



Land Degradation Neutrality
TRANSFORMATIVE ACTION,
tapping opportunities



THE GLOBAL
MECHANISM
United Nations Convention
to Combat Desertification



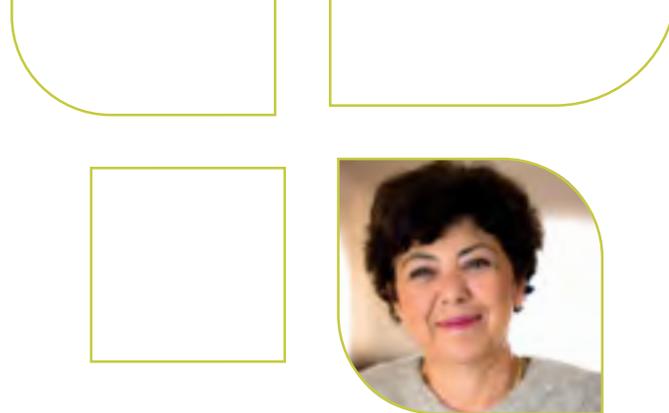
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Foreword

by Monique Barbut,
UNCCD Executive Secretary



Transformative projects and programmes along with innovative finance are at the core of successful action to achieve Land Degradation Neutrality.

Today, the pressure on global land resources is greater than ever. The Earth's population is fast approaching the 10 billion mark. We will need more food, more energy and more water from the land to survive. These ever-increasing demands on the land multiply the threat posed by land degradation to our common future. Indeed, land degradation is a threat to human security. To address this threat effectively, we will need to shift our focus away from land as the main problem towards land as a key part of the solution.

"Life on Land" is one of the Sustainable Development Goals and it encourages countries to achieve a land degradation neutral world by 2030. Today, 110 countries have already made a commitment to translate this global ambition into national targets and practical action. Through implementation of national action and increased investment in land, countries will see multiple benefits for all aspects of development – from food security to climate resilience.

And today, a growing array of funding options and mechanisms are available for financing transformative land degradation neutrality projects and programmes. The investment capital is coming from multiple sources – national and international, development and climate, public and private finance. The opportunity to achieve land degradation neutrality by creatively tapping into these financial resources has never been more promising.

To fully realize the benefits, both project promoters and financing institutions need to think outside the box. On the one hand, land degradation neutrality projects and programmes need to become more transformational. On the other hand, financing partners need to reach beyond "financing as usual" and focus on creating leverage by blending multiple sources of funding.

This publication showcases unique features of transformative projects and programmes, illustrates ways to tap into financing opportunities and provides an overview of the multiple funding sources available for land degradation neutrality projects and programmes.

We invite you to explore a selection of successful land-based initiatives from developing countries and economies in transition that utilize public and private finance to implement projects. UNCCD, through its operational arm, the Global Mechanism, and in cooperation with international partners, will strive to support countries access these sources of funding. Together, we can confront the global land degradation crisis and harness opportunities that come with a commitment to land degradation neutrality.

Foreword

by Zhang Jianlong,
Minister of
State Forestry Administration
People's Republic of China



Land degradation poses a major threat to global sustainable development. The effects of desertification and land degradation are especially evident in the drylands. China is among those countries that suffer most from these issues. The total affected area has already reached 2.61 million square kilometers. In the 1990s, the economic losses caused by desertification amounted to USD 6.5 billion annually and 400 million people affected.

Over the past fifty years, the Chinese Government has implemented a series of key environmental programmes. We have promoted the concept of ecological civilization – that is the idea of a society in harmony with nature. We have established mechanisms for a stable and continuous public investment pipeline and created a rehabilitation model that balances environmental, social and economic benefits. The ideas behind land degradation neutrality have been widely implemented.

The transformative features and financing approaches that are the focus of this brochure have played a key role in projects implemented in China. Chinese experience confirms that to achieve land degradation neutrality, we need to engage both the government and market forces. We need to involve the public sector, private enterprises and the whole society while capitalizing on the potential of science and technology. By making full use of international and domestic resources we can realize the potential of the land to provide ecosystem services and guarantee food security.

I am convinced that, by sharing and learning from successful case studies and by encouraging both transformation and innovation, all countries that chose to adopt and implement national land degradation neutrality targets will benefit.

A handwritten signature in black ink, likely belonging to Zhang Jianlong, the author of the foreword.

1. Transformative action, tapping opportunities

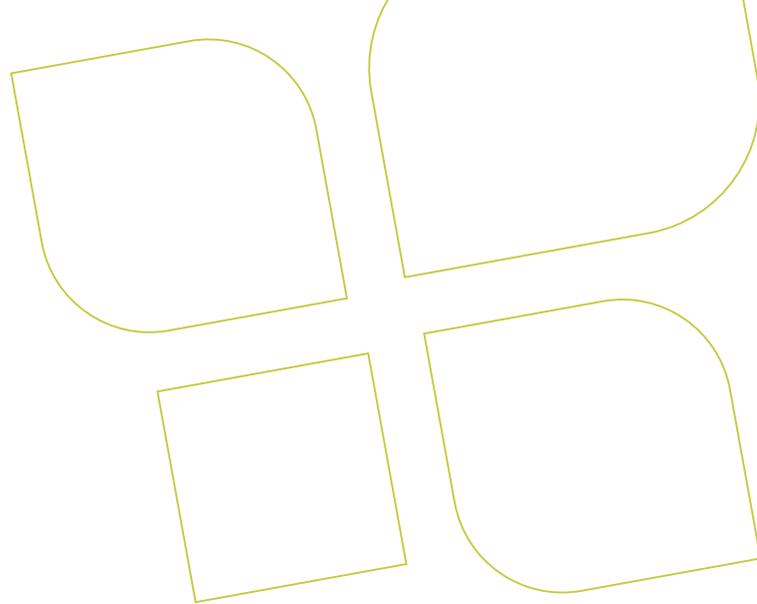
The pressures on global land resources are greater than at any other time in human history. A rapid population growth, coupled with rising levels of consumption, is placing ever-larger demands on the world's land-based natural capital. The result is the growing competition between land uses and the pressure on the land to provide more goods and services.

During the last couple of years a new global "Arc of Ambition" has been shaped, with The Sustainable Development Goals (SDGs), the Paris Agreement, Global Restoration Commitments and the Sendai Framework for Disaster Risk Reduction as cornerstones. They are tracing a new trajectory rich with opportunities to limit temperature rise, halt biodiversity loss and maintain the land-based natural capital while leaving no one behind.

SDG target 15.3 on achieving a land degradation neutral World by 2030 creates opportunities for transformative action. Land Degradation Neutrality (LDN) aims to maintain and restore the land-based natural capital. It plays a vital role in tackling climate change, securing biodiversity and maintaining critical ecosystem services, while ensuring shared prosperity and wellbeing. The LDN target represents the common ground for effective global efforts to counter worrying trends and recognizes the unparalleled role of land as an engine of economic growth and a source of livelihood for billions and for the most vulnerable worldwide. A growing number of countries are translating this global target into national action by setting national LDN targets.

While global and national commitments to address land degradation are increasing, what is missing is LDN transformative projects and programmes. The failure to develop large-scale transformative LDN projects equals huge missed opportunities to achieve sustainable development. Projects tackling sustainable development issues have long suffered from fragmentation, compromising the implementation of comprehensive and effective solutions. What better than transformative projects and programmes which, to varying degrees, result in biodiversity conservation, sustainable land management, ecosystem restoration, increased resilience and poverty eradication?

LDN transformative projects and programmes share five common features. They: (i) Contribute to the achievement of LDN targets; (ii) Deliver multiple benefits; (iii) Scale up what works; (iv) Enhance national capacities and; (v) Leverage innovative financing, including the private sector.



While LDN is a recently endorsed concept, several projects have successfully put into practice transformational features for land-based action. This brochure showcases a selection of land-based projects that demonstrate good practices in initiating transformation at scale.

There are substantial opportunities for financing LDN projects and programmes, including from national budgets, development banks, global funds, bilateral agencies, non-governmental organizations (NGOs) and private sector. These sources of funding are steadily increasing as commitments for sustainable development continue to evolve. Effectively tapping into financing opportunities requires that countries develop and implement LDN transformative projects and programmes backed by policies that are anchored to the principles and targets of the SDGs.

The UNCCD and its Global Mechanism stand ready to work with like-minded partners and countries to turn the opportunities for LDN transformative action into reality. The UNCCD Global Mechanism is ready to assist countries as a (i) Connector, bridging the gap between ideas and resources; (ii) Advisor, providing LDN knowledge for the development of LDN transformative projects and programmes and; (iii) Partner in implementation, working with partners on the implementation of LDN transformative action.

