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Securing of additional investments and relations with financial mechanisms

Report by the Global Mechanism on progress made in the mobilization of resources for the implementation of the Convention

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Summary

At its fourteenth session, the Conference of the Parties of the United Nations Convention to Combat Desertification (UNCCD) requested the Global Mechanism (GM) to report on the implementation of decision 13/COP.14 on the assessment of financial flows for the implementation of the Convention at the fifteenth session of the Conference of the Parties (COP 15). This document reports on progress made on the mobilization of resources during the 2020–2021 biennium and provides an overview of GM activities in three main areas: i) supporting a dynamic national environment for resource mobilization; ii) promoting efficiency and effectiveness at scale; and iii) fostering innovation.

The report concludes with recommendations for the consideration of Parties at COP 15.



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I. Introduction: decisions taken by the fourteenth session of the Conference of the Parties guiding the resource mobilization work of the Global Mechanism

1. At its fourteenth session, the Conference of the Parties (COP) of the United Nations Convention to Combat Desertification (UNCCD) requested the Global Mechanism (GM) of the UNCCD to report at the fifteenth session of the COP (COP 15) on the implementation of decision 13/COP.14 on the assessment of financial flows for the implementation of the Convention. That decision requested the GM to continue to support the mobilization of funding from all sources in support of the implementation of the Convention and, in that regard, to continue strengthening and establishing new partnerships with relevant institutions.

2. The GM has also been involved, in coordination with the secretariat, in the implementation of other decisions taken at COP 14, including, but not limited to, decision 6/COP.14 on promoting greater participation of the private sector; decision 9/COP.14 on collaboration with the Global Environment Facility (GEF); decision 11/COP.14 on developing a more integrated financial monitoring framework; decision 12/COP.14 on supporting developing country Parties in the implementation of the Convention through capacity-building, financing and voluntary technology transfer; decision 23/COP.14 on identifying potential and innovative financing instruments for addressing drought; and decision 25/COP.14 on the development of financing options related to anthropogenic sand and dust storm (SDS) source mitigation.

3. This document reports on the main activities undertaken by the GM during the 2020–2021 biennium and concludes with recommendations for the consideration of Parties at COP 15.

II. General framework of the Global Mechanism activities

A. Context of resource mobilization

4. In the 2020–2021 biennium, the context of resource mobilization for the implementation of the Convention evolved significantly with new challenges and opportunities emerging.

5. Most significantly, in addition to its tragic health consequences, the COVID-19 pandemic has affected the global economy, government spending patterns and investment strategies. The number of people facing poverty, acute food insecurity or both has increased. Budgets for many national governments and development partners, including the private sector, have been reprioritized.

6. Potential investors in the desertification/land degradation and drought (DLDD) sector have become increasingly aware of the interlinked nature of complex crises. The relationship between zoonotic diseases and land use change, food systems, access to energy or infrastructure and consumer demand, or the relationship between global biodiversity loss, land degradation and climate change and potentially devastating social and economic breakdown are now more widely accepted. For the first time, nature- and land-based solutions have found their place on the international agenda (i.e. the G20 Initiative on Reducing Land Degradation and Enhancing Conservation of Terrestrial Habitats or the focus on nature at COP 26 of the United Nations Framework Convention on Climate Change (UNFCCC)) as cost-effective interventions against a number of critical challenges. Additional commitments, funding and private sector investments are being made available to nature- and land-based solutions when the evidence is provided and the case can be effectively made that these solutions address interlinked challenges simultaneously.

7. There is a unique window of opportunity and increasing demand by Parties for support from the GM to access these resources.

B. Principles guiding the Global Mechanism's implementation of decisions by the Conference of the Parties

8. The relatively small size of the GM team, the constraints on traditional finance and the type of support the GM has been able to provide in the past are insufficient to meet growing demand and the expectations of Parties. To improve efficiency and effectiveness, the GM has undertaken a review of its business model and is progressively moving from a linear approach to a networked platform model. A platform business model generates value by enabling interactions between people, groups and users and by leveraging network effects.

9. To succeed in this transition, we are working more closely with and via our existing partners while expanding our network. We must also remain agile and flexibly adjust the depth and level of our engagement to take emerging opportunities into account and leverage outcomes for Parties. A "one size fits all" model is not appropriate. The GM will be providing Parties and partners with space to connect, develop ideas and co-create tailor-made projects and value together.

