Designing Integrated Financing Strategies for Combating Desertification (DIFS)

by

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The IFS Lebanon

• First ever done by the Global Mechanism

• Now in the process of implementation at MoAgr

• Currently being developed in Jordan, Palestine, Yemen…
The strategy is a guiding framework for locating and mobilising a mix of financial resources to fund programs and projects related to Sustainable Land Management (SLM). While helping to mobilise the appropriate blend of funds – namely internal, external and innovative – the strategy also uncovers barriers associated with resource identification, allocation, and disbursement.
National Development Plan, Sectoral Plans, National Action Plan, etc.

IFS Approach

- National Context
- Mainstreaming SLM
- Internal Sources of Financing
- External Sources of Financing
- Innovative Sources of Financing

SLM/CD Investment Programme

IFS Action Plan

Socio-Economic Development and Poverty Alleviation

Analysis of the National Context

National Context

Policy & Planning
Institutional
Legal & Regulatory
Coordination

Identify Barriers, Challenges, and Opportunities
Analysis of the National Context

Does a national planning framework exist? If yes, describe.
Does a national environmental planning framework exist? If yes, describe.
What efforts have been undertaken to integrate UNCCD/NAP into national, sub-national, and local planning processes?
What are the approaches used for priority setting?
What are the roles of regional and local authorities in development planning?
What is the role of local communities in development planning?
How can their involvement be enhanced?

Assessing the policy development framework
Which policy organs are involved in setting the national agenda?
What are the main issues on the national agenda? Where are most of the country’s resources directed?
Is environment part of the country priorities?
How and where are environmental issues integrated into national policies?
Has a national development policy been drafted? If yes, what are its directions/priorities?

Entry Points for Mainstreaming SLM

Mainstreaming SLM

- Central Government
- Ministries
- Regional Dept/Municipalities

National Development Framework (national priorities)
Cross Sectoral Consultations
Sectoral Priorities / Plans
Consultations in Regions and Departments
Local Priorities / Plans
If SLM is integrated into the planning process then it is more likely to be embedded into the national development agenda which would increase the likelihood of gaining exposure and being translated into achievable projects.

**Steps to follow:**
- Identify strategies, plans and programs that have or may integrate SLM principles
- Describe the documents and their status, and the extent to which SLM is integrated
- Identify subsequent steps necessary to further integrate SLM during the elaboration and implementation of these strategies, plans, and programs
- Identify potential entry points for SLM in the policy framework, review the barriers, and propose viable interventions.

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**Budget Preparation in Line Ministries**

**The Budget Cycle**

- Accounting and Reporting
- Policy Review
- Strategic Planning
- Budget Preparation
- Lobby
- Budget Execution and Control
- Reporting and Audit
- Revenue and Expenditure
- Set Priorities
- Develop Programs

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**Internal Sources of Financing**
The aim of this section is to analyze the country’s capacity to raise domestic financial resources and propose means for improving the mobilization of these internal resources. The section analyzes the main sources of domestic funding, uncovers the decision-making process for resource allocation, and develops means for increasing their mobilization and use towards combating desertification and sustainable land management.

Steps to follow:
- Analyze the decision making process for allocating resources
- Identify and briefly describe the different internal sources of financing, public vs. private

PROPOSE ACTIONS AND ACTIVITIES SUCH AS IMPROVEMENT OF THE BUDGETING PROCESS, PROGRAM LAWS, ETC...
It is helpful to illustrate the budget preparation process graphically. The Figure shows the budget preparation process illustrating:

- Step description
- Administration involved in each step
- Timing of each step

PROPOSE IMPROVEMENT OF THE PROCESS

Analysis of External Sources of Funding

Identify types of external sources of funding

1. Thematic area
2. Donor
3. Stated donor intervention area
4. Entry points
5. Clarification

Identify main donors

Analyze funding modalities & priorities

Donor Matrix

1. Donor history / description / institutional framework
2. Contact information
3. Strategic objectives
4. Instruments of financial cooperation

Donor Profile
Any source, mechanism or instrument other than budgetary allocations or ODA:

1. Sources → Foundations - Bill & Melinda Gates; & Leonardo DiCaprio, etc.
   → Funds – Adaptation Fund; Millennium Challenge Account; etc.

1. Mechanisms → Clean Development Mechanism (CDM); Payment for Environmental Services (PES); & Debt-for-Nature-Swaps etc.

2. Financing Instruments → Tax incentives & subsidies for SLM; “licensed” common property resources (CPRs); conservation easements etc.