2. Land: the common ground

2.1. The challenge

Global land resources are under the constant pressure to produce more food, yet the amount of healthy and productive land available for agriculture continues to decrease. Poor land management practices, often fueled by short-term economic gains instead of favoring long-term sustainability, have led to the loss of productivity of more than 20 per cent of the world's arable land in the last two decades.¹

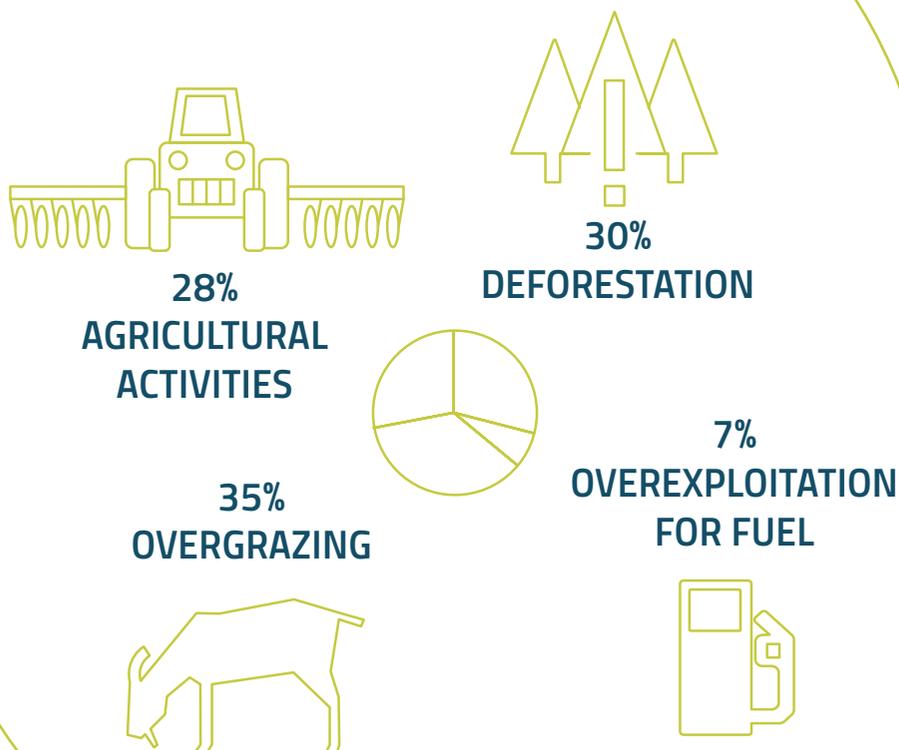
Over 1.3 billion people mostly in developing countries are trapped on degrading agricultural land facing a rapidly increasing competition for critical land functions such as food, water and energy.² Land degradation is both a cause and a result of poverty. The World Bank estimates that 80 per cent of the worldwide poor live in rural areas and 64 per cent work in agriculture.³

Decreasing availability of healthy and productive land is further exacerbating global challenges such as biodiversity loss and climate change and vice versa. Land use change is responsible for about 25 per cent of the global Greenhouse Gases emissions while growing conflicts over land-based natural capital are increasing existing vulnerabilities of poor people to climate change. Smallholder farmers, women, indigenous communities, and the rural poor are the most vulnerable because of their reliance on land-based resources.

Ignoring land puts human security on shaky ground, land degradation threatens livelihoods, triggers conflicts and exacerbates inequality.

Securing land as the common ground for multiple benefits means securing a common future while leaving no one behind.

Drivers of land degradation



What is at stake?

- **DECLINING PRODUCTIVITY**
on 20 per cent of the world's arable land in the last two decades
- **LAND DEGRADATION**
results in an estimated USD6.3 – 10.6 trillion losses per year
- **40 PER CENT OF THE WORLD'S**
degraded land is in areas with high poverty rates
- **80% OF THE WORLDWIDE POOR**
live in rural areas and 64 per cent work in agriculture
- **1.3 BILLION PEOPLE**
rely directly upon degraded land for their livelihood

2.2. From global commitments to action

During the last couple of years the global community has set a new “Arc of Ambition” based on the recognition that there is limited time to act to limit temperature rise; halt biodiversity loss; and maintain global natural capital stocks.

The good news is that efforts to halt land degradation and promote sustainable development are mutually reinforcing. Land represents a common ground and an accelerator for reaching each of the global targets that will ensure a trajectory of shared prosperity and wellbeing.

Sustainable Development Goals (SDGs):

The SDGs, adopted by the United Nations General Assembly in September 2015, are a set of 17 global goals, which seek to end poverty by 2030, promote peace and preserve the planet for future generations. The achievement of the SDGs vitally depends on how linkages are managed to harness synergies and minimize potential conflicts and trade-offs between goals.

The successful implementation of SDG target 15.3 – achieving LDN – can connect the dots between many SDGs.

Healthy and productive land is the natural solution to a number of pressing problems, such as poverty, food and water security. LDN provides a meeting point for many development commitments, policies and projects. 110 countries have already committed to set LDN targets and actions, including sustainable land management, climate-smart agriculture and forest landscape restoration.

Sendai Framework for Disaster Reduction and Recovery:

The past years have seen a historic change in the global resilience agenda with the adoption of the Sendai Framework, which embedded the global community's disaster risk management efforts into the SDGs framework. Disasters with the highest toll of loss of human life and economic costs are often in those places where natural buffers have been degraded or destroyed,⁷ while sustainably managed lands are more resistant and more resilient to extreme external shocks.⁸

The Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC):

The Paris Agreement has galvanized support and opened up several opportunities for land-based action that increase resilience and contribute to maintaining global warming under two degrees Celsius. Achieving this groundbreaking commitment to tackle climate change, expressed through countries' Nationally Determined Contributions (NDCs), depends on how land is factored. Estimated mitigation potential of land rehabilitation opportunities roughly equal two thirds of the expected emission reduction pledges of all NDCs.⁴ On the other hand, improved land use and land management through low-emission agriculture, agro-forestry and ecosystem conservation and restoration provide a real resilience booster. Sustainably managed land is more drought resistant and more resilient to extreme external shocks.⁵ Healthy soil, rich in organic matter, can hold more water and is better equipped to deal with more erratic or less rainfall.⁶

Restoration commitments:

The Bonn Challenge and its respective regional implementation platforms such as Initiative 20x20 in Latin America and the Caribbean and AFR100 for Africa aim to restore 150 million hectares of the world's degraded and deforested lands by 2020 and 350 million hectares by 2030. They address national priorities such as water and food security, as well as rural development, while fulfilling many existing international commitments, including the UNFCCC's NDCs, Aichi Target 15 of the Convention on Biological Diversity (CBD) and SDG target 15.3 on LDN.

2.3. The opportunities

Land Degradation Neutrality (LDN)

The target 15.3 of the SDG 15 on LDN is a simple but transformational idea that sets the stage for countries to make stronger, clearer commitments to halt land degradation by 2030. LDN provides a “framework for ambition” that aims to move from incremental changes to bold transformations at the scale and urgency required.

The United Nations Convention to Combat Desertification (UNCCD) defines LDN as: “a state whereby the amount and quality of land resources necessary to support ecosystem functions and services and enhance food security remain stable or increase within specified temporal and spatial scales and ecosystems”.⁹

The LDN Response Hierarchy

MAXIMIZE CONSERVATION OF NATURAL CAPITAL

1.
AVOID

Land degradation can be avoided by addressing drivers of degradation and through proactive measures to prevent adverse change in land quality of non-degraded land and confer resilience, via appropriate regulation, planning and management practices.

2.
REDUCE

Land degradation can be reduced or mitigated on agricultural and forest land through application of sustainable management practices (sustainable land management, sustainable forest management).

3.
REVERSE

Where feasible, some (but rarely all) of the productive potential and ecological services of degraded land can be restored or rehabilitated through actively assisting the recovery of ecosystem functions.

The Scientific Conceptual Framework for LDN

The Scientific Conceptual Framework for LDN¹⁰ developed by a group of experts led by the Science-Policy Interface of the UNCCD provides guiding principles for translating the LDN concept into action. The foundation of the LDN conceptual framework consists of three core elements: (i) Neutrality: ensuring that future land degradation (losses) are counterbalanced by planned positive actions elsewhere (gains) within the same land type (same ecosystem and land potential); (ii) Hierarchy of responses: avoiding degradation is the highest priority, followed by reducing degradation and reversing past degradation; and (iii) Monitoring: trends in

land degradation are assessed through the three indicators of the SDG 15, target 15.3 (land cover, land productivity and carbon stocks).

Aiming at achieving LDN means maintaining or enhancing the land resource base - in other words, the stocks of natural capital associated with land resources and the ecosystem services that flow from them. The definition emphasizes the importance of ecosystem services in achieving sustainability of land use.

LDN multiple benefits

Some of the most crucial challenges of the Sustainable Development Goals depend on access to productive and healthy land: food security, biodiversity loss, climate change, poverty, social instability and migration. LDN action can help address these challenges through a range of sustainable land management activities such as:

- Integrated water management through sustainable land use;
- Comprehensive energy planning and phasing out of fossil fuels through wise use of biofuels; Increasing efficiency, closing yield gaps and reducing offsite impacts;
- Improving security of land tenure, addressing gender disparities and reducing inequalities;
- Protecting large natural ecosystems for biodiversity and ecosystem services.

LDN is contributing to a paradigm shift towards low carbon and resilient development

The land use sector is responsible for almost 25 per cent of total Greenhouse Gas emissions. Adopting and scaling up sustainable management practices in the land use sector not only holds significant carbon mitigation potential, but often

provides short-term returns in land productivity and food security, while helping ensure long-term resilience and adaptive capacity of vulnerable communities.

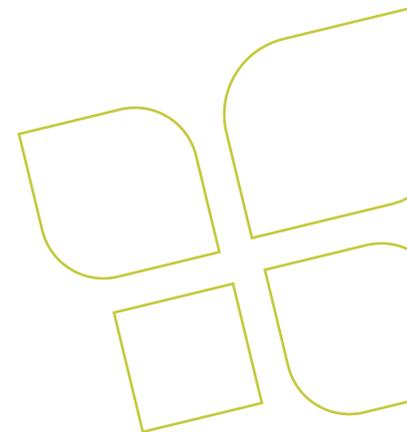
According to the 2015 study of the World Bank on managing the impacts of climate change on poverty,¹¹ part of the global efforts to address climate change should focus on favoring measures that reduce or avoid land or forest degradation and depletion of natural resource stocks.

The economic case of LDN

The world is suffering an estimated USD6.3-10.6 trillion losses per year through lost ecosystem services due to land degradation.¹² On the other hand, the social returns of taking action at a global level are estimated at 5 US dollars for every US dollar invested in the restoration of degraded land.¹³

On a global scale, the Economics of Land Degradation Initiative¹⁴ estimates that adopting sustainable land management practices just to increase crop production could generate up to USD1.4 trillion in economic benefits.¹⁵ A study from the International Food Policy Research Institute¹⁶ conducted in 2016 on the economics of land, concluded that global benefits from investments in sustainable land management practices could increase at least twofold over a 30-year period.

