



## **Management response to the Joint Inspection Unit Report "Assessment of the Global Mechanism of the United Nations Convention to Combat Desertification" (JIU/REP/2009/4)**

### **Note by the Managing Director of the Global Mechanism of the UNCCD**

#### **I. Introduction**

1. The assessment of the Global Mechanism (GM), carried out by the Joint Inspection Unit (JIU) of the United Nations System, as contained in the Report (JIU/REP/2009/4), is very much welcomed as it provides considerable opportunities for debate and decision-making by country Parties and partner institutions to strengthen the GM's course of action and its strategies and programme of work. Based on the two previous evaluations of the GM, which were acknowledged in Havana, Cuba in 2003 (Decision 5/COP 6), the GM consolidated its approach to resource mobilization during the 2004/2005 biennium. The deliberations at the Ninth Session of the Conference of Parties (COP 9) in Buenos Aires four years later, are therefore most timely in guiding the GM to strengthen its support to country Parties based on its mandate as laid out in the United Nations Convention to Combat Desertification (UNCCD). The GM would like to express its appreciation for the dialogue with the JIU team and with representatives of country Parties during the assessment process which has brought about many clarifications opening new avenues for enhanced cooperation.
2. During the course of the assessment, the JIU Inspectors and their researchers made two official visits to the GM at the Headquarters for the International Fund for Agricultural Development (IFAD) in Rome, Italy, whilst the GM also made one official visit to JIU Headquarters in Geneva, Switzerland.
3. All other information was provided by the GM team in writing and it should be underlined that there has been an open cooperation with the JIU Inspectors and researchers throughout the evaluation process. The GM was provided with the opportunity to send corrections of factual points, which were duly submitted to the JIU on 15 July 2009.
4. The GM's management response to the JIU Report includes a detailed response to the 6 recommendations contained within the Report, as well as general points on a variety of aspects as regards the Report's findings, which are attached in the Appendix of this response.
5. The GM looks very much forward to the debate at COP 9 and stands ready at any point in time to respond to queries by country Parties prior to and during the COP session.

#### **II. Terms of Reference of the JIU and scope of the assessment**

##### Background

6. By its Decision 3/COP8 of 14 September 2007, the Conference of the Parties (COP) of the United Nations Convention to Combat Desertification (UNCCD) requested the Joint Inspection Unit (JIU) of the United Nations System to conduct an assessment of the Global Mechanism (GM) and submit its findings to COP 9.



The terms of reference upon which the assessment would be based were:

- (a) To evaluate the work and functions of the GM, in accordance with its mandate as set out in the Convention and relevant decisions of the COP;
  - (b) To identify any lack of clarity in the institutional arrangements and accountability set out in the Convention and in the Memorandum of Understanding between the International Fund for Agricultural Development and the UNCCD, with a view to ensuring the effectiveness of the functioning of the Convention bodies;
  - (c) To assess the alignment between the programme of the GM and that of the secretariat, and the conformity of the programme of the GM to the guidance of the COP;
  - (d) To evaluate the communication and working modalities between the GM and the secretariat.
7. At the seventh session of the Committee for the Review of the Implementation of the Convention (CRIC 7) in Istanbul, Turkey, the JIU presented the terms of reference under which the assessment would be conducted, with the following objectives as laid out in Paragraph 3 of the JIU Report (JIU/REP/2009/4):
- (a) To identify and recommend a course of action to enhance consistency and complementarities in the delivery of services provided by the UNCCD secretariat and the GM to the Parties;
  - (b) To provide further guidelines and recommendations to assist both the UNCCD secretariat and the GM in developing and implementing a results-based joint work programme (JWP) equipped with indicators of successful cooperation in the light of the on-going efforts by the UNCCD secretariat and the GM; and
  - (c) To follow up to and update the relevant recommendations of the previous JIU Report (JIU/REP/2005/5) as approved in the decision 3/COP.7, taking into account relevant provisions of the 10-Year Strategic Plan and framework to enhance the implementation of the Convention (2008-2018) (the Strategy).

#### Scope of the JIU terms of reference

8. A comparison between the two sets of objectives outlined above, shows that the JIU has narrowed the terms of reference given by the COP and has primarily evaluated the communication and working modalities between the GM and the UNCCD secretariat. The Report does not sufficiently address the "work and functions" of the GM and other broader operational issues of the GM's work as requested by the COP (Decision 3/COP8) with regard to the GM's approach, instruments used and impacts achieved, other than a few references to the quality of services which the GM is providing and the practical example of resource mobilization under the Central Asian Countries Initiative for Land Management (CACILM).
9. It should be noted that there is no detailed assessment of the GM's core document, the *Consolidated Strategy and Enhanced Approach (CSEA)* which was discussed and decided upon by COP 7 in Nairobi in 2005 (Decision 5/COP 7). Furthermore, the JIU has not evaluated the GM's Programme of Work and Budget 2010 – 2011 and its alignment with the 10-year Strategy of the Convention. Finally, the JIU Report does not assess the correlation between the success of the GM in raising operational finance (Paragraph 75 and corresponding graph) and the types and quality of services of the GM rendered to country Parties under the new approach of the GM since 2005.



10. It is the opinion of the GM that the TORs, as requested by the COP through its Decision 3/COP 8, offered a significant opportunity to clarify the important issue of the GM's approach and strategies, including the application of the "Integrated Financing Strategies" (IFS) and the alignment of the GM's work and functions with the 10-Year Strategy of the UNCCD. The GM has always welcomed the JIU assessment because its future work depends firmly on a common understanding and strong consensus of country Parties on the GM's approach, instruments used and impacts achieved. Narrowing the scope of the assessment of the GM renders the assessment incomplete. The GM stands ready to provide any information to COP 9 to support the necessary consensus building and informed decisions by country Parties on its approach.