10. The GM prioritizes establishing partnerships that grow the size of the overall pool of resources available or improve access to resources for Parties, in cash or in kind. We are proactively engaging with a wider group of non-traditional stakeholders, thinking creatively and exploring collaborations with stakeholders that break the mould of UNCCD financing, such as value chain development with the private sector or on technology transfer. In this regard, we increasingly function as a clearing house or matchmaker.

11. We support the work of partners in the context of the United Nations Decade on Ecosystem Restoration and the GEF, within the framework of the Eighth Replenishment, strengthening the business case for land restoration as a vehicle for climate change mitigation and adaptation, job creation, managed migration and gender empowerment, or as part of post COVID-19 Build Back Better strategies. We have collaborated with a range of partners to support and backstop the Great Green Wall Accelerator.¹

12. The GM is working to better understand the bottlenecks and motivations for investment and then develop the right mix of economic and non-economic incentives. We are exploring the enabling and legislative environment that fosters greener investment and options for the deployment of government revenues, finance and environmental expenditures on land through national incentives, taxation and subsidies regimes. To drive more financing in this area and support the mobilization of funding from all sources, we are also increasingly exploring innovative financing vehicles on issues such as debt for land restoration swaps and green bonds for drought preparedness.

13. We aim to provide dynamic guidance on operational decisions by land users and investors (public and private) with clarity on financing needs and on where investments are flowing. The target setting-process deployed for land degradation neutrality (LDN) and National Drought Planning is beginning to evolve into a vehicle for practical decision support and action by Parties. Linking voluntary target setting with internal systems on reporting, guidance on land use planning and external partnerships such as the Group on Earth Observations (GEO) LDN Initiative, which makes near real-time geo-spatial earth observation data available, would be a valuable addition to national efforts to implement the Convention, and to wider development planning.

C. Results achieved

14. In the context of the Drought Initiative² and as of December 2021, 69 of the 73 countries which expressed an interest have advanced on their national process of developing National Drought Plans (NDP).

¹ <<https://www.greatgreenwall.org/great-green-wall-accelerator>>.

² <<https://www.unccd.int/actions/drought-initiative>>.

15. At the same time, in the context of LDN target setting, as of December 2021, the voluntary LDN Target Setting Programme³ (LDN-TSP) has supported a total of 129 participating countries. One hundred and six Parties have successfully completed this voluntary process and 100 have already published their national reports in the UNCCD Knowledge Hub.⁴

16. The latest publicly available global assessment of land restoration commitments⁵ indicated that this process has resulted in voluntary commitments by country Parties to restore over 450 million hectares of degraded land. An additional 250 million hectares are planned in the context of the nationally determined contributions (NDCs) under the UNFCCC and some 90 million hectares are included in the National Biodiversity Strategic Action Plans under the Convention on Biological Diversity.

17. A total of 74 countries have requested support to develop national and/or regional concept notes (65 concept notes in total) since 2018. The Transformative Projects and Programmes (TPP) workstream (as of December 2021) and portfolio includes:

(a) Fifty-nine national projects involving 55 countries (23 national project concept notes have been developed, 10 are under development and 26 are still to be developed);

(b) Six regional or multi-country projects involving 41 countries (three regional concept notes have been developed, two are under development and one is still to be developed).

18. The cumulative total of concept notes that have been approved and selected to access financing is 14. This is comprised of 12 national concept notes and two regional concept notes involving 24 countries in total. This includes three projects that are now under implementation.

19. Gender responsiveness is one of the main criteria of the LDN TPP features checklist as well as a key requirement of most funding sources targeted by countries. Particular attention has been provided to mainstreaming gender into the project concept notes and proposals through a dedicated desk review provided by GM experts and partners (International Union for Conservation of Nature (IUCN) and UN-Women). Furthermore, 12 TPPs (two regional projects and 10 national projects) have benefited from additional support to prepare gender specific studies such as Gender Gap Analysis and Gender Action Plans.

20. Following a land-based approach, most of the TPPs have the potential to generate multiple benefits to tackle issues related to drought (six projects, e.g. in Bolivia, Dominican Republic, Madagascar), biodiversity loss (20 projects, e.g. in Colombia, Bolivia, Peru, Nicaragua, Ghana, Guinea), climate change adaptation and mitigation (31 projects, e.g. in Colombia, Peru, Eswatini, Ghana, Malawi) and projects contributing to creating green jobs (22 projects, e.g. in Tunisia, Nigeria, Malawi, Nicaragua).⁶ This multiple-benefits approach will be a mainstay of UNCCD operations moving forward.