According to the International Finance Corporation (IFC) of the World Bank Group, agriculture, forestry and land-use change are among some of the most relevant sectors for private sector investments, and they are prominently included in the majority of NDCs.¹⁷ The Business and Sustainable Development Commission, established in 2016 to determine and quantify a compelling business case for the private sector to engage in delivering the SDGs,¹⁸ identified 14 major business opportunities in the implementation of SDGs related to food. The required investment of approximately USD320 billion per year has the potential to generate USD2.3 trillion annually by 2030.¹⁹



3. LDN Transformative projects and programmes in practice

3.1. Features of LDN transformative projects and programmes

Transformative LDN projects and programmes employ the concept of transformational change. They have the potential to fundamentally change the lives of poor people, are ambitious in scope, involve multiple instruments, develop over longer periods of time and have a lasting effect.

Transformative LDN projects and programmes in particular:



1. Contribute to the achievement of LDN by:

- **Translating the LDN conceptual framework into practice:** They aim at translating the principles of the LDN scientific conceptual framework into practice;
- **Contributing to the LDN target:** They aim at contributing to the achievement of the LDN target and related national commitments, such as Nationally Determined Contributions (NDCs) and restoration targets;
- **Considering LDN data:** They take into consideration LDN data for evidence-based decision making and monitoring.



2. Deliver multiple benefits, including climate benefits by:

- **Contributing to the Sustainable Development Goals:** They seek the “sweet spots” or most cost-efficient options with the largest potential to contribute to the achievement of multiple SDGs;
- **Creating synergies between the three Rio Conventions:** They aim to catalyze synergies between the objectives of the three Rio Conventions, including promoting a joint programmatic approach;
- **Contributing to low-emission and climate-resilient development:** They demonstrate concrete contributions to the country’s climate action commitments reflected in instruments such as the NDC and National Adaptation Plans. Particularly, an LDN transformative project should support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and building resilience;
- **Creating social impact:** They take a strategic gender-responsive approach and address the needs of the most vulnerable groups, such as small farmers, rural communities, indigenous peoples, including women and young people, while securing local communities’ and women’s land tenure, as well as other land-related rights. They also contribute to creating jobs and additional sources of income.



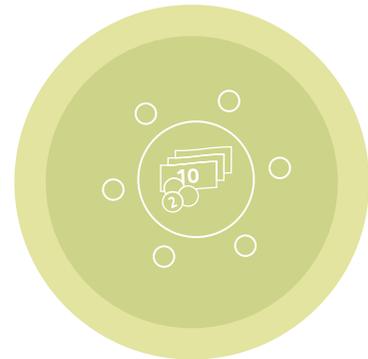
3. Scale up what works by:

- **Moving from pilots to scale:** They need to be ambitious in both scale and impact. They scale up action beyond pilot action to mainstream sustainable land management practices;
- **Building on good practices:** They are focused on scaling up science-based and proven good practices;
- **Promoting innovation:** They capitalize on the latest technologies to support sustainable land management, rehabilitation and restoration and actively promote the transfer of technology.



4. Enhance national capacities by:

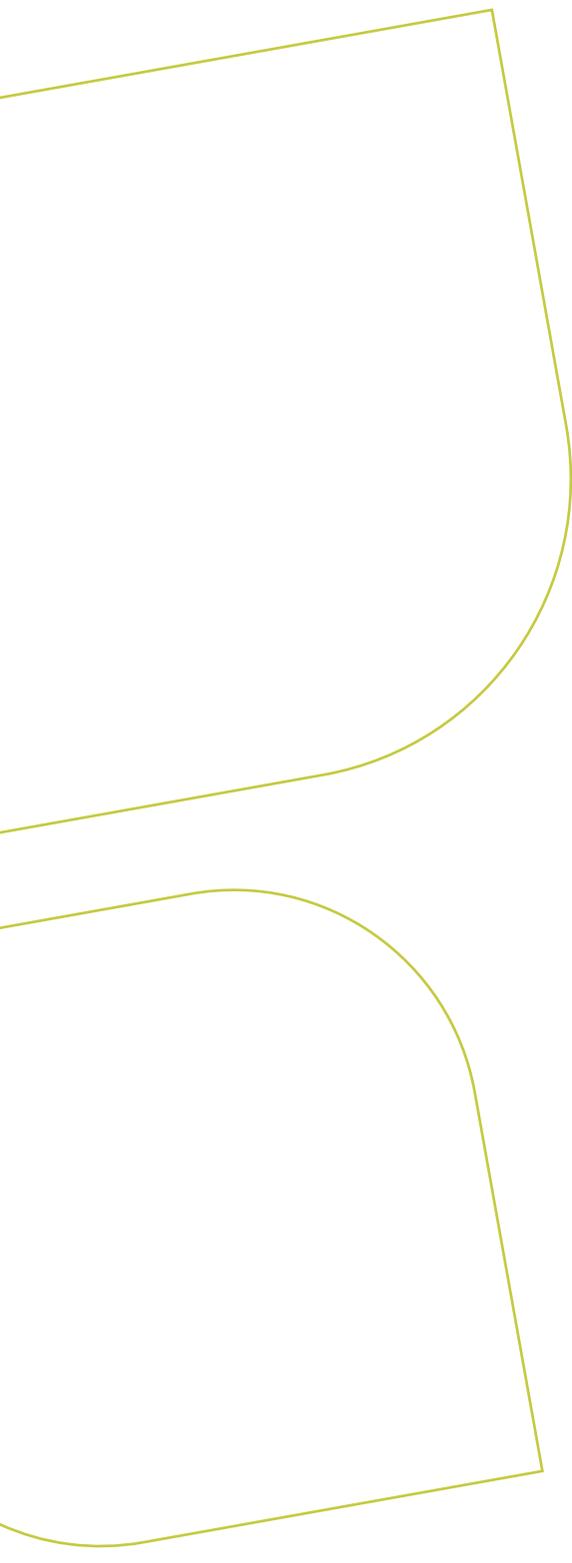
- **Strengthening national institutions:** They strengthen national institutions, support country leadership and ensure national accountability for project implementation and outcomes. When international climate financing sources are targeted, national implementing entities (Adaptation Fund) and national accredited entities (Green Climate Fund) should become the preferred project coordinator;
- **Being participatory:** They are participatory and community-based ensuring the active role and continued contributions from farmers, communities and other rural stakeholders in the decision-making process that defines the project's scope, location and timing.



5. Leverage finance, including private sector by:

- **Mobilizing domestic public resources:** They mobilize and promote effective use of domestic resources, including existing financing vehicles and approaches, such as national forest and climate funds, ecological fiscal reforms and payments for ecosystem services;
- **Catalyzing private sector investment:** They unlock private sector investments to maximize the impact of public sources. There is a clear need to bring in private sector, considering that many of the drivers of land degradation are linked to private sector activities – for instance, unsustainable timber harvest and agriculture;
- **Tapping into climate finance:** They tap into climate financing sources – for example, the Green Climate Fund and the Adaptation Fund, – given the close connection between LDN and climate action;
- **Applying blended finance:** They seek opportunities for co-financing and leveraging public, private, national and international financing sources.





3.2. Good practice examples

While LDN has recently emerged as a global commitment, many successfully completed or ongoing projects share features of transformative LDN projects and programmes. The following section showcases a selection of projects that illustrate the practical application of LDN transformative action.

The projects illustrate a variety of financing arrangements through multiple sources including national funding, loans and grants from development banks, climate finance, bilateral financing, NGOs, the private sector and innovative finance schemes such as payments for ecosystem services.

The most relevant transformative features for each project are highlighted and further information and relevant documentation are included in the project description.

ETHIOPIA

Sustainable Land Management

Bringing sustainable land and water management to scale

Transformative features

- **Scale up what works:** Scaling up sustainable land and watershed management practices, while brokering capacity development and strengthening land use planning;
- **Enhance national capacities:** Reinforcing local capacity, strengthening rural administration and facilitating knowledge transfer of good practices;
- **Deliver multiple benefits, including climate benefits:** Incorporating land-based actions into climate change adaptation planning and facilitating active participation of women.

Implementing entities

- Ministry of Agriculture

Financing USD

- 108 million

Financing partners

- Government of Ethiopia
- World Bank Group (IDA)
- Government of Norway
- GEF

Duration:

- 2013 – 2019

Beneficiaries

- 1,850,000

Areas of intervention

Implementing sustainable land management practices on 610,000 ha of land located in 35 watersheds and woredas (districts)

Objectives and components

The project has the objective to reduce land degradation and improve land productivity in selected watersheds of Ethiopia. This objective of land conservation is achieved through the provision of capital investments, technical assistance and capacity building for smallholders, as well as support to Government institutions at national and sub-national levels.

Supported activities include:

- Integration of watershed and landscape management – adoption and scaling up of appropriate sustainable land and water management techniques and practices by smallholder farmers and communities in the selected watersheds;
- Institutional strengthening, capacity development and knowledge generation;
- Rural land administration, certification and land use planning.

Further information

- Project information: projects.worldbank.org/P133133?lang=en
- Implementing entities: www.moa.gov.et/home
- Financing partners: www.thegef.org; www.ida.worldbank.org

MADAGASCAR

Sustainable Landscapes

Mobilizing innovative climate finance and private sector investments to protect forests, sustain livelihoods and combat deforestation on a large scale

Implementing entities

- Bureau National de Coordination des Changement Climatiques
- Conservation International
- Althelia Climate Fund

Financing USD

- 69.8 million

Financing partners

- Green Climate Fund
- European Investment Bank
- Conservation International
- Althelia Climate Fund

Duration

- 2017 – 2026

Beneficiaries

- 562,000

Areas of intervention

Ambositra Vondrozo and Ankeniheny Zahamena forest corridors

Objectives and components

The project supports a landscape approach to climate change mitigation and adaptation that blends good practices in sustainable agriculture, reduction of emissions from deforestation and land degradation (REDD+) and integrates public and private sector interventions in protected areas and forest corridors.