#### GM's concept and strategy for resource mobilization

11. Based on the *Consolidated Strategy and Enhanced Approach (CSEA)*, the GM works with country Parties to the Convention to enhance their capacities to engage in development planning and programming, thereby positioning sustainable land management (SLM) politically and strategically and influencing financial resource allocations. This is essential given that SLM, agriculture and forestry production are not necessarily the main priorities for many developing countries in the context of poverty reduction and hence there is a need to compete with other national development priorities for the limited resources available.
12. While the GM's services are tailored to UNCCD focal points and National Action Programme (NAP) implementation, they are at the same time framed within the broader context of development programming, since SLM is a cross-sectoral issue that has a strong bearing on many sectors, including forestry, trade, rural development and climate change.
13. In practice, the GM forges partnerships with national institutions to promote inter-ministerial dialogue that brings together the Ministries of the Environment, Agriculture, Water, Forestry, Rural Development and Trade with the Ministry of Finance, as well as with the international community. Such an approach aims to ensure that SLM becomes more central to budget and financial resource allocation processes. The traditional approach of writing a programme and budget in isolation without the benefit of a consultative process and subsequently presenting it at a pledging conference has proven to be ineffective in many sectors, including within the UNCCD context.
14. Understanding and working within domestic budget processes increases access to international finance as for instance for co-financing by the Global Environment Facility (GEF), IFAD, the World Bank, bilateral and other multilateral donors and the various financial resources under the climate change agenda or other emerging areas such as "Aid for Trade", energy, water and food security. The GM has established "strategic programmes" which support country interventions by providing substantive information and analysis on all aspects of finance in various SLM-related sectors, as well as new and emerging financing instruments and mechanisms.
15. Notwithstanding the UNCCD's focus on Africa, the GM aspires to support all developing-country Parties by promoting knowledge-exchange and lessons learned. The GM places a strong emphasis on South-to-South cooperation, given the relevance and potential for replication of successful resource mobilization experiences, and the outcomes of other international development processes and conventions.



16. The GM and its partners have developed the concept of "Integrated Financing Strategies" (IFSs) to guide the process leading to "Integrated Investment Frameworks" for SLM, as called for by the 10-Year Strategy. The IFS concept matches well with the Country Strategic Investment Framework (CSIF) which is pursued under the TerrAfrica initiative of which the GM is a strong partner. The impact of the IFS concept can be evaluated in countries such as Lebanon, Jordan, Ethiopia and Guatemala, where the processes are already at an advanced stage.<sup>1</sup>
17. The GM's approach and strategy were developed as a response to the new aid modalities following the Paris Declaration on Aid Effectiveness. Given that the GM is not mandated to be a fund nor does it dispose over an investment portfolio – the GM has responded by specializing on all aspects of finance and advising country Parties on processes leading to increased investments from sources which remain untapped for SLM. This includes domestic and international resources. It is to be reiterated that the GM is fully aligned in responding to the call of the 10-Year Strategy to support the establishment of "Integrated Investment Frameworks", including the call for innovative resources and non-traditional sources of finance. The GM is also fully in accordance with its mandate as set out in Article 21, concerning its role in promoting actions leading to the mobilization and channelling of substantial financial resources.

#### Upscaling of finance in countries for SLM and operational budget of the GM

18. The GM strives to increase the common understanding of country Parties that its operational budget and the mobilization of extra-budgetary resources are clearly distinct from the "substantial financial resources" which are needed at the country level for SLM and UNCCD implementation. While the GM is working with partners in an increasing number of countries on multi-billion dollar investments, the operational budget of the GM stands at Euro 14.6 million for the biennium 2010-2011 with extra-budgetary resources of Euro 10.7 million<sup>2</sup>.
19. This is the first aspect which should be considered by the COP and a consensus found through a common understanding of the GM's operations. It is to be reiterated that, resource mobilization for the GM's operational budget should not be confused with the objectives of the GM, namely to work with partners in support of UNCCD country Parties to substantially upscale finance for SLM through processes including under the IFS. The GM had very much hoped that the JIU would examine such issues through an evaluation of the GM's approach and strategy.
20. The second aspect which the JIU takes up under Recommendation 6, Scenario 2, Paragraph 174<sup>3</sup> seems to address the controversial issue with regard to the distribution of responsibilities in mobilizing extra-budgetary resources for the secretariat. In Paragraph 156, the JIU Report proposes a "common fund-raising strategy" of the secretariat and the GM as a means of "(...) addressing both the needs of affected parties and the internal requirements of the institutions and the subsidiary bodies of the Convention (...)". In Paragraph 174, this "common fund-raising strategy" is presented as a "predictable fund-raising strategy" to be implemented by the "Division of Resource Mobilization" (formally the GM) of the merged and restructured secretariat, as proposed by Scenario 2. This seems to imply that the JIU is of the opinion that a "common fund-raising strategy" or a "predictable fund-raising strategy" would be synonymous with delegating the entire responsibility to the GM "to support an effective, integrated and financially predictable

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<sup>1</sup> Details on number of countries being supported in 2010-2011 can be taken from the Programme of Work and Budget 2010-2011 ICCD/COP (9)/5/Add.2

<sup>2</sup> See ICCD/COP (9)/5/Add.2

<sup>3</sup> Paragraph 174 "(...) It (GM or Division of Resource Mobilization) would accumulate other functions related to the functioning of the Convention, its secretariat and subsidiary bodies, so as to secure a predictable fund-raising strategy to support an effective, integrated and financially predictable work programme".



work programme" (Paragraph 174), to address shortfalls in programme budget and voluntary funding of the merged secretariat and possibly also the CST.