D. Analysis of needs and gaps

21. National voluntary LDN targets and NDPs are crucial to resource mobilization efforts, however, in view of highly ambitious global and national restoration commitments, including voluntary LDN targets, an overall assessment of financing needs for the implementation of the Convention would be strategic. This would be important for integrating land into national development plans and as the basis for effective project development at sub-national, national and multi-country level. There are also considerable efficiency gains if we can integrate drought and SDS resilience and mitigation into land-based project preparation.

³ <<https://www.unccd.int/actions/ldn-target-setting-programme>>.

⁴ <<https://knowledge.unccd.int/home/country-information/countries-with-voluntary-ldn-targets>>.

⁵ <<https://www.pbl.nl/en/publications/goals-and-commitments-for-the-restoration-decade>>.

⁶ This data is based on an analysis of the projects' objectives, main components and main activities.

22. Building on information in voluntary targets and plans and on reports to be submitted by Parties, a methodology for such a financing needs assessment is under development.

23. Overall, steady progress is being made in turning national plans into bankable and investable projects. Many National Focal Points (NFP) do not have the internal capacity to translate those plans and targets into bankable projects and programmes suitable for either domestic or international financing at scale, including from the private sector. At the same time, the process of accessing funding from major international funders, or the design and mobilization of funding for new investments or investment vehicles can take many years. The lack of bankable and investment-ready projects has slowed down access to finance and the overall implementation of the Convention, impacting developing country Parties and development partners and potential private sector investors alike.

24. Finally, a number of Parties lack the enabling environment and systems to support, track, monitor and report on resources deployed especially for technology transfer, private finance or innovative financing vehicles.

25. The GM is therefore focusing on three main areas of activity: (a) supporting a dynamic national environment for target setting and resource mobilization; (b) promoting efficiency and effectiveness at scale; and (c) fostering innovation.

III. A Dynamic National Environment

A. The evolution of the voluntary Land Degradation Neutrality Target Setting Programme

26. The LDN target-setting process has provided a solid foundation for establishing baselines, setting voluntary national LDN targets and providing a clear snapshot of priorities and action required. As country Parties advance towards achieving LDN by 2030, in order for LDN targets to be more effective as a vehicle for delivery and to mobilize resources at project level, voluntary LDN targets should be more specific, time-bound, policy-coherent, quantitative, spatially explicit, gender-responsive and adequately integrated into land use planning frameworks. This will help improve the process of land-use decision-making and guide investment planning while advancing implementation and related monitoring activities.

27. With this in mind, those Parties that have already set voluntary LDN targets could usefully review their overall LDN process and decision-making cycle and potentially refine their targets. Reviews might be considered in the context of other ongoing and relevant processes to ensure operational synergies (e.g. national Sustainable Development Goal (SDG) agendas, updates of NDCs and national action programmes, revised National Biodiversity Strategies and Action Plans under the Post-2020 Global Biodiversity Framework, Bonn Challenge commitments, etc.). This overall policy coherence would also aid national reporting exercises for all three Rio conventions and the synergistic achievement of the SDGs.

28. The GM was mandated⁷ to develop the LDN-TSP. It will transition into a second-generation vehicle (LDN TSP 2.0) for decision support so Parties have the tools available to get their stock of healthy and productive land in balance by 2030. Streamlining voluntary target setting with other UNCCD supported and linked processes will be increasingly important.

29. Notably, an internal assessment by the GM indicates that only around 30 per cent of countries with voluntary LDN targets have successfully defined ways to integrate LDN targets and/or related measures into (sub)national integrated land use planning policies and frameworks. Integrated land use planning helps identify those land uses that best meet the

⁷ Decision 3/COP.14.

demands of people while safeguarding soil, water, and biodiversity for future generations.⁸ Better integration of voluntary LDN target setting into existing national and sub-national land use planning processes, to facilitate consideration of the likely cumulative impacts of land use and land management decisions on land-based natural capital and the implications for achieving neutrality, has distinct policy coherence and investment benefits.

30. To ensure targets are spatially explicit and effectively monitored, enhanced capacity is required at national level on the use of available tools for accessing, processing, analysing and interpreting Earth Observation data as well as on data validation and mapping techniques.⁹ Beyond the main national entities responsible for LDN implementation and reporting to the UNCCD, this would also include national statistical offices and relevant specialized agencies.

31. Practically, the main focus of LDN TSP 2.0 in the coming biennium will be: (a) the development of tools to support scenario planning and trade-off analysis to inform and improve decision-making for integrated land use planning and updated technical guidelines and dedicated technical expertise, as required, for national processes, assessment of implementation status and gaps and improved plans for delivery; (b) country-level decision support, capacity building and technical assistance so Parties can review and refine LDN targets to ensure that targets are quantitative, specific, time-bound, policy-coherent, spatially explicit, linked to land use planning, and gender responsive; (c) improved access to data for decision-making by developing the database on LDN targets and ensuring alignment with the fourth generation of the Performance Review and Assessment of Implementation System (PRAIS 4), enabling queries for monitoring and evaluation and the development of relevant knowledge materials.