Supported activities include:

- Strengthened adaptive capacity and reduced exposure to climate risks;
- Strengthened awareness of climate threats and risk reduction processes;
- Strengthened institutional and regulatory systems for climate responsive planning;
- Increased number of low emission power suppliers;
- Improved management of land and forest contributing to emissions reduction – public reforestation activities in forest corridors.

Further information

- Project Information: www.greenclimate.fund/-/sustainable-landscapes-in-eastern-madagascar
- Implementing entities: www.conservation.org; www.ecologie.gov.mg; www.althelia.com
- Financing partners: www.greenclimate.fund/home; www.eib.org; www.conservation.org

Transformative features

- **Scale up what works:** Scaling up initiatives for sustainable forest and ecosystem rehabilitation in forest corridors;
- **Leverage finance including private sector:** Mobilizing climate finance and private sector investments through green bonds and the GCF private sector facility;
- **Deliver multiple benefits, including climate benefits:** Actively mobilizing the participation of women with a dedicated gender action plan, aligning project objectives with national climate change planning.

LEBANON

Enhancing Adaptive Capacity of the Rural Communities

Mobilizing communities for land rehabilitation and finding local solutions for climate change adaptation

Transformative features

- **Enhance national capacities:** Establishing a community of practice in sustainable land management along with innovative, community-based activities to preserve and rehabilitate degraded land through knowledge sharing and farmer education;
- **Deliver multiple benefits, including climate benefits:** Aligning the project objectives with climate change adaptation planning and facilitating active participation of women in the project.

Implementing entities

- Ministry of Agriculture
- Lebanon Agricultural Research Institute
- Green Plan
- International Fund For Agricultural Development

Financing USD

- 7.8 million

Financing partners

- Government of Lebanon
- Adaptation Fund
- International Fund For Agricultural Development

Duration

- 2013 - 2017

Beneficiaries

- Poor smallholders and vulnerable households

Areas of intervention

Vulnerable rural communities in three hilly regions in Lebanon: Akkar Danniyejh, North Baalbeek and Hermel, South Litani

Objectives and components

This project is of particular relevance for its comprehensive and thorough design. The objective of the project is to support the implementation of climate change adaptation measures in the agriculture sector in highly vulnerable areas of Lebanon.

Supported activities include:

- Increasing water availability and efficient use through water harvesting and irrigation;
- Improving adaptation of crops to climate change for increased production;
- Boosting resilience of shepherds and livestock to climate change through sustainable rangeland management;
- Implementing climate index insurance initiative, adapting policies and sharing lessons learned through a knowledge management system.

Further information

- Project Information: www.adaptation-fund.org/project/climate-smart-agriculture-enhancing-adaptive-capacity-of-the-rural-communities-in-lebanon-agricultural
- Implementing entities: www.agriculture.gov.lb/English/aboutus/Minister/Pages/default.aspx
- Financing partners: www.adaptation-fund.org; www.ifad.org

HONDURAS

Agroforestry Landscapes and Sustainable Forest Management

Engaging coffee and cacao growers to develop sustainable agricultural landscapes

Implementing entities

- Government of Honduras
- UNDP

Financing USD

- 61.7 million

Financing partners

- Government of Honduras
- GEF
- Private Sector
- Honduran Coffee Institute
- Honduran Bank for Production and Housing
- Central American Bank for Economic Integration

Duration

- 2016 – 2022

Beneficiaries

- Indigenous communities and small farmers

Areas of intervention

Production areas farmed by vulnerable smallholders in the dry-humid biological corridor of southwestern Honduras

Objectives and components

The objective of the project is to strengthen the connectivity between protected areas and production landscapes to generate environmental, social, and economic benefits.

Supported activities include:

- Strengthening local and national governance for the dry-humid biological corridor with emphasis on protected areas;
- Generating environmental, social, and economic benefits to communities through sustainable land management and land rehabilitation to mutually benefit protected areas and production landscapes;
- Establishing supply chains initiatives to increase farmers' income from coffee and cacao sustainable agroforestry as well as other ecosystem services.

Further information

- Project Information: www.thegef.org/project/agroforestry-landscapes-and-sustainable-forest-management-generate-environmental-and
- Implementing entities: www.ihcafe.hn; www.banhprovi.org; www.bcie.org/en; www.undp.org
- Financing partners: www.thegef.org; www.undp.org

Transformative features

- **Enhance national capacities:** Establishing a community of practice for sustainable land management and fostering innovative, community-based activities to preserve and rehabilitate dry sub-humid lands in Honduras;
- **Leverage finance, including private sector:** Leveraging substantial financing from the private sector, regional banks and domestic resources while fostering sustainable production supply chains for coffee and cacao production;
- **Deliver multiple benefits, including climate benefits:** Promoting active participation of women and ensuring shared benefits for smallholders.

SENEGAL

Increasing Resilience of Ecosystems and Communities through Restoration of the Productive Bases of Salinized Lands

Supporting the work of communities to reverse salinization in coastal landscapes

Implementing entities

- Institut National de Pédologie
- Réseau Africain pour le Développement Intégré
- Centre de Suivi Ecologique
- IUCN

Financing USD

- 8.2 million

Financing partners

- Government of Senegal
- Green Climate Fund
- IUCN

Duration

- 2016 - 2020

Beneficiaries

- 129,804

Areas of intervention

District councils and local communities in the districts of Fatick and Foundiougne

Objectives and components

The objective of the project is to overcome negative effects of land degradation and salinization by rehabilitating degraded land and increasing resilience of farming communities through capacity building, policy support, information management and community actions to promote revegetation and protection of land.

Supported activities include:

- Strengthening the institutional framework through mainstreaming climate change into the national development plan, development of coordination mechanisms and establishing a sound knowledge base;
- Implementing community activities to control salinization and regenerate the vegetation cover;
- Developing activities to strengthen the resilience of communities including knowledge sharing, capacity building and operational support to promote income-generating activities and secure livelihoods.

Further information

- Project Information: www.greenclimate.fund/-/resilience-increase-of-ecosystems-and-communities-through-restoration-of-the-productive-bases-of-salinized-lands
- Implementing entities: www.inp-senegal.com; www.radi-afrique.org; www.iucn.org; www.cse.sn
- Financing partners: www.greenclimate.fund; www.iucn.org

Transformative features

- **Scale up what works:** Fostering innovative, community-based activities to rehabilitate salinized land and bring back land productivity and ecosystem services;
- **Enhance national capacities:** Reinforcing local initiatives to address soil salinization and combat land degradation;
- **Deliver multiple benefits, including climate benefits:** Aligning project with climate change adaptation planning and financing, facilitating active participation of women through a targeted gender action plan.

COSTA RICA

Payment for Ecosystem Services through National Forestry Fund

Pioneering payments for ecosystem services

Implementing entities

- FONAFIFO²⁰ (The National Forestry Financing Fund)
- Government of Costa Rica
- Private land owners and land users

Financing USD

- 280 million (total since 1997)

Financing partners

- Government of Costa Rica (fuel tax: 3,5 per cent, water tax: 25 per cent of the total collected)
- GEF
- World Bank
- KfW
- Private Sector

Duration

- Since 1997

Beneficiaries

- Land owners and land users

Areas of intervention

Degraded lands and forests, approximately 800,000 ha since the project's inception

Objectives and components

The objective of the programme is to protect and preserve forests, forested land and vulnerable areas, as well as rehabilitate degraded land at scale through payments for ecosystem services and by mobilizing communities, land users and land owners.

Supported activities include:

- Carbon sequestration: Capture and long-term storage of CO₂;
- Hydrological services: Protection of watersheds or 'recharge' areas;
- Biodiversity conservation: Protection of a wide variety of coexisting plant and animal species;
- Preservation of scenic beauty.

Further information

- Project Information: www.fonafifo.go.cr
- Implementing entities: www.fonafifo.go.cr
- Financing partners: www.thegef.org; www.worldbank.org; www.kfw.de

Transformative features

- **Leverage finance, including private sector:** Pioneering and scaling up an innovative financing mechanism through successful implementation of payments for ecosystem services schemes;
- **Deliver multiple benefits, including climate benefits:** Aligning the project objectives with climate change adaptation and mitigation measures along with biodiversity conservation initiatives and financing. Actively engaging women-headed households and female land owners and providing support to indigenous communities;
- **Enhance national capacities:** Promoting effective use of domestic resources.

CHINA

Loess Plateau Watershed Rehabilitation

Sustaining slopes, combatting erosion and fostering sustainable agriculture in China's Loess Plateau

Implementing entities

- Ministry of Water Resources

Financing USD

- 252.1 million

Financing partners

- Government of People's Republic of China
- World Bank

Duration

- 1994 - 2002

Beneficiaries

- Over 1 million farmers

Areas of intervention

15,600 km² of land in the Loess Plateau in tributary watersheds of the Yellow River

Objectives and components

The primary objective of the project was to increase agricultural production and incomes on 15,600 km² of land in nine tributary watersheds of the Yellow River. The project supported the reduction of sediment inflows into the Yellow River by establishing project sites in the watershed areas that had suffered from severe soil erosion.

Supported activities included:

- Establishing sustainable crop production on high-yielding level farmland to convert areas devoted to crops on sloping lands to other uses;
- Planting sloping lands with a variety of trees, shrubs and grasses for land stabilization and production of fuel-wood, timber and fodder;
- Substantially reducing sediment runoff from slope lands and gullies;
- Supporting physical interventions through institutional strengthening activities.

Further information

- Project Information: projects.worldbank.org/P003540/loess-plateau-watershed-rehabilitation-project?lang=en
- Implementing entities: www.china.org.cn/english/government/130472.htm
- Financing partners: www.worldbank.org

Transformative features

- **Scale up what works:** Bringing land protection and rehabilitation to scale and promoting innovative public works schemes for sustainable land use;
- **Enhance national capacities:** Supporting institutional development and capacity building as well as technology transfer in parallel with physical interventions.