Structure of the Action Plan

<table>
<thead>
<tr>
<th>Output</th>
<th>Activity</th>
<th>Responsibility</th>
<th>Indicator</th>
<th>Baseline Situation</th>
<th>Target</th>
<th>Sub-activities</th>
<th>Sources of Verification</th>
<th>Prior</th>
<th>Budget</th>
<th>Risks &amp; Assumptions</th>
</tr>
</thead>
</table>
**IFS Action Plan**

**Activity**

- How much will it cost?
- How urgent?
- How soon?

**WHO?**

- If implemented, where would we be?
- Where are we now?

**Strategic Objective IV: Mobilize Innovative Sources of Funding**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Action</th>
<th>Responsibilities</th>
<th>Outcome Indicators</th>
<th>Results situation</th>
<th>Target</th>
<th>Activities</th>
<th>Sources of certification</th>
<th>Priority</th>
<th>Budget</th>
<th>Risks and assumptions</th>
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</thead>
<tbody>
<tr>
<td>Operation also channels of main innovative sources</td>
<td>Develop action plan for integration of mechanisms</td>
<td>Lead: MoF, Support MoF</td>
<td>0 - DNS not explored 1 - Studies and interim DNS 2 - Mechanism developed and implemented for integrating portion of public debts with other conservation projects</td>
<td>DNS has not been explored in depth and the potential of the national debt for any be allocated through the mechanism is unknown.</td>
<td>2</td>
<td>1</td>
<td>Terms of reference for the early stage of consultation of the debt</td>
<td>High</td>
<td>• Access to fiscal resources is provided</td>
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<tr>
<td>Lebanon Example</td>
<td>Develop action plan for integration of mechanisms</td>
<td>Lead: MoF, Support MoF</td>
<td>0 - Methods for integrating the taxation system are known, but implementation is uncertain 1 - Studies and interim DNS 2 - Mechanism developed and implemented 3 - Action plan developed</td>
<td>Government has examined mechanisms for integrating environmental benefits into the system, Action plan developed</td>
<td>1</td>
<td>#1</td>
<td>Terms of reference for the early stage of consultation of the debt</td>
<td>Medium</td>
<td>• Political willingness to establish a green tax is evident</td>
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Area Based IFS

SLM Investment Programme

- Water
- Reforestation
- Sustainable agriculture
- Protected Areas
- Poverty alleviation

National Sources
- MoW + local auth.
- MoW/MoF + local auth.
- MoA + private sector
- MoE/MoF + local auth.
- MoSA + NGOs

External Sources
- Innovative Sources
- External Sources bilateral and multilateral financing
- Carbon financing, PES, conservation easements, debt-swaps

An example of Implementation

HASAD
At IFAD…

- We have a strong focus on SLM looking at our past, ongoing and pipeline operations (Loan projects) in the NENA region (coinciding in large with ESCWA geographic coverage).

- SLM Knowledge management has been and continues to be a focus of IFAD: our grant programme has funded various SLM related research and capacity building in the region with strong support to International (ICARDA, ICBA, ACSAD, etc.) and NARS.

- Partnership with GM and other Donors with growing networking.

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**On-going portfolio Dec 2009**

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The Hilly Areas Sustainable Agriculture Development Project

- Developed in Partnership between IFAD and GM
- Financing by IFAD
- Main implementing agencies: Ministry of Agriculture and Green Plan
- Scope of work desertification and poverty prone areas in the North, South, Bekaa and Mount Lebanon.
- Based on the consolidation of several projects identified as a strategic priority by MoA

The overall goal of the HASAD project is to reduce poverty among the poor and war affected rural population while responding to the needs, priorities and opportunities identified in the livelihoods and gender analysis of the war damage in the rural areas of Lebanon.
1. improving water management in rainfed areas through water and soil conservation investments using a participatory approach; and
2. improving market linkages for smallholders through improved access to services and better farmers’ organization

The water and soil conservation component
1. productive water harvesting works (excavated water reservoirs, medium size hill lakes, terracing and retaining walls, concrete and earth small reservoirs)
2. floodwater harvesting and anti-erosive works; and
3. rehabilitation of the vegetative cover in the upstream areas of watersheds
The Hilly Areas
Sustainable Agriculture Development Project

The technical support component
1. extension services,
2. marketing services and
3. capacity building for farmers’ groups, associations and cooperatives.

Thank You!

http://www.global-mechanism.org/products-services/global-initiatives/difs