *inter alia*, a memorandum of understanding between the COP and the GEF Council regarding the support of the GEF to enhancing implementation of the Convention, in full conformity with the policies, strategies and priorities agreed by the COP.

27. Further to the GEF Council decision at its meeting in May 2003, requesting that the strategic priorities for land management be elaborated in light of the OP 15 which had been approved at the meeting, in order to reflect this as appropriate in the GEF Business Plan FY04-06, the CRIC may wish to recommend to the COP to request a speedy elaboration of these priorities, taking into account the programme priorities of the Convention implementation frameworks.

28. Recalling the various decisions of the COP regarding the need for capacity strengthening and support to affected developing country Parties in meeting their obligations under the Convention, and mindful of the GEF Council decision of May 2003, which recognized that in the framework of capacity building projects to be funded under the OP 15, the elaboration of national, subregional and regional action programmes and national reports are considered as components, the CRIC may wish to recommend the COP to request that the GEF moves with urgency to address this matter since a considerable number of Parties have to prepare their national reports and present them at the next CRIC session. The CRIC may also wish to invite GEF Implementing Agencies, in close consultation with the secretariat of the UNCCD, consistent with article 23 of the Convention, to assist developing country Parties fully in dealing with these activities.

29. The CRIC may wish to recommend the COP to explore ways of defining provisions for periodic reporting, monitoring and evaluation of GEF support, bearing in mind that the financing of enabling activities, as well as the provision of catalytic funding for priority activities, should occupy a central role in the GEF window to enhance support for implementation of the UNCCD.