GHANA

Public-Private Partnership for Restoration of Degraded Forest Reserves

Mobilizing private sector investments for afforestation of degraded forest landscapes

Implementing entities

- Ghana Forestry Commission
- Form Ghana Ltd.

Financing USD

- 24 million

Financing partners

- Government of Ghana
- African Development Bank
- Climate Investment Funds (CIF) – Forest Investment Programme

Duration

- 2016 – 2020

Beneficiaries

- Land owners and land users

Areas of intervention

6,700 ha of degraded forest reserves in Akumadan and Berekum

Objectives and components

The objective of the project is to rehabilitate degraded forests at scale through an innovative public-private partnership. The project mobilizes concessional loans, climate finance and private sector investments to reduce emissions from deforestation and forest degradation, promote sustainable forest management and enhance forest carbon stocks.

Supported activities include:

- Scaling up forest rehabilitation in Ghana by an additional 6,700 ha, by establishing a sustainable commercial forest plantation composed of 10 per cent indigenous tree species and 90 per cent teak;
- Establishing the plantation on degraded land that has been acquired through a 50-year renewable land lease accompanied by tripartite commercial benefit sharing agreements between Government of Ghana, local communities and the project promoters. The plantation has received the certification from the Forest Stewardship Council and Verified Carbon Standard.

Further information

- Project information: www.climateinvestmentfunds.org/projects/public-private-partnership-restoration-degraded-forest-reserve-through-vcs-and-fsc
- Implementing entities: www.formghana.com; www.mlnc.gov.gh/index.php/agencies/forestry-commission
- Financing partners: www.afdb.org; www.climateinvestmentfunds.org/fund/forest-investment-programme

Transformative features

- **Scale up what works:** Doubling the size of plantation and allocating funding from the Forestry Commission for land and forest rehabilitation;
- **Leverage finance, including private sector:** Brokering an innovative public-private partnership agreement in the forestry sector supporting sustainable forestry without subsidies;
- **Deliver multiple benefits, including climate benefits:** Mobilizing climate finance (Climate Investment Funds – Forest Investment Programme) and aligning the project with mitigation and adaptation goals.

TURKEY

Afforestation and Erosion Control

Creating jobs, combatting erosion and protecting vulnerable landscapes

Implementing entities

- Ministry of Forestry and Water Works

Financing USD

- 150 million

Financing partners

- Government of Turkey
- European Investment Bank

Duration

- 2013 - 2016

Areas of intervention

Rehabilitation of degraded forests and rangeland, erosion control measures across the country focusing on the most erosion-prone areas of Anatolia

Objectives and components

The objective of the project is to support forest rehabilitation, afforestation, erosion control and forest fire-fighting activities across Turkey. The project builds on ongoing activities to support Turkey in its ambitious goal to increase the country's forest cover to 30 per cent of the total land area and rehabilitate degraded lands. The project finances erosion control measures on 155,600 ha, the rehabilitation of 110,000 ha of degraded forest land and the afforestation of 80,000 ha.

Supported activities included:

- Supporting erosion control, afforestation and soil rehabilitation;
- Improving the quality of forest management, including forest fire management;
- Delivering multiple environmental benefits;
- Contributing to both EU and Turkish environmental policy objectives in the fields of biodiversity conservation, soil management and long-term climate change adaptation and mitigation;
- Increasing rural employment opportunities.

Further information

- Project information: www.eib.org/eib.org/projects/pipeline/2010/20100721.htm
- Implementing entities: www.cem.gov.tr/erozyon/MainPage.aspx?sflang=en
- Financing partners: www.eib.org

Transformative features

- **Scale up what works:** Implementing large-scale erosion control measures and afforestation to advance the ambitious goal of increasing Turkey's forest cover to 30 per cent;
- **Enhance national capacities:** Strengthening forest and rangeland management including the improved management of forest and bush fires.

INDONESIA

Reforestation and Sustainable Rubber Planting

A new approach to private sector finance for land rehabilitation and sustainable use of rubber plantations

Implementing entities

- Michelin Group
- Barito Pacific Group
- WWF

Financing USD

- 369 million to finance

Financing partners

- Michelin Group
- Barito Pacific Group
- Current discussions with several development partners and private impact investors such as the LDN Fund

Duration

- 25 years, starting date yet to be defined

Beneficiaries

Approximately 16,000 direct jobs will be created, primarily for locals with a significant portion coming from ex-encroachers and illegal loggers.

Areas of intervention

88,000 ha

Only 50 per cent of the project area will be used for rubber plantation, the remaining areas being dedicated to soil conservation and livelihood activities.

Objectives and components

The project intends to create the first greenfield sustainable natural rubber plantation in one of the most environmental

challenging parts of the world. The company's vision is to set up a benchmark of sustainability in a natural rubber plantation for the industry to follow. The project will adopt an integrated landscape approach by combining rubber plantations with conservation and livelihood activities. The project has been designed in close partnership with WWF that manages conservation concessions in the area. Main project's objectives are the following:

- Transform an unproductive, heavily encroached area with illegal logging, slash-and-burn practices, into a productive area through reforestation and rubber planting;
- Protect the ecosystem of the adjacent Bukit Tigapuluh National Park from deforestation and protect endangered species;
- Use best in class for the agronomic technologies, sapling, milling and responsible supply chain to increase yield and serve as a reference in Indonesia.

Further information

- Project Information: www.michelin.com/eng/media-room/press-and-news/press-releases/Finance/Joint-venture-to-produce-natural-eco-friendly-rubber
- Implementing entities: www.worldwildlife.org; www.michelin.com; www.barito.co.id
- Financing partners: www.michelin.com; www.barito.co.id

Transformative features

- **Leverage finance, including private sector:** The project plans to catalyze private sector investment by targeting triple bottom line returns (environmental, social and financial);
- **Scale up what works:** The project intends to be used as a sustainability benchmark by promoting a natural rubber sustainable plantation in one of the most difficult and devastated areas of the world.

4. Financing opportunities for LDN transformative projects and programmes

The following section provides a summary of the most relevant financing opportunities for the implementation of LDN transformative projects and programmes. It includes a short description of international financing institutions as well as national and private sector financing opportunities.

Global Environment Facility (GEF)

Adaptation Fund

Green Climate Fund (GCF)

Climate Investment Funds (CIF)

International
Development
Association
(IDA)

Multilateral
Development
Banks (MDBs)

International
Development
Finance Club

LDN
Fund

Private
Impact
Investors

National
Budgets and Financing
Mechanisms

Bilateral
Development
Cooperation

GLOBAL ENVIRONMENT FACILITY (GEF)

GEF resources are available to developing countries and economies in transition to meet the objectives of the international environmental conventions and agreements – the United Nations Convention on Biological Diversity (CBD), the United Nations Convention to Combat Desertification (UNCCD), the United Nations Framework Convention on Climate Change (UNFCCC), the Minamata Convention on Mercury, and the Stockholm Convention on Persistent Organic Pollutants (POPs).

Further information

- Home page: <https://www.thegef.org/>
- GEF eligible countries: <https://www.thegef.org/about/funding>
- GEF National Focal Points Directory: https://www.thegef.org/focal_points_list
- GEF Agencies: <https://www.thegef.org/partners/gef-agencies>

GEF provides support to government agencies, civil society organizations (CSOs), private sector companies, research institutions and other potential partners in implementing projects and programmes in recipient countries.

The GEF was established on the eve of the 1992 Rio Earth Summit to help tackle the most pressing environmental problems. Since then, the GEF has provided over USD14 billion in grants and mobilized more than USD70 billion in additional financing for more than 4,000 projects and programmes. The current GEF-6 period (2014 – 2018) has a total envelope of USD4.43 billion.

In order to support countries' national commitments under the Conventions, including voluntary LDN targets, the GEF is working with its 39 donor countries to ensure a robust replenishment for its next four-year operational phase, GEF-7 (2018 – 2022).

What is on offer?

- The GEF serves as a financial mechanism to the five international environmental conventions listed above. It finances projects and programmes that address land degradation and deforestation, protect and sustainably manage biodiversity, address climate change, and eliminate or reduce harmful chemicals and waste;
- The GEF main focus is grant funding through four modalities: full-sized projects (over USD2 million); medium-sized projects (up to USD2 million); enabling activities (under USD1 million) and programmatic approaches. Non-grant instruments are also available for specific initiatives;
- In addition, the GEF Small Grants Programme, implemented by the UNDP, provides financial and technical support to communities and CSOs in meeting the overall objective of “global environmental benefits secured through community-based initiatives and actions.” It provides “small grants” up to a maximum of USD50,000 and funds “strategic projects” up to a maximum of USD150,000.

What are the opportunities for LDN transformative Projects and Programmes?

