



Global Environment Facility

Summary of Document GEF/C.30/7

Legal, Operational and Financial Implications of an Amendment of the GEF Instrument to Reflect the Designation of the GEF as a Financial Mechanism of the UNCCD

Recommended Council Decision

The Council, having reviewed document GEF/C.30/7, *Legal, Operational and Financial Implications of an Amendment to the GEF Instrument to Reflect the Designation of the GEF as a Financial Mechanism of the UNCCD*, agrees to recommend to the fourth GEF Assembly the following amendment to the *Instrument for the Establishment of the Restructured Global Environment Facility*:

A new paragraph should be inserted after paragraph 6 of the Instrument which reads as follows:

The GEF shall operate as a financial mechanism of the UN Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (UNCCD), pursuant to article 20, paragraph 2(b), and article 21 of the Convention. The Council shall consider and approve arrangements to facilitate collaboration between the GEF and the UNCCD.

Recognizing the operational and financial implications of the amendment as described in document GEF/C.30/7, the Council invites the GEF Secretariat and the GEF agencies to implement the amendment in good faith pending a formal adoption by the next Assembly.

At its special meeting on August 28, 2006, the Council requested the Secretariat to prepare for its consideration at the Council meeting in December 2006 a paper that analyzes the legal, operational and financial implications of an amendment to reflect in the Instrument the designation of the GEF as a financial mechanism of the UNCCD. The Council agreed that should it reach agreement on such a proposed amendment to the Instrument, it will implement the amendment in good faith pending a formal adoption by the next Assembly. The purpose of this paper is to respond to the Council's request.

The proposals put forth in this paper are fully supported by the Secretariats of the UNCCD and the GEF.

AMENDMENT OF THE GEF INSTRUMENT TO REFLECT THE DESIGNATION OF THE GEF AS A FINANCIAL MECHANISM OF THE UNCCD

The Second GEF Assembly, held in Beijing in 2002, included land degradation, primarily desertification and deforestation, as a new focal area of the GEF. The *Instrument for the Establishment of the Restructured GEF* was amended to include land degradation, primarily desertification and deforestation, as a new focal area and to include, as a function of the GEF Secretariat, on behalf of the Council, coordination with the Secretariat of the UNCCD.

In May 2003, the GEF Council approved a new operational program on sustainable land management as a framework to operationalize the land degradation focal area.

The sixth Conference of the Parties in August/September 2003, welcomed the GEF Operational Program on Sustainable Land Management and approved a decision designating the GEF as a financial mechanism of the Convention and calling for the preparation of arrangements for establishing a working relationship with the GEF.

In June 2005, the GEF Council reviewed a proposed Memorandum of Understanding (MOU) between the United Nations Convention to Combat Desertification and the Global Environment Facility, outlining arrangements to facilitate collaboration between the GEF and the UNCCD. The Conference of the Parties approved the proposed MOU at its seventh session in 2005. The Council then approved the MOU at its meeting in June 2006, thereby bringing the MOU into effect.

The MOU recognizes that the coherence between the objective of the GEF Operational Program on Sustainable Land Management and the objective of the UNCCD is a basis for mutually beneficial collaboration and that such coherence will serve as a basic principle in developing policies, strategies, programs and projects for sustainable land management. The UNCCD Secretariat and the GEF Secretariat are to collaborate on substantive matters that the Conference of the Parties and the Council agree should be pursued to strengthen this coherence and collaboration between the UNCCD and the GEF.

With respect to cooperation with the Global Mechanism, the MOU provides that the GEF Secretariat is to be invited to participate as an observer in the Facilitation Committee meetings of the Global Mechanism. The GEF Secretariat is to inform the Facilitation Committee of project proposals concerning desertification that have entered the GEF pipeline with a view to assisting the Global Mechanism to identify opportunities to mobilize and channel co-financing resources for such proposed projects.

Interest has been expressed in amending the GEF Instrument to reflect the role of the GEF as a financial mechanism of the UNCCD. It is proposed that the relationship between the UNCCD and the GEF can best be reflected by amending the GEF Instrument to include a new paragraph that would read:

The GEF shall operate as a financial mechanism of the UN Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (UNCCD), pursuant to article 20, paragraph 2(b), and article 21 of the Convention. The Council shall consider and approve arrangements to facilitate collaboration between the GEF and the UNCCD.

The new paragraph would be inserted after the existing paragraph 6, and the paragraphs that follow (those numbered 7 to 35 at present) would be renumbered.

Language for this proposed amendment closely reflects the relevant decisions of the Conference of the Parties, the GEF Assembly and the GEF Council.

OPERATIONAL IMPLICATIONS OF THE PROPOSED AMENDMENT

It is expected that the proposed amendment to the Instrument would not have any significant implication for GEF operations in the area of land degradation, since the operational program on sustainable land management was developed taking into account the objectives of the UNCCD and the Council has acted to respond to relevant decisions of the Conference of the Parties.

FINANCIAL IMPLICATIONS

Demand for GEF resources to support sustainable land management is expected to grow. Since land degradation was identified as a focal area of the GEF in 2002, GEF assistance has been used primarily to finance capacity development with special emphasis on assisting countries to finalize their national action programs to combat desertification and mitigate the effects of drought (NAP) and to mainstream NAP priorities into sector frameworks. As a result of this capacity building, countries are now seeking to make investments in actions identified in their national plans. This will increase the demand for funding from both national and international sources, including the GEF, for sustainable land management.