21. Contrary to this view, the GM is of the firm opinion and has always conveyed the message that fund raising for operational and extra-budgetary resources remains with the institutions in charge of the respective actions or charged with the implementation of the respective COP decisions.
22. As an excellent example of mobilization of resources to fulfil its mandate, the secretariat has established an agreement to cooperate with the United Nations Environment Programme (UNEP) in support of the next reporting cycle of the UNCCD through a project proposal to the GEF which will be presented for final approval at the GEF Council meeting in November 2009<sup>4</sup>. The UNCCD secretariat is entrusted under Article 23, paragraph 2 (c) to "facilitate assistance to affected developing country Parties (...) in the compilation and communication of information required under the Convention." By means of the aforementioned project, the secretariat has successfully mobilized operational resources to fulfill its mandate to facilitate reporting of country Parties.
23. The GM views this as a sound justification for a clear delineation of tasks in raising extra-budgetary and operational finance along the lines of the respective Programmes of Work and Budget of the secretariat, the GM and the CST.

### III. Response to the JIU Recommendations

**Recommendation 1: The GM and the UNCCD secretariat should submit a report to the COP containing a total work programme and the total cost estimate involved in the context of their future biennium and medium work programme and plan so that the COP could exercise governance and oversight over the mobilization, allocation and use of voluntary contributions and core resources for the entire activities of the UNCCD bodies, the GM and the secretariat.**

24. The GM management welcomes Recommendation 1 of the JIU Report. The foundations for enhanced governance and oversight by COP over the GM, as well as all other institutions and subsidiary bodies of the Convention, were laid out at COP 8, which decided to increase accountability and reporting through a Results Based Management (RBM) system. For the first time in the history of the UNCCD, COP 9 will be called to analyze, assess and approve the 2 and 4-Year Work Plans, Programmes and Budget for the biennium 2010–2011 of both the UNCCD secretariat and the GM, in addition to the Committee for the Review of the Implementation of the Convention (CRIC) and the Committee on Science and Technology (CST), including ex-ante allocation of financial resources. The inclusion of both the UNCCD core budget estimates and the voluntary or extra-budgetary contributions to the GM into the Programme of Work and Budget constitutes a new quality of oversight and accountability of the GM to the COP and country Parties, whilst enhancing the transparency of the GM's Programme of Work and Budget.
25. The methodology used by the GM in formulating its RBM framework is described in document ICCD/CRIC/(8)/2/Add.3 and is fully in line with that employed by the UNCCD secretariat. The RBM document contains detailed information on budgetary needs, including indication of whether the financing sought is from the core budget or extra-budgetary. It provides country Parties at COP with detailed budget requirements, grouped by objectives, accomplishments and outputs, which

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<sup>4</sup> "Full-size project proposal for assistance to affected country Parties in monitoring the implementation of the Convention and The Strategy"(ICCD/CRIC(8)/INF.3)



clearly show how the GM is planning to utilize the funding it receives and raises for its programming.

26. The JIU Report raises a unique issue to the GM concerning its core budget provided by country Parties. It was agreed that the secretariat receives 5% of the GM's programme support costs (overhead costs) and IFAD receives 8% for administrative services rendered to the GM. As the GM is not managing these funds, the accountability for their use is administered through the audit of the administrative budgets of the secretariat and IFAD, not by the GM. As an in-kind contribution, IFAD does not charge programme support costs for the extra-budgetary funds which the GM receives. The GM would strive to work with the secretariat and IFAD to make more information on the use of the programme support costs available to the COP if required.

**Recommendation 2: The Global Mechanism should develop quantitative performance indicators through the compilation of data and information on the financial resources mobilized as a result of its country and regional interventions, with demonstrated recognition of its spearheading role and contribution made to the production of agreed national and regional/sub-regional initiatives on SLM programmes and projects.**

27. The GM fully agrees with Recommendation 2. The issue of the GM's catalytic effect has always been at the core of its interventions at national and sub-regional levels. Processes that are spearheaded and consolidated through an initial impetus from the GM often lead to the mobilization of substantial amounts of financial resources, which are made available through diverse channels, including but not limited to bilateral and multilateral donors, NGOs, the private sector, as well as domestic (national) budget lines.
28. The GM's activities feed into large and complex multi-stakeholder processes of supporting country Parties to the UNCCD in mobilizing financial resources. Direct and indirect links can be identified between the support the GM provides, in full partnership with a variety of organizations, both bilateral and multi-lateral. However, analysing in qualitative and quantitative terms the impact of each partner in terms of resources mobilized is a complex undertaking. Nonetheless, by providing outputs and accomplishments the new RBM-based Programme of Work and Budget can support the process by providing - in addition to outputs, accomplishments and impacts - quantitative indicators that will support the GM and its partners in developing a methodology to assess the contribution made by each of the stakeholders involved in the development of national/regional/sub-regional initiatives.
29. The GM expressly noted to the JIU Inspectors at the beginning of the assessment its desire to receive their assistance and support in developing a methodology to assess and measure the impact of the GM's contribution to financial resource mobilization. The JIU Report notes in Paragraph 91 that such a methodology "... to attribute and measure the funds..." is missing, but the Recommendation is limited to quantitative performance indicators only.
30. An assessment of the approach and strategies of the GM would have been an effective way of guiding the GM in the process of formulating such a methodology and commensurate impact indicators. The GM, under the guidance of COP, will act upon this Recommendation in the broader sense of impact measurement through a process of consultation. This process will need to be broad-based, since any agreed methodology and impact indicators should be considered fair and appropriate by country Parties and international partners with whom the GM works.