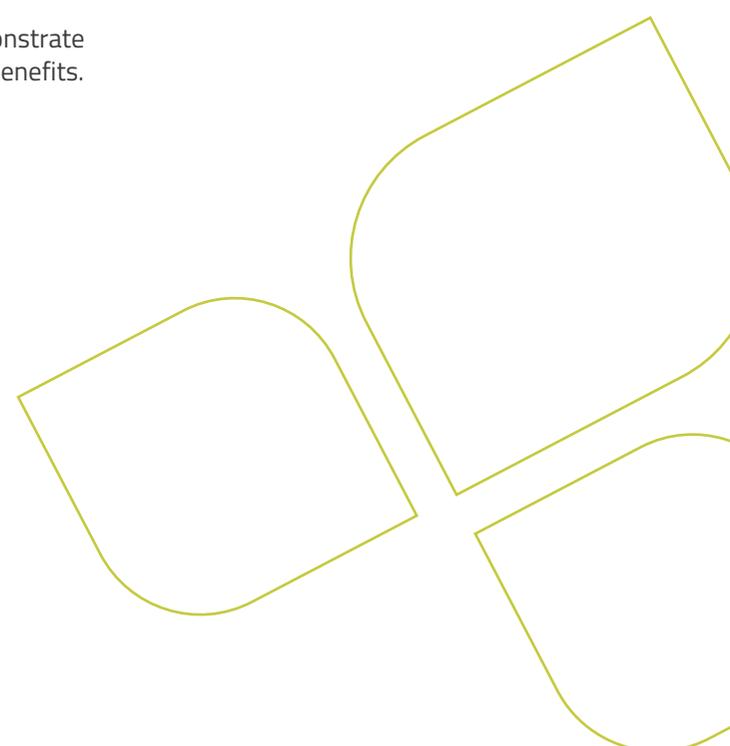
The GEF supports the implementation of UNCCD mainly through its Land Degradation focal area. Other funding windows related to sustainable land management complement the investments in land degradation. The land-based funding opportunities are outlined in the GEF programming directions, which are updated every four years. They currently include the following:

- Diversified agro-ecological food production systems, integrated landscape management, landscape and forest restoration, creation of enabling environment that supports diversified agro-ecological food production systems and integrated landscape management;
- Conservation and enhancement of carbon stocks in land, forest, and marine environments, as well as support to climate-smart agriculture;
- Mainstreaming biodiversity across sectors and within production landscapes, notably reducing direct pressures from agriculture and forestry by using sustainable approaches, restoring and safeguarding essential ecosystem services, enhancing ecosystem resilience and increasing carbon stocks;
- Sustainable Forest Management strategy including Reduced emissions from Deforestation and Degradation (REDD+), forest and landscape restoration and payments for ecosystem services.

The GEF has responded to the invitation from the UNCCD COP12 to provide technical and financial support for initiatives that promote LDN and address SDGs. In the past two years, the GEF Council has approved 16 projects, investing approximately USD60 million into projects that directly address LDN in 13 countries and support LDN enabling activities globally. GEF is also contributing to the LDN Target Setting Programme.

How to access?

- Projects can be developed and submitted through 18 GEF Agencies including UNEP, UNDP, World Bank, Regional Development Banks, WWF, IUCN and Conservation International. Funding proposals are largely “mainstreamed” in the project preparation cycle of these organizations;
- Funding proposals are coordinated and need to be officially endorsed by the GEF National Focal Points;
- Funding proposals need to demonstrate expected global environmental benefits.



GREEN CLIMATE FUND (GCF)

The GCF was established by 194 UNFCCC country parties in 2010 to respond to the challenge of climate change. In 2015, the GCF was given an important role in implementing the Paris Agreement and supporting the goal of keeping global temperature rise well below 2 degrees Celsius. Donors have currently pledged USD10.3 billion to the Green Climate Fund.²¹

Further information

- Home page: <http://www.greenclimate.fund/home>
- GCF eligible countries and National Designated Authorities (NDA) Directory: <https://www.greenclimate.fund/how-we-work/tools/country-directory>
- GCF Accredited Entities: <https://www.greenclimate.fund/how-we-work/tools/entity-directory>

What is on offer?

- **Low-emission (mitigation) and climate resilient (adaptation) projects and programmes developed by the public and private sectors:** Risk-based approach depending on funding size for micro (up to USD10 million), small (USD10 – 50 million), medium (USD50 – 250 million) and large (over USD250 million) size projects and programmes. GCF provides grants with and without repayment contingency as well as loans and equity;
- **Readiness and Preparatory Support Programme** makes available up to USD1 million per country for strengthening capacity to identify, prepare and implement funding proposals and realize direct access;
- **Support helping in establishing or strengthen a National Designated Authority or focal point** to deliver on the Fund's requirements: Up to USD300,000 per year;
- **National Adaptation Plans:** GCF can provide technical assistance and grants up to USD3 million for National Adaptation Plans;
- **Dedicated private sector facility:** GCF uses flexible financial instruments such as debt, equity and guarantees. It can combine these instruments with concessional funding to promote private sector investments.

What are the opportunities for LDN Transformative Projects and Programmes?

- **Avoiding deforestation:** National efforts to reduce deforestation, provide alternative incomes to forest users and support forest rehabilitation by redirecting land use expansion away from forested areas;

- **Sustainable Climate-smart agriculture:** Adaptation measures in agriculture, including adjusting agriculture practices to increase the resilience of food systems and strengthen food security, while improving livelihoods, safeguarding access to food and water, strengthening ecosystem resilience, protecting soil organic matter and limiting emissions from livestock;
- **Food security:** Adoption of more resilient crops and innovative farming techniques, reducing food waste and improving efficiency of food supply chains;
- **Ecosystems services and livelihoods:** Strengthening ecosystems' capacity for adaptation by protecting and rehabilitating wetlands, mangroves and urban green zones that provide resources for buffering coastal erosion and storms;
- **Watershed management:** Redesigning water, flood and drainage management systems, as well as promoting early warning systems;
- **Private sector opportunities:** Land-related projects and programmes financed by the Private Sector Facility can include:
 - Diversification of crop and seed varieties;
 - Forest farming and combating deforestation;
 - Irrigation extension and increased efficiency;
 - Rainwater harvesting; and
 - Other diversification of water sources.

How to access?

- Directly through accredited subnational, national or regional implementing Accredited Entities;
- Through International Accredited Entities, including UN agencies, development banks and NGOs;
- Funding proposals are coordinated by the NDA and require approval from the NDA before submission to the GCF.

What is on offer?

The USD8.3 billion Climate Investment Funds (CIF) is providing 72 developing and middle income countries with urgently needed resources to manage the challenges of climate change and reduce their Greenhouse Gas emissions. Total CIF pledges are expected to attract an additional USD58 billion of co-financing for a portfolio of over 300 projects and programmes and counting.

The CIF is comprised of four programmes:

- The USD5.6 billion Clean Technology Fund (CTF) provides middle-income countries with highly concessional resources to scale up low carbon technologies in renewable energy, energy efficiency, and sustainable transport.
- The USD1.2 billion Pilot Program for Climate Resilience (PPCR) is supporting developing countries to integrate climate resilience into development planning.
- The USD780 million Scaling Up Renewable Energy in Low Income Countries Program (SREP) is supporting to deploy renewable energy solutions for increased energy access and economic growth in the world's poorest countries.
- The USD775 million Forest Investment Program (FIP) supports efforts of developing countries in implementing REDD+ related action.

What are the opportunities for LDN Transformative Projects and Programmes?

The Pilot Program for Climate Resilience (PPCR) and the Forest Investment Program (FIP) are of particular importance for LDN transformative projects and programmes.

- FIP focuses on REDD+ and sustainable forest management including (i) landscape approaches, (ii) institutional reforms and policy dialogue, (iii) sustainable forest management, and (iv) forest monitoring. FIP also provides support to the national REDD+ process including policy dialogue and capacity building. FIP has a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities designed with and managed by indigenous peoples.
- PPCR supports a number of land-based interventions targeted to strengthen climate resilience, including (i) landscape approaches, (ii) integrated water resources management, (iii) climate information systems and disaster management, (iv) infrastructure, (v) capacity building and policy dialogue, and (vi) coastal zone management. In partnership with the implementing development banks trainings are organized to strengthen the capacity to monitor and report results and knowledge exchange on results monitoring, south-south exchange and promotion of good practices for climate change adaptation. PPCR has set dedicated resources aside to involve the private sector for innovative funding proposals.

How to access?

CIF is implemented through five multilateral development banks: World Bank, African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development and the Inter-American Development Bank.

CLIMATE INVESTMENT FUNDS (CIF)

Since 2008, the CIF has been leading efforts to empower transformations in the energy, climate resilience, transport and forestry sectors. CIF concessional financing offers flexibility to test new business models and approaches, build track records in unproven markets, and boost investor confidence to unlock additional finance from other sources, particularly the private sector and the multilateral development banks that implement CIF funding.

Further information

- Home page: <https://www.climateinvestmentfunds.org/>
- PPCR countries: <https://www.climateinvestmentfunds.org/fund/pilot-program-climate-resilience>
- FIP countries: <https://www.climateinvestmentfunds.org/fund/forest-investment-program>

ADAPTATION FUND

The Adaptation Fund has committed USD438 million to support 66 developing countries with concrete adaptation projects and also through technical assistance and project formulation grants as well as south-south support to adapt to climate change. Initiatives are based on country needs, views and priorities.

Further information

- Home page: <https://www.adaptation-fund.org/>
- Adaptation Fund eligible countries and National Designated Authorities (DA) Directory: <https://www.adaptation-fund.org/apply-funding/designated-authorities/>
- Adaptation Fund National or Regional Implementing Entities: <https://www.adaptation-fund.org/apply-funding/implementing-entities/>

What is on offer?

- The Adaptation Fund has piloted direct and regional access and provides grants of up to USD10 million for concrete adaptation projects in nine thematic focus areas. The projects need to result in outputs that are visible and tangible, which always entails a concrete on-the-ground investment: i.e. pure capacity building or research projects are not eligible;
- Technical Assistance for policy development and capacity building on issues related to climate change adaptation;
- Project Formulation Grants (up to USD 30,000) and Project Formulation Assistance Grants (up to USD20,000) available to accredited national implementing entities (NIEs) of the Adaptation Fund to build the capacity of NIEs in project preparation and design.

What are the opportunities for LDN Transformative Projects and Programmes?

- **Forestry:** National efforts to reduce deforestation, increase resilience through the maintenance of ecosystem services and provide alternative incomes to forest users, support forest rehabilitation;
- **Climate-smart agriculture:** Adaptation measures that protect soil organic matter, development of production systems that can adapt to future climate impacts;

- **Ecosystem services:** Implementation of projects that contribute to food security, climate adaptation, and sustainable land management mainly through community-based interventions. Projects can also be structured as small grant programmes in a community-based manner;
- **Coastal Zone Management:** Coastal zone protection, including the management and rehabilitation of salinized areas as well as prevention of sea water intrusion and protection of coastal zones from storm surges through mangrove reforestation or revegetation;
- **Water resources management:** Adaptation of water, flood and drainage management systems to climate change, support in water harvesting, water conservation, erosion control and watershed management.