32. LDN TSP 2.0 will be aligned with the implementation of PRAIS, Trends.Earth, the GEF Enabling Activity on Land Use Planning (see section III.C below) and relevant complementary projects from various partners, such as projects by Deutsche Gesellschaft für Internationale Zusammenarbeit (the German Agency for International Cooperation) on facilitating access to Land Use Planning data and the GEO LDN Initiative Support Project, as well as feeding into and contributing to the work foreseen under the Project Preparation Partnership (PPP) (see section IV.A below).

B. From drought planning to action

33. In total, 73 countries have expressed an interest in developing NDPs. The UNCCD and partners, including the United Nations Development Programme and the Union for the Mediterranean, have assisted a total of 60 countries in finalizing their NDPs within the framework of the Drought Initiative, while another nine countries are in the process of developing and finalizing their plans. Four Parties have yet to start work.

34. In the coming biennium, the GM will support countries in moving from drought planning to action. The GM is collaborating with partners such as the International Federation of Red Cross and African Risk Capacity to develop transformative projects in selected countries in response to the recommendations contained in their NDPs.

35. The GM was requested¹⁰ to identify potential and innovative financing instruments for addressing drought, based on clearly identified added value. Findings from a GM commissioned report were provided to the Intergovernmental Working Group on Drought for its consideration. The report¹¹ explores how countries can fund a proactive approach to drought management and reorient existing funding source management while tapping into new resources. It outlines key barriers to financing drought and offers recommendations on

⁸ UNCCD 2017: Global Land Outlook. Bonn, Germany.

⁹ To facilitate reporting of spatially explicit targets, the Performance Review and Assessment of the Implementation System (PRAIS) platform has been upgraded to include, among others, new geospatial capability. For more information see document ICCD/CRIC(20)/9.

¹⁰ Decision 23/COP.14.

¹¹ Guidance Note on Drought Finance.

the building blocks of drought finance (infrastructure, disaster risk, climate, environmental and agricultural finance) while outlining key instruments (credit, loans, bonds, microcredit, funds and blended finance). Furthermore, it proposes key steps in preparing national drought finance strategies and how to incorporate these into country NDPs.

36. The GM has carried out two additional informal assessments: (1) the feasibility and options for establishing a Global Drought Resilience Fund, including options for scoping out a potential fund structure and operating and financing model; (2) the potential for issuing Sustainable Land Bonds in alignment with LDN as a potential source of financing for both sustainable land management (SLM) and drought. The results of these assessments will be available by COP 15 and may provide Parties with additional options for consideration.

C. Implementation of enabling activities

37. The majority of enabling activities that support UNCCD country Parties are made possible with the support of the GEF.

38. The GM was able to secure approval for the Global Support Programme-III from the GEF. The United Nations Environment Programme (UNEP) is the implementing agency for the project. The aim of the project is to enhance technical and institutional capacity for land degradation monitoring and reporting in the context of the UNCCD Strategic Framework 2018–2030 and SDG 15.3. The Global Support Programme-II, to be completed by October 2022, has also supported some of the activities required for the 2022 UNCCD national reporting cycle.

39. In this context,¹² a comprehensive review of the Strategic Objective-5 reporting framework was carried out and a methodological note¹³ developed by the GM. This document outlines potential data sources and issues related to desertification and proposed methodologies for data interpretation. The document also includes the new proposed reporting template for Strategic Objective-5. This allows Parties to provide quantitative information and adds new indicators on technology transfer and resource needs.

40. The new reporting platform (PRAIS 4) was launched at the start of November 2021. A comprehensive reporting manual and glossary of terms was made available. The Global Support Programme will support capacity building virtually with online tutorials, pre-recorded videos and webinars.¹⁴

41. The GM is also supporting a GEF Enabling Activity for the implementation of UNCCD COP Drought Decisions. The Food and Agriculture Organization of the United Nations (FAO) will act as the GEF implementing agency. The project will help UNCCD parties to implement NDPs according to the principles of Integrated Drought Management. The GM is further supporting the components related to the Drought Toolbox (Component 2) and national drought planning (Component 3).