**Recommendation 3: The COP should ensure that effective terms of reference are put in place to strengthen and reshape the roles of the CST and the CRIC, as providers of scientific and policy-assessment to COP in light of their respective mandates.**

31. The GM welcomes Recommendation 3, as the two subsidiary bodies of the Convention are crucial for the success of its implementation. Taking into account some of the analysis made in the Report, the GM looks forward to COP decisions on the future role and functioning of the CRIC.
32. The CST plays an important role in the GM's resource mobilization efforts by providing the scientific base for the development of convincing policy arguments for investments in UNCCD-related activities. There is great potential and much promise in the CST's new approach and the involvement of the Consortium. The GM is already working with the CST and the Consortium on issues of financial mechanisms, and on the integrated economic assessments for the development of macro-economic arguments for increasing investments and financial flows for the implementation of the Convention.
33. In light of the different mandates of the Convention's bodies, the GM supports the Recommendation in pointing to clear terms of reference and strengthened roles as a prerequisite for improved frameworks for collaboration.

**Recommendation 4: The COP should revisit the current arrangements governing the reporting and accountability lines of the GM to the Convention to eliminate the side-effects that have hampered the development of effective collaboration and that have led to an increasing alienation process of this financing mechanism in respect of the COP and its governance and oversight structure.**

34. The GM considers this Recommendation to be particularly timely with the COP having, through Decision 3/COP 8, scrupulously examined its ability to provide appropriate oversight, including the accountability and reporting lines of its institutions and subsidiary bodies, and duly instituted the Results Based Management (RBM) and Budgeting system at COP 8 in Madrid.
35. The basic accountability and reporting lines for the GM are clearly outlined in Convention Article 21, Paragraph 4, which states that: "The Global Mechanism shall function under the authority and guidance of the Conference of the Parties and be accountable to it"; and in Paragraph 5 (d), where the GM "reports to the Conference of the Parties, beginning at its second ordinary session, on its activities".
36. In terms of substance, the GM's accountability and reporting lines are the same as for the other subsidiary bodies and institutions of the convention, including the secretariat. These are spread across three levels:
  - (i) broadly, i.e. strategic direction (Multi-Year Work Plans);
  - (ii) in more detail, i.e. programme of work and budget (Two-Year Work Programme according to RBM); and
  - (iii) as regards performance, i.e. programme and financial performance reports as well as external audit report.



37. Furthermore, the Memorandum of Understanding (MoU) between the COP and IFAD, in which IFAD agrees to host the GM and to assume fiduciary, administrative and logistical responsibilities, involves the President of IFAD clearing any reporting by the GM to COP in terms of the legal correctness of financial information. This clearance process should not be seen as an oversight on strategic direction, work programmes, functions, roles and responsibilities of the GM, which are the prerogative of the COP. In practice, the application of the terms of the MoU is fully in line with the Convention text. It should be noted that this is not a unique arrangement in the United Nations system, but common practice in a variety of small entities which do not dispose over their own financial administration or legal counsel. In other words, there is no "indirect" reporting or accountability of the GM to the COP because of the MoU and the fiduciary, administrative and logistical responsibilities of IFAD. The MoU does not contradict, nor limit any oversight or accountability rules and decisions of the COP.
38. The Report's assertion that consultations between the GM and the COP need to be strengthened with enhanced guidance provided by the COP, is fully supported by the GM. In this regard, the following past experiences of the COP should be noted (which are not mentioned in the JIU Report):
- (i) through its report to COP 7 the GM presented to country Parties its changed approach and business model (*Consolidated Strategy and Enhanced Approach*). When this Strategy was presented at COP 7, some 40 Parties took the floor, leading to a question and answer session and resulting in the COP encouraging the GM to implement its approach through Decision 6/COP 7;
  - (ii) during the interim period between COP 7 and COP 8, the GM was consulted continuously on its approach during the Intersessional Intergovernmental Working Group (IIWG) process, culminating in Decision 3/COP 8, which adopted the 10-year Strategy; decided upon the Results-Based Management (RBM) system; requested the JIU assessment of the GM; and explicitly requested the GM to revise its strategy in light of the 10-Year Strategy;<sup>5</sup>
  - (iii) the GM has responded to this request through document ICCD/COP(9)/5 add.2, which contains its revised strategy and programme of work, and is looking forward to ex-ante consultations and guidance from the COP at its ninth session. All drafts were made available to the JIU.
39. The Joint Work Programme (JWP) of the secretariat and the GM was another mechanism the COP instituted at COP 8 in order to set out an increased oversight of the work of the two institutions (see also comments under Recommendation 5).
40. Beyond the concrete joint activities, the GM considers that the jointly formulated and agreed upon principles of the JWP form an excellent basis for further enhanced cooperation and can serve as indicators for the improved oversight by the COP. These principles may be summarized as:
- (i) One UNCCD: Recognition by the GM and secretariat of the UNCCD as a single instrument under which both institutions function under the authority of COP towards achieving common goals while following their respective channels for reporting to the COP.
  - (ii) Shared but differentiated responsibilities and complementarities: The Convention clearly delineates the respective mandates and functions of the secretariat and the GM, with the understanding that the two institutions work in a coherent manner to achieve the goals and objectives of the Convention.

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<sup>5</sup> See ICCD/COP(8)/16/Add1 Decision 3, Annex Section VI "Implementation Framework", C. Global Mechanism, Paragraph 18. (b) (ii)





(iii) Coherent messages: In order to comprehensively address the multifaceted characteristics of the UNCCD, it is essential for the two entities to develop, in tandem, key messages to be disseminated to country Parties, intergovernmental organizations, civil society and other relevant stakeholders at all levels.