How to access?

- Through national, multilateral and regional implementing entities including UN agencies, development banks, NGOs or directly through national implementing entities;
- Proposals are accepted three times a year for review at annual board meetings and in-between session either as a full proposal or as a concept note;
- Funding proposals are coordinated by the national designated authority (DA) and require the no objection from the DA before submission to the Adaptation Fund.

What is on offer?

- The LDN Fund is focused on direct investment into larger scale land restoration, rehabilitation and land degradation avoidance programmes that will integrate smallholders and local communities, and also has a dedicated window for small scale projects and Small and Medium-sized Enterprises;
- It will provide long-term financing (debt/equity) to sustainable land use projects that combat land degradation while producing a financial return;
- The Fund is designed to offer financing solutions that are not readily available in the market, providing finance and strategic benefits in ways other investors or banks might not, e.g. longer tenors, longer grace periods, and more flexible repayment schedules;
- It is a blended finance fund, pooling resources from both public and private investors committed to achieving LDN.

What are the opportunities for LDN Transformative Projects and Programmes?

The LDN Fund will invest in profitable projects worldwide to deliver competitive returns for investors, with a targeted capital allocation of at least 80% in developing countries, in the following key sectors:

- Sustainable agriculture;
- Sustainable forestry;
- Other LDN-related sectors, such as green infrastructure and ecotourism.

How to access?

- The Fund will only consider projects that can make a significant contribution to LDN while producing appropriate risk adjusted returns and complying with robust environmental and social standards;
- Projects should have already successfully completed a pilot/feasibility project, and be looking for further investment to support a scale up;
- A technical assistance facility will support LDN project developers and facilitate project preparation. It will complement the LDN Fund in supporting the development of a large portfolio of attractive LDN projects.

LDN FUND

Promoted by the United Nations Convention to Combat Desertification (UNCCD) and Mirova, the responsible investment division of Natixis, the LDN Fund will invest in profit-generating sustainable land management and land rehabilitation projects worldwide, to contribute to the Sustainable Development Goal target 15.3 on achieving a land degradation neutral world by 2030.

The mission of the LDN Fund is to become a source of transformative capital bringing together public and private investors to fund projects with environmental, social and economic benefits that contribute to LDN.

Further information

- General information: unccd.int/LDN-fund
- Project proposals and specific inquiries: james.rawles@mirova.com

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

The International Development Association (IDA) is part of the World Bank Group and it is the fund for the world's 75 poorest countries. Since its establishment in 1960, IDA has provided USD312 billion in loans and grants. Annual commitments have averaged about USD19 billion per year. In its 18th replenishment cycle, IDA has been able to mobilize approximately USD75 billion for the IDA18 period from 2017 to 2020.²² The eighteen IDA replenishment's overarching theme is "Towards 2030: investing in growth, resilience and opportunity."

Further information

- IDA: www.ida.worldbank.org
- Country Partnership Frameworks (CPFs): <http://www.worldbank.org/en/projects-operations/country-strategies>

What is on offer?

- IDA provides financing for investment projects and programmes, as well as support to countries in policy dialogue, capacity building and project identification through loans and grants;
- IDA's lending terms are highly concessional, meaning that IDA credits carry no or low interest charges, with a repayment schedule often over 25 to 40 years with a grace period of 5 to 10 years;
- During its eighteenth replenishment cycle, IDA is focusing on providing support and resources to fragile states and states at a rising risk of fragility. It extends favorable lending conditions and annual base allocation of SDR (Special Drawing Rights) USD15 million to all small countries with a population under 1.5 million and expands financing to promote resilience through crisis preparedness and enhanced Crisis Response Window;
- IDA also provides resources for regional level investments, for example in river basins and regional transport corridors and has made a commitment to substantially increase available regional IDA resources to supplement countries' allocations.

What are the opportunities for LDN Transformative Projects and Programmes?

- IDA supports projects and programmes in different sectors and thematic areas fostering poverty reduction and economic growth, including forestry, protected areas management, REDD+, agricultural, livestock and irrigation development and watershed rehabilitation, as well as rural development and strengthening rural economies at large;
- IDA is one of the largest financiers of climate change adaptation and mitigation and has emphasized in IDA17 and IDA18 the importance of addressing climate change. IDA's commitments with climate

change co-benefits averaged USD3.86 billion over Fiscal Year 13-15, with the majority of the associated investments going to the following sectors: energy and mining; water, sanitation and flood protection; agriculture, fishing, and forestry.

For LDN transformative projects and programmes, the following IDA 18 commitments are noteworthy:²³

- IDA will support at least ten countries (on demand) to translate their NDCs into specific policies and investment plans in order to start their integration into national budget and planning processes;
- IDA will develop at least ten climate-smart agriculture investment plans and ten programmatic forest policy notes;
- IDA will increment the Development Policy Operations (DPOs) that support climate co-benefits.

How to access?

- Projects and programmes such as IDA loans and grants are directly implemented by the national governments. To a limited extent, the World Bank can also sign grant agreements with NGOs, regional and international organizations as part of the technical assistance programme. All requests are coordinated by the Ministries of Finance;
- IDA resources are made available to IDA eligible countries based on several criteria and approved according to the objectives set in the Country Partnership Framework of the World Bank Group;
- The World Bank is a multilateral implementing entity for Adaptation Fund, GCF, GEF and the Climate Investment Funds. It manages many partnerships and trust funds. This allows IDA resources to be matched with grants for advancing innovations, climate finance and critical issues related to LDN transformative action.

What is on offer?

- The MDBs provide technical and financial support in the form of credits, concessional loans and grants, as well as technical assistance for low and middle-income countries. Resources are allocated for a range of sectors such as agriculture, environmental and natural resource management and climate action. Thus, the MDBs play an important role in financing LDN;
- The MDBs are also among the implementing agencies for large climate and environmental funds, including GCF, GEF (WB, ADB, AfDB, EBRD, IDB), and Adaptation Fund (WB, ADB, AfDB, EBRD, IDB), while the Climate Investment Funds are implemented directly through five MDBs (AfDB, ADB, EBRD, IDB, World Bank Group). This creates opportunities to leverage additional loans and grants.

What are the opportunities for LDN Transformative Projects and Programmes?

- **MDBs provide substantial resources to facilitate LDN** through agricultural development, forest conservation and sustainable land management, livestock management and watershed rehabilitation through grants, concessional and non-concessional loans, risk-sharing instruments, guarantees and equity investments;²⁵
- **The MDBs are committed to the 2030 SDG.** In a joint statement of the MDBs,²⁶ the development banks highlighted their specific role in contributing to finance and policy dialogue and called for a paradigm shift to unlock, leverage and catalyze more public and private resources. It is expected that by 2018, the MDBs will increase the support to the SDGs to USD400 billion;²⁷
- **The support of MDBs to climate finance has substantially increased in recent years.** From 2011 to 2015 the MDBs have collectively pledged more than USD131 billion in climate finance. In 2015 alone about USD25 billion were earmarked for climate finance.²⁸ A substantial part of these resources is dedicated to key LDN-relevant sectors: 27 per cent, or USD1.3 billion of the adaptation finance for water resources, 18 per cent, or USD0.9 billion to sustainable crop agriculture, 4 per cent, or USD0.2 billion to other agricultural and natural resources, as well as 12 per cent to coastal adaptation. Of the mitigation finance, 6 per cent, or USD1.2 billion were allocated to agriculture and forestry related issues, including REDD+. In a joint statement at UNFCCC's COP 21,²⁹ the MDBs made major commitments to scale up climate finance – for example, the AfDB made a commitment to triple its share of climate finance by 2020, and the EIB aims to spend 35 per cent of its total financing outside the European Union on climate action by 2020;
- **MDBs have provided substantial co-financing commitments to their climate financing** in 2015 that amounted to USD55 billion, substantially scaling up climate-related sustainable development financing to USD80 billion for that year alone;
- **The MDBs have dedicated private sector branches that facilitate private sector investments and public private partnerships** – for example, for agriculture or forestry investments. Among these outlets are the World Bank's International Finance Cooperation (IFC) or IDB's Inter-American Investment Cooperation (IIC) that have mobilized financing from the private sector to support sustainable forest management, conservation agriculture and other projects. In the fiscal year 2016,³⁰ IFC invested USD3.4 billion in agribusiness.

MULTILATERAL DEVELOPMENT BANKS (MDBs)

The MDBs commonly refer to six institutions: The World Bank Group (WBG); The African Development Bank (AfDB); The Asian Development Bank (ADB); The European Bank for Reconstruction and Development (EBRD); The European Investment Bank (EIB); and The Inter-American Development Bank (IDB). In 2015 the MDBs collectively financed operations with own resources and managed external resources of approximately USD130,6 billion. AfDB, ADB, EBRD and IDB have regionally focused mandates on Africa, Asia²⁴, Europe, Central Asia and Latin America. The World Bank Group is the oldest of these development banks, with a mandate to end extreme poverty and promote shared prosperity. EIB has a strong focus on financing infrastructure within the EU as well as sustainable development financing in Eastern Europe, African and Caribbean, and Pacific Group of States.

Further information

- African Development Bank: www.afdb.org
- Asian Development Bank: www.adb.org
- European Bank for Reconstruction and Development: www.ebrd.org
- European Investment Bank: www.eib.org
- Inter-American Development Bank: www.idb.org; www.iic.org
- World Bank Group: www.worldbank.org; www.ifc.org

INTERNATIONAL DEVELOPMENT FINANCE CLUB

With focus on long-term financing and contribution to large, capital-intensive infrastructure investments and poverty alleviation programmes, development banks are particularly relevant financing sources for transformational LDN projects. 23 of these national, bilateral and regional development banks from Africa, Asia, Europe, Central and South America have pooled their global expertise and local know-how to establish the International Development Finance Club (IDFC).