42. Additionally, and in line with plans to develop the LDN TSP and relevant results of the UNCCD Science Policy Interface assessment on integrated land use planning (see document ICCD/COP(15)/CST/2), the GM has developed a GEF Enabling Activity project entitled “Integrating Land Degradation Neutrality into Land Use Planning frameworks to strengthen national UNCCD enabling environments”. Upon approval by the GEF, the project is expected to start during the first half of 2022 with IUCN as the implementing agency.

¹² Decision 11/COP.14.

¹³ <https://www.unccd.int/sites/default/files/inline-files/Methodological_Note_Strategic%20Objective%20Clean%20-%20Final.pdf>.

¹⁴ For more information see document ICCD/CRIC(20)/9.

IV. Efficiency and Effectiveness at Scale – through partnerships

A. A Partnership for Project Preparation

43. The GM's existing support to country Parties has created considerable momentum and increased demand. Once voluntary LDN targets have been set and NDPs prepared, the structuring of investment-ready project proposals is often challenging. Transformative land-based solutions are usually complex in nature, involving multiple objectives, stakeholders and institutions and requiring a variety of different sets of expertise and interventions. Many stakeholders – including governments, non-governmental organizations and private investors – lack the knowledge, experience and institutional capacity to develop land-based project proposals that meet the quality requirements of public and private funders. The GM has been supporting Parties in this regard and, to date, 65 requests for support and project ideas have been submitted for further development into project concept notes and bankable proposals.

44. In terms of final approved TPP concept notes and documents, developed in partnership with other agencies (including co-financing), for every dollar (USD) that the GM has invested in project preparation, USD 4,556¹⁵ dollars have been leveraged.

45. The GM anticipates that the demand for project preparation support will grow but, to meet this demand, there is a pressing need to develop the requisite capacities and establish strategic partnerships with agencies that have the right mix of expertise to accelerate and expand the preparation of investment-ready, land-based solutions and bankable projects globally.

46. Financing to support project preparation (early stage, pre-feasibility, feasibility studies etc., gender analysis, technical studies etc.) will be required and should become more predictable and sustainable over the long term. From a UNCCD perspective, this will mean identifying expertise, convening and growing the network of strategic partners to design transformative projects – coordinating and streamlining outreach to co-create products (notably a pipeline of national, multi-country and regional bankable projects and innovative financing opportunities) – and embarking on a matchmaking process.

47. To begin the process, the GM of the UNCCD is establishing a PPP, funded by the German Federal Ministry for Economic Cooperation and Development, to serve as a type of global clearing house. It will work with a range of partners to support the preparation and funding of projects addressing DLDD, land tenure, land governance and other land-based issues, with a focus on encouraging gender responsiveness and assisting the most vulnerable populations. To be launched at COP 15, existing voluntary contributions focused on project preparation will be blended into the PPP.¹⁶

48. The PPP is set to be built around four main components: (i) capacity building and the development of an online tool/platform (Project Navigator) to support the development of investment-ready land-based projects; (ii) the roll-out of a Global Strategic Partnership Platform linking traditional and non-traditional partners by drawing on specialized sector expertise to foster innovation in land-based solutions that combat DLDD; (iii) the preparation of bankable projects that meet the technical requirements of funding partners; and (iv) pilot projects to demonstrate proof of concept, best practices and new innovations to catalyse and generate the required awareness and interest for project developers and financing partners. This will be on the work done through the Greening Drylands Partnership funded by the Changwon Initiative.

¹⁵ Based on 11 approved concept notes and excluding three projects previously approved and under implementation.

¹⁶ Department of Foreign Affairs Trade and Development of Canada, The Korea Forest Service of the Republic of Korea (Changwon Initiative), The Government of the Republic of Turkey (Ankara Initiative), The Department of Communications, Climate Action and Environment of Ireland, the Austrian Development Agency (ADA), the Spanish Ministry of Foreign Affairs and Cooperation, the Italian Ministry of Ecological Transition (IMET).

49. The UNCCD, UNEP and the Korean Forest Service jointly launched the Greening Drylands Partnership at COP 10. The three institutions cooperate on piloting responses to emerging DLDD issues. Since 2017, pilot projects have been supported in Kazakhstan (completed), Tajikistan (completed), Kyrgyzstan (completed), Armenia (completed), Belarus (second phase), Ecuador (second phase), Peru, Mongolia and Ethiopia.

50. An online introductory session on the PPP was held in December 2021, which brought together more than 20 potential technical and financial organizational partners. The GM is working to align with relevant initiatives/facilities and developing the key criteria for establishing potential partnerships along with the critical elements of the Partnership Memorandum of Understanding and project preparation-specific agreements to ensure accountability, transparency and compliance. A further workshop is planned for February 2022.