(iv) A culture of mutual support and integrity: In delivering their respective services to the Parties, the GM and the secretariat will pursue common objectives, adopting a culture of mutual support and recognition of each other's strengths.

41. Finally, the GM would very much welcome an enhanced cooperation with the COP and the CRIC bureaus. The Bureau of the COP is fully entitled by the rules of the UNCCD to guide the implementation of the GM's programme of work and the other subsidiary bodies and institutions of the Convention. With a strengthened CRIC, the guidance of country Parties and a more effective COP discussion will undoubtedly increase the effectiveness of accountability.

**Recommendation 5: The COP should effectively guide the GM in defining a programme of work that avoids duplication and overlapping with other organizations' mandates, or with other subsidiary bodies or institutions of the Convention, so as to promote enhanced cooperation, coordination and effectiveness by involving other sister organizations, in particular the members of the Facilitation Committee.**

42. The GM welcomes the COP's continuous guidance in defining a programme of work that avoids any perceived or unintended overlaps and duplication with other subsidiary bodies, institutions of the Convention and other organizations. Indeed, the four-year and two year work plans of the GM provide a means for the COP to exercise oversight.
43. The GM agrees fully that working in close partnership with governments, bilateral and multilateral development cooperation agencies, the private sector, civil society and academia is crucial for succeeding in effective resource mobilization. Cooperation agreements are established with most of the partners mentioned by the Inspectors, notably the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the Food and Agriculture Organization (FAO) of the United Nations and the World Bank. The GM has established a number of cooperation agreements with sub-regional and regional institutions. Consistent guidance and messages by governments in the different governing bodies of various organizations could also go a long way to avoiding overlap, duplication and ensuring coherence and efficiency. In this regard, the current debate within the Facilitation Committee (FC) of the GM is very fruitful and should be further guided by the COP.
44. The JIU Report strongly emphasizes the need to clearly define the division of labour of the secretariat and the GM in order to avoid overlap and duplication in mandates and activities, to promote complementarities and to enhance coordination and cooperation (Paragraph 165 preceded by numerous paragraphs throughout the Report).
45. The JIU Report does not however, provide sufficient analytical indication of what the division of labour would be considering the mandates of the two institutions, the 10-Year Strategy and the programmes of work and budget. Paragraph 35 refers to the "lack of definition of boundaries and division of labour in their respective mandates" between the GM and secretariat. The JIU puts forward an Annex to its Report which presents the "Comparative Mandates of the secretariat and the GM". The GM is of the opinion that this Annex in fact clearly shows that there is no institutional or operational overlap between the two institutions considering their respective



mandates. Therefore this analysis does not support the Report's assertion that there is a lack of division of labour in the mandates.

46. In Paragraphs 35 – 39, the JIU indicates that the secretariat and the GM are performing the same functions and lack cooperation, without fully considering the delineation of mandates and the current cooperation which is ongoing under the JWP as requested by country Parties. As a consequence, no substantive clarifications are given by the JIU and no recommendation for improvement can be found in the Report except for an institutional resolution by means of hierarchy building (under Recommendation 6, Scenario 2, Paragraph 178).
47. The lack of mutual understanding between the secretariat and the GM on functions, competencies and roles and responsibilities has always been and is still a major hurdle to achieving mutual respect and cooperation, and is at the core of not only issues related to Recommendation 5, but to many of the issues brought forward in the JIU Report. Clarity is certainly also a prerequisite for efficiently agreeing on areas in which to undertake joint work, particularly with regard to defining the exact respective contributions to any joint activity, and thus what the added value of joint work could be for the Convention.
48. The GM has repeatedly attempted to address these issues with the aim of clarifying them as far as possible. The GM considers such discussions as a necessary foundation for an efficient Joint Work Programme and complementary individual work programmes. The GM would welcome a broad-based process to clarify roles, responsibilities and delineate tasks between itself and the secretariat on the basis of mandates and the 10-Year Strategy guided by the COP and its Bureau. This will ensure that the different subsidiary bodies maximize cooperation, whilst implementing their distinctive roles and responsibilities.

**Recommendation 6: the COP is invited to consider the institutional arrangements described in scenarios 1 and 2 and take a lasting solution on this issue during COP9**

49. The section preceding Recommendation 6 of the JIU Report outlines three scenarios (i) improvement of the status quo (ii) merging the secretariat and the GM and (iii) converting the GM into a fund. While the latter scenario is dismissed as unrealistic by the JIU itself, the two remaining scenarios address the same issues with regard to:
  - (i) complementarities and synergies of work programmes of the secretariat and the GM as well as improved joint work programmes, including cooperation and communication;
  - (ii) definition of division of labour between the secretariat and the GM as well as other international institutions; and
  - (iii) clarification of reporting lines to COP and accountability chains including long-term financial predictability.
50. Enhanced oversight of the COP, as mentioned under Recommendation 1, has been provided by means of the RBM Programme of Work and Budget of the secretariat and the GM as well as the instrument of the Joint Work Programme instituted by a COP decision under the 10-Year Strategy. The ninth session of the COP will be the first occasion that the COP exercises these enhanced oversight systems and the GM looks forward to further guidance from the COP as regards these instruments. The GM supports fully the JIU recommendation with regards to the accountability chain, which calls for enhanced guidance provided by the COP. As mentioned under Recommendation 4, this should take into consideration the COP reaction to the GM Consolidated



Strategy and Enhanced Approach, the 10-Year Strategy and the revised GM Strategy. To further strengthen the accountability chain, the GM would welcome an enhanced cooperation with the bureaus of the COP and CRIC.