Further information

- International Development Finance Club (IDFC) and members: www.idfc.org

What is on offer?

- In 2014 the members of the IDFC had collective commitments of USD 630 billion.³¹ Often parts of the bilateral development finance are channeled through these banks, such as KfW for Germany or AFD for France;
- **The Development Banks provide a large number of different opportunities for financing transformative LDN projects and programmes** through grants, loans, guarantees, technical assistance and private sector finance leverage;
- **Several IDFC members are accredited by GCF and the Adaptation Fund and serve as implementing partners for the GEF.** This enables them mobilize various financial resources to bring transformative LDN projects and programmes to scale;
- **Several IDFC members focus on the private sector or have established dedicated private sector branches.** In addition to grants, concessional loans and credits, development banks can often leverage additional public and private funds through debt, equity shares or de-risking investments.³² De-risking investments for example, use public guarantees or insurances to overcome risks.

What are the opportunities for LDN Transformative Projects and Programmes?

- The member institutions provide financing for a wide range of LDN-related projects that include sustainable agriculture, reforestation, safeguarding water resources and environmental protection;
- IDFC members are collectively the largest provider of public climate finance globally, where developing country banks play a particularly important role. Of its annual commitments close to USD 100 billion are related to climate change mitigation and adaptation as well as environmental issues. IDFC members, including members from developing countries, have actively contributed to the further development of green and climate bonds;
- IDFC members made a commitment to scale up their efforts in climate resilient development. At the UNFCCC COP22 in Marrakech in 2016, IDFC has pledged to be a lead contributor to the transformation of Nationally Determined Contributions (NDC) into policies, investment plans and financeable programmes as well as public and private projects.³³

What is on offer?

- Bilateral cooperation provides a large number of different opportunities for supporting transformative LDN projects and programmes through grants, loans, guarantees as well as technical assistance and private sector finance leverage.

What are the opportunities for LDN Transformative Projects and Programmes?

Bilateral cooperation remains as one of the main vehicles for advancing LDN. For example:

- The EU Institutions – mainly the EU Commissions Directorate General for International Cooperation and Development, DEVCO - has provided nearly a quarter (in the period 2011 – 2013: USD 839 million) of the global resources provided for addressing land degradation. In addition to various projects implemented by national and regional partners and in cooperation with technical NGOs and science and technology partners, the EU supports global partnership initiatives such as the Global Soil Partnership and the World Agroforestry Center;

- In 1994, France launched the French Facility for Global Environment (Fonds Francais pour l'Environnement Mondial) that provides grants for sustainable development, including combatting land degradation. The focus for 2015-2018 includes sustainable agriculture, innovative financing of biodiversity and integrated management of coastal areas;
- The Norwegian International Climate and Forest Initiative supports REDD+ implementation. By 2014 it had disbursed NOK 14 billion (equivalent to USD1.77 billion), through partner countries, NGOs as well as multilateral organizations and banks.

BILATERAL DEVELOPMENT COOPERATION

The net official development assistance (ODA) from OECD countries reached a new peak at USD142.6 billion in 2016³⁴ with the European Commission, United States, United Kingdom, Germany, Japan and France being among the largest contributors in total terms, while Norway, Luxemburg, Sweden, Denmark, the UK and Germany are the largest contributors in relation to their Gross National Income.³⁵ About half of the development assistance was implemented as bilateral programmes and projects in 2016.³⁶

Further information

- Development Assistance Committee (DAC) of the OECD: <http://www.oecd.org/dac/>

PRIVATE IMPACT INVESTORS

The world is facing a transformation in the way natural resources are perceived. Conservation and sustainable management of land and natural resources are increasingly seen as investment opportunities and sources of revenue. Development actors are moving from pure public and philanthropic-driven approaches to holistic transformations, which consider the private sector as an essential part of the solution.

Industry players and private project off-takers are increasingly examining their supply chains and engaging around LDN activities, while project developers and investment managers are continuing to test different investment models that may appeal to private investors.³⁷

Further information

- **Unlocking the market for LDN:**
http://www.unccd.int/Lists/SiteDocumentLibrary/Publications/GM_mirova_unlocking_the_market_for_ldn_june_2016.pdf

What is on offer?

- The LDN market to date, consists primarily of sustainable land use investments, and, to a smaller extent, projects for land degradation rehabilitation;
 - Development stakeholders, including governments, bilateral and multilateral partners, civil society organizations and non-governmental organizations are working closely with the private sector to harness their potential for bringing in finance, technical expertise, service delivery and job creation;³⁸
 - Many private sector initiatives are already supporting the ambitious LDN target, including those, which have subscribed to the Bonn Challenge to restore 150 million hectares of degraded and deforested lands by 2020. While the private sector role in LDN is increasing, many of its engagements still require public support to be accelerated.
- The LDN market is still in its early development stage. LDN investments are often related to more mature areas, such as REDD+ or conservation agriculture. Approximately 77% of the total investments relevant for LDN assessed by Mirova and the Global Mechanism relate to investments in the forestry sector;⁴⁰
 - There is a huge potential for future investments with risk-adjusted return that appeal to private investors with a potential for scaling up investments and testing new forms of collaboration;
 - As new investment strategies continue to be developed and refined, it is expected to see more projects elevated to the 'landscape' level where they not only guarantee the sustainable production of a single crop but also the sustainable management and restoration of other ecosystem services in the target area;
 - Project developers and investment managers are seen as an important engine for the LDN market that requires support to grow. Their investments are aimed at generating social, ecological and financial wealth, essentially decoupling economic growth from land degradation and the old industrial model of extraction.

What are the opportunities for LDN Transformative Projects and Programmes?

A study conducted in 2016 by Mirova in collaboration with the Global Mechanism of the UNCCD with the objective of identifying opportunities and gaps in the nascent LDN market, concluded the following:

- Over the past decade 31 private funds and project promoters – also called private impact investors - invested around USD7 billion in projects contributing to LDN. They expect to double their financing by 2021;³⁹

What is on offer?

- Countries spend through national budgets substantial resources directly related to LDN, from agriculture to forestry and climate;
- Public expenditure reviews (PERs) for land use sectors are not sufficiently used yet,⁴² so it is difficult to track the actual public spending on LDN. Going forward, more effort is required to assess the financial flows reaching land use sectors at the country level, including flows for achieving LDN.

What are the opportunities for LDN Transformative Projects and Programmes?

- **There is a need to improve coherence in the way countries are spending and tracking resources.** LDN provides a common ground for more systematic and effective assessments;
- **Environmental fiscal reforms for increased public financing to achieve LDN.** Fiscal policies could inhibit successful LDN implementation, for example because of harmful subsidies. For example, the Overseas Development Institute⁴³ has identified 48 different domestic subsidies worldwide that support the leading causes of deforestation;
- **National environmental financing mechanisms channel funds from various sources to LDN relevant projects and programmes.** National Forest Funds for example, can be used to make direct investments in land-based projects and programmes. A significant literature on how to use National Forestry Funds is available⁴⁴ and compiles more than 60 examples which could be adapted and broadened to include dedicated LDN financing mechanisms;

- **Other national financing vehicles offer a broader scope, in particular the National Climate Funds,⁴⁵ which can be used to invest in land-based climate action related to LDN.** For example, in Rwanda, the Environment and Climate Change Fund (FONERWA)⁴⁶ is the financing facility for implementation of the national Green Growth and Climate Resilience Strategy. FONERWA allocates resources in the agriculture, energy and forestry sectors, among others. This intersectoral approach is particularly well adapted to LDN financing. Among key contributions to LDN, FONERWA has invested in afforestation in flood-prone zones and ecosystem rehabilitation for climate change resilience;
- **Going forward, exploring National LDN financing mechanisms will reinforce national ownership and command over LDN financing,** enabling long-term and sustainable LDN financing. Such self-sustaining funding instruments are thus very relevant in the framework of LDN transformative projects and programmes to ensure impacts beyond projects termination. These national funding instruments can also be used for investments with returns and require support to design private sector facilities.

NATIONAL BUDGETS AND FINANCING MECHANISMS

Following the orientations of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development,⁴¹ “the mobilization and effective use of domestic resources, underscored by the principle of national ownership, [is] central to [the] common pursuit of sustainable development, including achieving the sustainable development goals”.

Further information

- The Addis Ababa Action Agenda of the Third International Conference on Financing for Development: <http://www.un.org/esa/ffd/ffd3/wp-content/uploads/sites/2/2015/07/Addis-Ababa-Action-Agenda-Draft-Outcome-Document-7-July-2015.pdf>
- World Bank website on tools and resources for public expenditure reviews: <http://wbi.worldbank.org/boost/tools-resources/public-expenditure-review>

5. UNCCD Global Mechanism support

Who we are?

The Global Mechanism is an institution of the UNCCD that provides support to countries in translating the Convention into action and achieving LDN at the national level.

We are supporting countries in designing and implementing LDN transformative projects and programmes and mobilizing the necessary resources. We act as a connector, advisor and partner in implementation.

How do we support countries?

Connector

Supporting countries in effectively tapping resources for LDN projects and programmes by connecting national initiatives with financing opportunities.

Partner in implementation

Engaging with international and national partners to support successful implementation of LDN transformative projects and programmes.

Advisor

Providing tailor-made and science-based advisory support to national entities in designing LDN transformative projects and programmes.

What do we offer?

Global LDN knowledge and country specific know-how

Translating the LDN conceptual framework into practice.

LDN multiple benefits analysis

Promoting gender-responsive and socially inclusive LDN transformative projects and programmes, demonstrating economic benefits of LDN investments and fostering the “common ground” between the three Rio Conventions.

LDN financing expertise

Fostering alliances among financing partners, supporting design of national financing vehicles and mobilizing private investment in LDN including from the LDN Fund.

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cover Landscapes of Halimun Salak National Park. Aerial view of the landscape around Halimun Salak National Park, West Java, Indonesia.

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