51. This work will build on and replicate a number of specific existing successful PPP examples.¹⁷

52. In parallel, in order to accelerate project preparation, the GM continues to work closely and nurture partnerships with GEF Implementing Agencies and Green Climate Fund (GCF) Accredited Entities. A key lesson learnt for the PPP is the need to build relationships and strengthen engagement between NFPs of the UNCCD and other sectoral ministries, as well as the focal points for funding agencies. This includes GEF Operational Focal Points, GCF National Designated Authorities, as well as finance and planning focal points in cases where projects are led by multilateral development banks.

B. Flagship Initiatives

53. While national projects and programmes form the backbone of interventions by Parties and receive support from the GM, there is increasingly important work being done at regional level. Internally, these larger projects that deliver at landscape scale are considered flagship initiatives and allow the GM to support more than one Party at once.

54. The Great Green Wall (GGW) is one such flagship initiative. The aim of the GGW, an African Union-led initiative under the coordination of the Pan-African Agency of the GGW (PA-GGW), is to restore, by 2030, 100 million hectares of degraded land, sequester 250 MtC and create 10 million green jobs. In January 2021, following the GGW implementation status report¹⁸ (September 2020), the One Planet Summit launched a GGW Accelerator¹⁹ with pledges from several donors. To date, USD 19 billion has been pledged. A first Results Monitoring Framework has been developed with and validated by the GGW national agencies.

55. Based on a five-pillar framework, the UNCCD was asked to host the coordinating unit of the Accelerator and support coordination, monitoring and reporting on the achievements of all GGW partners, structures and institutions in collaboration with the PA-GGW. The GGW is aligned with the goals and ambitions of Parties to the UNCCD.

¹⁷ Tripartite Memorandum of Understanding with AUDA-NEPAD (African Union Development Agency-New Partnership for Africa's Development) and Commonwealth Secretariat; project preparation specific agreements with Global Water Partnership (GWP) and International Fund for Agricultural Development (IFAD). Partnership with African Development Bank (AfDB) and Climate Resilient Infrastructure (CRIDF) on the development of a regional investment programme in the Zambezi Watercourse. A partnership with the United Nations Forest Forum (UNFF) and IUCN on a national GCF proposal in Malawi. A developing collaboration with the Partnership Initiative for Sustainable Land Management (PISLM) and IFAD on a multi-country GCF programme in the Caribbean Small Island Developing States (SIDS). Under discussion: UNFF, International Federation of Red Cross (IFRC), UNEP, International Renewable Energy Agency (IRENA) and Sustainable Trade Initiative (IDH) (with a specific focus on private sector).

¹⁸ <https://catalogue.unccd.int/1551_GGW_Report_ENG_Final_040920.pdf>.

¹⁹ <<https://www.unccd.int/actions/great-green-wall-initiative/great-green-wall-accelerator>>.

56. The Accelerator unit within the GM is helping to provide more comprehensive mapping of available funding, projects in need of funding as well as monitoring and evaluating the impact of the projects implemented; sharing expertise, knowledge, feedback, and good practices; connecting actors to scale up successful initiatives; and facilitating the involvement of the private sector, civil society and research/innovation.

57. In the coming year, the GM will focus on strengthening the capacities of national GGW agencies and the PA-GGW in terms of project preparation, access to funding and coordination with UNCCD focal points and sector ministries (finance, planning, economy, agriculture, energy, etc.). There will also be opportunities for other regions to learn from the Sahel experience.

58. Other large-scale regional or multi-country flagship initiatives are taking shape. Of note are the Programme for Integrated Development and Adaptation to Climate Change in the Zambezi Watercourse (PIDACC Zambezi) and a developing collaboration with the Partnership Initiative for Sustainable Land Management (PISLM)²⁰ and International Fund for Agricultural Development (IFAD) for the development of a transformative programme for Caribbean Small Island Developing States.

59. Based on a request from the Zambezi Watercourse Commission, the GM, the African Development Bank (AfDB) and the Climate Resilient Infrastructure Development Facility (CRIDF) are supporting the development of a large investment programme, entitled the Programme for Integrated Development and Adaptation to Climate Change. Fifty-one per cent of land in the Zambezi Watercourse is moderately degraded and 14 per cent is highly degraded with growing negative impacts on the population and water resources.

