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Operational Strategy for the Regional Financial Strategy

EFIR

Eighteenth Meeting of the Forum of Ministers of Environment of
Latin America and the Caribbean
Quito, Ecuador. February 1st, 2012

The EFIR

The EFIR is the Regional Strategy for Resource Mobilization for the funding of initiatives that help to overcome the conditions of land degradation, desertification and drought (DDTS) that exist in Latin America and the Caribbean (LAC) and constitute a determinant of rural poverty and the inability to achieve food security

Background

- The GM submitted the proposal for the EFIR to the ITC members in 2009. Subsequently, GM presented the EFIR in the 17th Meeting of the Forum of Environment Ministers of LAC, held in Panama in April 2010,
- In this meeting the Ministers also requested the GM and the Regional Coordinating Unit (RCU) of the UNCCD in consultation with the Technical Committee and the support of the Forum Secretariat and the ITC, to develop a proposal for operationalizing the EFIR, to be presented to the 18th Meeting of the Forum of Ministers

Justification

- The rise on oil and staple food prices have implications for an increased risk of food security and economic development.
- Extreme weather conditions and the unpredictability of events requires to make decisions with uncertain scenarios, exceeding the traditional approach of assuming a *likely scenario*.
- There is increased interest of governments to adopt strategies for the definition of policies and public investment to mitigate these effects.

Principles

- Increasing the supply of financial resources; have a "trigger effect" on resource mobilization; and improve the operational base in a holistic manner in the region.
- Should act as a trigger for resource mobilization and effective use to develop regional and subregional cooperation aimed at strengthening the operational base in each country.
- This will improve the collection and use of existing funding mechanisms to address the problem of DDTs.

Components

- Alignment of policy measures;
- The implementation of Integrated Financial Strategies (IFS) and
- the strengthening of the institutional operational base which allows contributing to a greater allocation of resources and their effective utilization in each country

Synergies

- **Regional LAC:** allocation and monitoring the use of funds, generation and dissemination of information and training and dissemination of experiences.
- **Subregional:** induction and the accounting for those financial resources for investments that contribute to overcoming droughts and desertification
- **National:** support the procurement and allocation of resources in each country; private sector investment; and national capacity building strategies.

Mechanism



***Mechanism for
the
implementation of
the EFIR:
Technical
Management
Secretariat
(TMS)***



- **Objective:** Develop a work program for the implementation of the EFIR with the participation of the international technical and financial agencies.
- **Operation:** Guided by a Coordination Office it will be a steering committee of EFIR.

Program of the TMS

- Seek, obtain and manage financial resources
- Develop regional actions
- Support with resources subregional actions
- Supporting with resources national actions
- Monitor and conduct an ongoing evaluation of actions, outputs and outcomes

Multi Agency Pre- investment Fund

- The EFIR is a *trigger* mechanism which will allow actions and processes that will contribute to the generation of investment proposals
- It has been estimated that the minimum required annual budget is five million US Dollars in a five years period for the execution of the EFIR
- Due to its characteristic as *trigger* mechanism and support to policy definitions, it is expected that the EFIR will have a significant impact on financial support from governments budgets grants and loans from multilateral development banks
- The goal is to trigger investments for a total of 500 million US Dollars.

Sources of Finance

- Contribution of 25 percent in equal parts from each one of the Multilateral development banks (IADB, World Bank and IFAD) and 25 percent from the GEF.
- Five million US Dollars is a contribution highly needed and justified for LAC and a small amount considering its expected benefits.

A critical factor: use of the available resources at country level

- Funds from Public Sector Budgets
- Funds from taxes to tourism and petroleum/oil
- Public funds from external loans
- Grants from bilateral cooperation agencies
- Not reimbursable funds included in loans-projects from international financial agencies
- Resources from GEF
- Bank credits
- Reinvestment of tax exemptions

Necessary Conditions

- Commitment from each one of the agencies, as well as synergy with other initiatives
- The actions in LAC will be developed in close cooperation between the Global Mechanism and the Secretariat of the UNCCD, with the international financial and cooperation agencies, the country Parties and all subsidiary bodies of the Convention
- It is expected an active role of all National Focal Points

Request to the Forum of Ministers

- Approve the proposal of the Operationalization of the EFIR
- Inform the ITC about the proposal of the Operationalization of the EFIR
- Request the IADB, the World Bank, IFAD and the GEF to contribute in equal shares the funds required for the functioning of the TMS in the understanding that it is a pre- investment fund of high return for such agencies
- Consultation with ECLAC and IICA, or other agencies as technical cooperation organizations, to host the TMS and reach an agreement of the received offers



Thank you!!!!

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