51. The prerequisite for success with regard to a fruitful cooperation between the secretariat and the GM will however be a joint understanding of the work and function and the clear delineation of roles and responsibilities of the two entities. As mentioned under Recommendation 5, the JIU Report does not give sufficient analytical indication of what the division of labour would be. The GM therefore would highly appreciate further work on this issue and welcomes a frank and transparent debate that will involve country Parties and partner institutions under the full leadership of the COP and its Bureau.
52. With regard to the institutional setting of the GM, the COP decision on the 10-Year Strategy calls for the "GM institutional arrangements with the International Fund for Agricultural Development (IFAD) to remain unchanged". The JIU Report is supportive of the notion that the hosting arrangement is effective. The GM would like to underline that the fruitful and constructive cooperation with IFAD and IFAD's enormous support to the GM and the UNCCD as a whole, is highly appreciated by many country Parties and by the GM. The MoU between the COP and IFAD on the hosting arrangement does not constitute an obstacle to improving the oversight function of the COP and accountability of the GM to the COP (see also "Hosting arrangement with IFAD" in Appendix). As the largest donor to the GM, IFAD should be encouraged to continue its support to the GM and the UNCCD.
53. The GM is a unique entity which is specialized in development finance for SLM. For the GM to effectively deliver finance for SLM in accordance with its mandate, it is important that the GM continues to be part of the financial and development focused environment offered by IFAD and other international financial institutions. Working in close cooperation with governments, bilateral and multilateral development agencies, the private sector, civil society and academic institutions is crucial in successfully mobilizing resources.
54. The GM fully agrees with Recommendation 2 to develop quantitative performance and impact indicators and stands ready to act upon this Recommendation under the guidance of the COP. The examples provided of GM deliverables and their impact mentioned in the JIU Report and the GM Progress Report 2008/2009 clearly underlines the success of the GM in service delivery and in raising the financial base for its own operations. With the development of the concept of "Integrated Financing Strategies" closely linked to the call of the 10-Year Strategy for Integrated Investment Frameworks, the deliverables have been further strengthened (see also "Thematic work of the GM" in Appendix). Any integration of the GM into the secretariat, determining that a proportion of GM staff members move away from working on finance to focus on policy analysis and changing the mandate of the GM to "secure a predictable fund-raising strategy to support an effective, integrated and financially predictable work programme" (Paragraph 174) of the restructured and merged secretariat, is in contradiction to the mandate of the GM, follow-up decisions of the COP, the 10-Year Strategy and cannot be seen as instrumental to the GM delivery of substantial finance for SLM at country level.
55. It is important to note that authoritative and representative oversight over the GM and secretariat remains with the COP and interessionally its Bureau, as already explicitly stated in the Ten-Year Strategy (Annex: Section E. Secretariat /Global Mechanism coordination: paragraph 22 a) (i)). The GM supports that these governing and oversight bodies should be used to their full potential without prejudice to the inherent political leadership role of the Executive Secretary of the UNCCD. It is to reiterate that the two institutions' respective management prerogatives remain with these institutions, as per the Convention.



56. While the JIU dismisses the scenario presented to convert the GM into a fund, it might be possible to initiate a discussion on finance within the Convention. This was originally suggested by the G77 at CRIC 7 in Istanbul where they suggested such a discussion under the theme of “achieving strategic objective 4 of the 10-Year Strategy”. The GM would welcome renewed interest in this initiative and stands ready to support such a dialogue within its mandate and competency.



## Appendix: Substantiation of arguments by JIU

1. It is to be noted that there are a considerable number of statements and assertions in the Report of the JIU which are left unsubstantiated and without the support of explicit analysis. In order to address some major misunderstandings and over-generalized statements, the following clarifications are provided:

### Thematic work of the GM

2. In Paragraphs 61 – 64, the JIU assessed that the GM has become "... a sort of specialized think tank undertaking substantive research on environment-related topics, not only on desertification but on several cross-cutting issues such as climate change, biodiversity, forestry, trade and sustainable development, among others" (Paragraph 61). The Report states that as a result "... a significant part of the team (*of the GM*) is backstopping the core resource mobilization functions by providing technical and expert advice on substantive issues (...)" (Paragraph 62). It is further noted that the "...GM has developed the profile of a self-sufficient organisation..." (Paragraph 63) without building the necessary networks and without leaving to "...members of the Facilitation Committee, and in particular Rome-based agencies including IFAD..." the development of the "...thematic aspect of the projects" (Paragraph 64).
3. The GM's revised approach and new organizational setting since 2005 are not captured in the Report, nor is the aforementioned Consolidated Strategy and Enhanced Approach, debated at COP 7 in Nairobi, Kenya mentioned. Indeed, the basic imperative and efforts of the GM, namely to carve the niche for supporting country Parties by means of strict specialization on public finance and private sector investments is not evaluated. The GM has made clear that it must respond to the dramatically changing aid modalities and the shifting mode of cooperation between the international community and governments in developing countries, in light of the Paris Declaration on Aid Effectiveness in 2005. This change calls for a progressive approach to the mobilization of financial resources for UNCCD implementation which the GM is providing. The GM has underlined its position on this issue through interventions at CRICs and COPs, through side-events and publications and through the development of the concept of "Integrated Financing Strategies (IFS)" as well as efforts in knowledge exchange (DIFS workshops) and South-to-South Cooperation (inter alia SolArid).
4. The Programme of Work and Budget for 2008 – 2009 as well as 2010 – 2011 gives clear indication to the fact that the entire GM staff and budget is allocated to working on financial issues around international as well as domestic finance. All strategic programmes of the GM were established solely for this purpose and the terms of reference of all staff, the work programmes as well as publications are geared towards the objective of specializing in finance. The GM is the only UN institution specializing in this sense and has always been very cautious to avoid overlap and duplication with partner organizations such as FAO, UNDP, UNEP, the World Bank and others when country interventions were planned such as under the TerrAfrica Initiative. No thematic policy or strategy document on SLM, agriculture or forestry or any technical "project document" has been written or supported by the GM since 2005.
5. The GM posits that it is indeed its specialization in development finance and investments since 2005 that has triggered the success of the GM in service delivery and in raising the financial base for its operations. The recent agreement between UNEP, UNDP and the GM as well as the positive results under the TerrAfrica Initiative clearly show that the GM is a specialized partner in a new debate on development finance following the Paris Declaration on Aid Effectiveness.