60. The PIDACC Zambezi project responds to the various DLDD-related challenges in the eight Southern Africa Development Community country Parties from a watercourse perspective. In this context, the GM and CRIDF are providing technical and financial support for the pre-feasibility study. The main outputs of the pre-feasibility study are the pre-feasibility report covering the eight countries and the regional component and concept notes for submission to the Green Climate Fund (GCF) and the GEF. Based on these outputs, the AfDB will cover the cost and expertise for executing the feasibility study through technical assistance supported by the African Climate Technology Finance Centre and Network. The process is expected to be completed before the end of 2022.

61. The PISLM General Assembly held in January 2021 requested the PISLM secretariat and the GM to support 14 Caribbean Small Island Developing States (SIDS) country Parties in the development of the “Caribbean SIDS Initiative on Harnessing Land Degradation Neutrality as a means to Enhance Climate Smart Sustainable Land Management, Climate Resilience and Sustainable Food Security”.

62. In May 2021, an inception workshop was held to advance the design, identifying concrete synergies between the LDN targets and the climate change mitigation and adaptation priorities of participating countries, further defining the scope of the initiative, and discussing various options in terms of which technical partners to engage. The GM is currently in the process of mobilizing additional resources to support the next stages of development of this highly relevant initiative and developing its collaboration with PISLM and IFAD as the potential accredited entity.

63. These multi-country projects are complex and time-consuming but give Parties the chance to access larger amounts of funding, increase (sub)regional cooperation, and generate the large-scale impact of UNCCD implementation efforts.

²⁰ <<https://pislmsids.org/>>.

V. Fostering innovation

A. Private Sector

64. The GM was requested²¹ to promote greater participation of the private sector, particularly small- and medium-sized enterprises, in the development and mainstreaming of innovative and sustainable solutions for combating DLDD and achieving LDN, including in agriculture, agricultural technology, food systems, water resources, rangelands, mining, forestry and renewable energy. An independent evaluation of the business sector engagement of the UNCCD recommended that the secretariat and the GM develop a long-term vision for business sector engagement with the UNCCD, identifying key strategic aims and priorities, expected results and associated modalities of collaboration.

65. In response, the GM has developed, in collaboration with the secretariat to the UNCCD, a Private Sector Strategy 2021–2025, building on the existing UNCCD Business Engagement Strategy.²² The main goal of the UNCCD Private Sector Strategy is to crowd-in private sector expertise, innovation, solutions and funding. The strategy focuses on two main objectives: (i) facilitating investments and technology for sustainable production as a catalyser for a transition to sustainable land use; and (ii) promoting the expansion of value chains for sustainable consumption in the interests of healthy lands and people.

66. In order to support the implementation of the Private Sector Strategy, the GM has rolled out activities to highlight innovation as a motor to accelerate the protection of land. A global call²³ for solutions on SLM was launched together with the United Nations Industrial Development Organisation (UNIDO). The call led to submissions from innovators in 71 countries. The winners in the SLM category included a solar installation in desert conditions, featuring sand control, agricultural production and energy generation. The installation will reduce seven million tonnes of CO₂ emissions over its 25-year lifespan and has already demonstrated a vegetation survival rate of 90 per cent. Other promising submissions included water lentils as a more efficient alternative crop to soy.

67. The GM also supported the World Economic Forum in its first trillion trees challenge for the GGW. Twelve innovative solutions were selected to participate in an acceleration programme. The solutions included remote sensing for soil health, digital proximity market systems for locally produced foods, as well as fodder production through tree planting.

68. To support private sector investment decisions, including the protection of soils and landscapes, the GM supported the World Business Council for Sustainable Development in the development of a business investment approach to soil health. The approach operates on three levels. The first includes a materiality assessment which considers standards and impacts and supports systemic change, the second focuses on identifying investment targets and the third on an investment plan, including monitoring and reporting. The work also includes a toolkit²⁴ for the private sector with step-by-step guidance to integrate soil health into investment decisions.

69. In the Sahel region, the GM supported the IUCN in the organization of a global conference on mobilizing private sector investments in the GGW in partnership with the GEF, UNEP, AfDB, SOS Sahel and Mirova. In collaboration with a private sector entity and the FAO, the GM also supported the use of remote sensing (satellite and drone) data to allow the automated monitoring of endemic tree populations in the GGW region, as well as an assessment of the economic potential of existing tree populations. With financial support from the Italian Ministry of Ecological Transition, the GM, in partnership with the IUCN, is

²¹ Decision 6/COP.14.

²² <<https://docplayer.net/14762998-The-unccd-business-partnership-opportunities-for-sustainable-land-management.html>>.

²³ <<https://www.unido.org/global-call-itpos>>.