#### Donor agencies and emerging opportunities

6. The Report concludes that the GM has not tackled the full potential of innovative finance and non-traditional donor agencies (Paragraphs 69, 70 and 76). Moreover, the JIU states that "...the GM targets the same donors as other existing financial mechanisms...", and does not contribute to "... gathering updated advice and information on potential innovative sources to complement existing funding" (Paragraph 70). Whilst noting the Report's positive evaluation of the enormous increase of operational finance for the GM's programme of work (Paragraph 75-76 and graphic), the GM believes that the JIU Report's presentation of operational finance for the services the GM delivers, while important does not offer a constructive input into a potential strategic debate on substantial finance and investments for the aims of the Convention by country Parties nor input to guidance at COP 9 on how the GM might improve its services that this operational finance funds.
7. The Programmes of Work of the GM (2008-2009, 2010-2011, as well as annual work plans, programme descriptions etc.) point to the fact that the GM is actively engaged in exploring innovative sources of finance, including with regard to climate change adaptation and mitigation, "Aid for Trade", agriculture and food security, private sector and foundations. Based on the recommendations of country Parties at CRIC 7 in Istanbul, the GM has fully established a new strategic programme with one staff member working on private sector investments and finance from foundations.
8. To this end, the GM is working with the private sector and innovative sources of finance under a variety of initiatives, processes and instruments at all levels. For example:
  - (i) the GM's work with the private sector is gathering momentum in Kenya and South Africa, where the two Governments have internalized and are implementing the public-private partnership initiatives designed and initiated by the GM with very positive outcomes – lessons from these pilot initiatives will be replicated in countries with similar potential to engage with the private sector;
  - (ii) in partnership with the Tropical Agricultural Research and Higher Education Centre (CATIE), the GM has produced a comprehensive methodology and is piloting a series of market-based mechanisms, including compensation for ecosystem services schemes, currently at a most advanced stage in Cameroon;
  - (iii) the GM is working in the context of "Aid for Trade" and the Integrated Framework (IF) for Least Developed Countries (LDCs), where the private sector is a key partner in the development of country-based initiatives, such as those ongoing in Mali and in Uganda;
  - (iv) most importantly, the GM's strategic programme on climate change adaptation and mitigation is gaining ground with regard to the emerging opportunities, including UN-Reduced Emissions from Deforestation and Degradation (REDD), Forest Carbon Partnership, Pilot Programme of Climate Change Resilience in Zambia and Mozambique, services to the Common Market for East and Southern Africa (COMESA) and the African Ministerial Conference on the Environment (AMCEN), in close cooperation with UNEP Regional Office for Africa and a number of initiatives in Latin America and Asia.
9. Based on the experiences of the GM's work in this regard, the recent approval of the 2009 Annual Action Programme implementing the Thematic Strategy Paper for the Environment and Sustainable Management of Natural Resources (ENRTP) of the European Commission's EuropeAid, includes a €2.3 million contribution to the GM entitled "Integrating Climate Change



Finance into Sustainable Land Management Investment Strategies". The proposal to be submitted by the GM in 2009 aims to support 9 affected countries (5 African, 2 Asian and 2 LAC) actively exploring opportunities for innovative finance for UNCCD implementation in the context of the Global Climate Change Alliance of the European Commission and a number of initiatives of multi-lateral organizations and bilateral agencies.

10. The GM would like to recall that it derives its mandate for work in this area of innovative finance from:
  - Article 21 Paragraph 5 (b) of the Convention Text;
  - Decision 3/COP (8), in which the GM is identified as having a central role in contributing to operational objective 5<sup>6</sup>; and
  - 10 Year Strategy Decision 3/COP (8) Annex; Section VI Implementation Framework C Global Mechanism; 18 (b) (ii) c.<sup>7</sup>
11. The concept of the "Integrated Financing Strategy (IFS)" was developed by the GM to achieve its mandate in particular with regard to innovative finance. This includes the co-financing of GEF projects as called for by the Facility and as supported by TerrAfrica and other initiatives.

#### Hosting arrangement with IFAD:

12. Paragraphs 113, 116, 117 of the JIU Report clearly acknowledge that the functioning of the hosting arrangement of the GM at IFAD is working to the satisfaction of all parties involved. However, the Report does not outline the full contribution of IFAD to the GM in financial and administrative terms (USD 1 million annually since 1999 and approx. USD 600 000 annually as an in-kind contribution to GM's programme support costs). During the visit of the JIU Inspectors to IFAD Headquarters, the excellent cooperation in terms of administrative services provided by IFAD to the GM were discussed and acknowledged. No lack of functioning was found or reported. This is an important point to be reiterated given that the GM has been functioning as an independent institution of the UNCCD under its mandate given by the Convention and decisions of country Parties, as well as under the rules and regulations of IFAD.
13. IFAD, developing countries' governments and donor agencies have acknowledged that the establishment of the GM was ratified by all country Parties to the Convention and that the GM therefore acts on behalf of the Conference of Parties within the framework of its legal mandate given by the Convention and within the framework of the decisions taken by the COP. Consequently, the GM has the authority to enter into agreements under its name with governments and donor agencies fully in line with the rules and regulations of IFAD and approved by the Legal Counsel and the Controller's Office of IFAD. This has proven to be effective in fulfilling the GM's mandate and in conducting its work. This practice has been used for over ten-years since the establishment of the GM and it has never been subject to any discrepancy or diverging views of country Parties, donors or recipient partners and no decision has been required by COPs in this regard.

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<sup>6</sup> See also Annex, Section V Operational objectives and expected outcomes, Operational Objective 5.4 (dealing with innovative sources)

<sup>7</sup> The section states that: "The GM explores new sources of finance and financing mechanisms to combat desertification/land degradation and mitigate the effects of drought, including the private sector, market-based mechanisms, trade organizations, foundations, CSOs, and other financing mechanisms, for climate change adaptation and mitigation, biodiversity conservation and sustainable use, and the fight against hunger and poverty."



14. The GM would like to state clearly that the hosting arrangement with IFAD has been of innumerable value to the GM. IFAD's fiduciary and administrative oversight has lent considerable credibility to the GM in terms of its financial management under the rules and regulations of IFAD. This has contributed greatly to sustaining the confidence of the COP, the recipient governments and the contributors to the GM's extra-budgetary resources.
15. IFAD is a great asset for the UNCCD. Beyond its direct contributions to the GM's budget, IFAD has been increasingly responsive to UNCCD objectives in its own policies, country strategies and programmatic framework. A comprehensive portfolio review spearheaded by the GM revealed that IFAD has become one of the largest sources of finance for UNCCD/SLM related operations on the ground, second only to the World Bank. Indeed, it was found that some 63% of IFAD's portfolio is directed towards activities in support of UNCCD objectives<sup>8</sup> in drylands (46.8% of projects and programmes were found to be principally targeting UNCCD objectives). This represents nearly USD 1.85 billion in loans, targeted towards aspects relevant to the UNCCD. In some countries, such as Eritrea and Sudan, IFAD supports UNCCD objectives more than IDA.
16. As a financial institution, IFAD is increasingly calling for partnerships with other institutions, be they national or international, bilateral or multilateral. The mobilization of co-financing to complement IFAD loans is an important component of the successful delivery of its programmes and projects in developing countries as stated in its Strategic Framework: "Partnerships are an important element of the aid effectiveness agenda, and IFAD will give increasing attention to working through them, to becoming a better partner for others, and to defining its own role on the basis of what it can achieve through partnerships."<sup>9</sup>
17. In this context, there is a strong rationale for a close working relationship between IFAD and the GM and the natural convergence provides multiple avenues for constructive cooperation to support governments in arriving at investment frameworks for SLM as called for by the 10-Year Strategy of the UNCCD. Cooperation between IFAD and the GM has so far been fruitful at both strategic and programmatic levels and will likely develop, as innovative finance for example under the climate change regime becomes increasingly important to supplement investments in agriculture, forestry and rural development.
18. The GM's approach of working with governments and international institutions in applying the concept of the "Integrated Financing Strategies" (IFS) to scale up finance for SLM and its focus and expertise on country ownership and aid harmonization as well as NGO and private sector engagement is appreciated by IFAD's Programme Management Department as a very useful contribution. IFAD's projects and alignment with country priorities enables the GM to identify on a country-by-country basis the scope of cooperation and contributions by the GM. The complementarities between IFAD as a fund, and the GM as a specialized institution on development finance advising countries on investment frameworks from a variety of sources, are emerging strongly and it is expected that the future grant contributions of IFAD to the GM will further strengthen this effective joint work in support of UNCCD country Parties.

#### Programme and budget transparency

19. The conclusion that GM management lacks accountability is derived from the Inspectors' claim that they "hardly found transparent breakdown information" on the end-use of funds

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<sup>8</sup> Portfolio Review of IFAD-funded Projects and Programmes approved between 1999 and 2005 related to UNCCD-Objectives, 2007.

<sup>9</sup> IFAD Strategic Framework 2007-2010. pp. 6-7.





mobilized by the GM (Paragraph 81). The GM commented in a responding email to the JIU during the discussion on factual corrections that this assertion is indeed a factual error. The following is a direct quote of the GM's response, which the JIU did not include in the final draft of the Report:

Quote: The first sentence concerning "...the transparent breakdown information on the end use of (...) funds..." is factually incorrect. Instruments which you screened are:

- (i) all reports to donors with all details of budget items as used by IFAD Administration, as well as summarized information to the COPs and IFAD,
- (ii) specially designed "FasTrack system" of the GM which gives very detailed information on end use of funds according to budget items used by IFAD,
- (iii) detailed tracking of funds of regional and strategic programmes of the GM carried out by the GS staff of the programmes (40% of their job description) as well as
- (iv) project documents including for Burkina Faso and for Mali. This includes the use of funds transferred directly as grants under national execution (used up to 2005) which are documented in great detail based on the legal agreements with the countries.
- (v) the external audit reports confirm the correct use of funds.

(...) The analysis and interpretation of the effectiveness and usefulness of these fund tracking instruments of the GM certainly remain with the JIU (end of quote).

20. The GM would like to underline that its current programme and budget does not constitute a deficiency in transparency in terms of a "transparent breakdown of information on the end-use of funds". The problem arises with the change of the planning and budgeting process under the newly established Results-Based Management and Budgeting system. The financial administration and tracking system need to be changed. In this regard, it would have been very helpful, if the JIU could have assessed the current financial tracking system of the GM to recommend concrete improvements for RBM and its budgeting system.