²⁴ <<https://www.wbcsd.org/contentwbc/download/13433/196155/1>>.

supporting countries (e.g. Burkina Faso, Ghana and Niger) through the implementation of “The Sahel Opportunity Project”.

70. With an expected launch during the COP 15 in Abidjan, the GM is also developing a sourcing challenge that calls on major global companies to source from sustainable value chains in the GGW region. The sourcing challenge is being developed through a co-creative design process with main supply chain actors from the health and beauty and food market segments.

71. Finally, the GM is working on regenerative and future-proofed value chains by identifying climate and land degradation hotspots. This work will raise awareness about the risks to cash crops posed by rising temperatures, extreme weather events and increased degradation of natural resources. The aim is to support Parties in targeting their restoration and economic transition activities and, within this context, the GM is concentrating on the sustainable transition of grass-fed fibre (such as cashmere) and cocoa.

B. A Model for Technology Transfer

72. In line with its mandate to mobilize resources for the transfer of technology,²⁵ the GM is developing a model framework for technology transfer.²⁶ The framework explores options for the horizontal distribution of more mature technologies between countries to ensure availability and affordability where these technologies are most needed, while aiming to help new and innovative technologies move up the innovation chain. Vertical transfer helps promising new technologies out of the Research and Development and scientific space via a viable business model so that it can be deployed.

73. The model framework is therefore designed around two main pillars of activity. The first involves nurturing a technology deployment pathway and, in this context, providing opportunities to facilitate real-world demonstration and applicability of technology. The technology transfer framework would thereby act as a risk mitigator for the testing and implementation of frontier technologies for land and nature-based solutions. Building on guidance and the experience of Parties in Annex IV and other regions, the GM will also prioritize financial and market mechanisms and may host a platform to exchange information and knowledge and link private sector developers with global and regional research and development hubs. A technology transfer framework would also aim to reduce transaction costs, along with barriers in trade law and intellectual property rights, for technologies aimed at land restoration and SLM.

74. To support the framework, the GM has been working on innovation challenges on specific SLM issues in collaboration with partners (UNIDO, DeserTech, Business4Land Initiative). Moving forward, additional challenges could be launched as financing and partnerships evolve.

75. The GM has undertaken a preliminary assessment of technology transfer financing models to explore their relative efficiency and effectiveness, including in the use of blended public and private funding; providing seed-funding for promising new and innovative technologies; finance innovation centres for knowledge transfer and capacity building and facilitate networking to identify market opportunities.

²⁵ Technology Transfer is defined in Article 6, 12, 18 and 20 of the Convention text. Further Strategic Objective 5 of the 2018-2030 Strategic Framework, and the related Operational Objective 5, define the strategy and expected outcomes and accomplishments with regards to access to knowledge and technology. It indicates “an increased understanding and implementation of Technology Transfer in the context of DLDD and SLM”, as one of the performance indicators for the Global Mechanism.

²⁶ Draft technology transfer model available on the UNCCD website in March 2022 at the following link: <<https://knowledge.unccd.int/publication/model-framework-technology-transfer>>.

C. Innovative instruments for financing land restoration

76. COVID-19 is placing considerable pressure on fiscal resources as Parties direct funding towards efforts to cope with the health and associated economic crisis. With that in mind, the GM has worked to explore innovative instruments for financing land restoration which could be further tested.

77. In this context, the GM has commissioned a report, expected to be available by COP 15, which explores instruments for greening debt relief by investing in land, such as debt-for-land-restoration swaps, sustainability-linked bonds and other tools that could link debt relief to land restoration.

78. In parallel, at COP 14, the countries of Annex V (Central Asia, Central and Eastern Europe) requested the secretariat to provide evidence on the role of DLDD in driving out-migration in the region. The GM is working with the International Organization for Migration to produce a scoping study, expected to be available by COP 15, on financial instruments to leverage remittances for land restoration in the Western Balkans.

D. Support for the Land Degradation Neutrality Fund

79. The LDN Fund, independently managed by the French impact investment company Mirova, was designed to mobilize blended public and private sector funding to support the large-scale rehabilitation of degraded land and land degradation avoidance through sustainable and productive land management/use. As an impact investment fund, it provides long-term financing for SLM and land restoration projects in developing countries that are commercially viable and contribute to LDN. As a result of LDN Fund operations, land is increasingly considered a new asset class among investors.

80. In addition to long term financing, technical assistance is provided to projects by an associated donor-funded Technical Assistance Facility (TAF) managed by the Sustainable Trade Initiative (IDH). The TAF was established as a grant-making arm of the LDN Fund with the aim of building a strong portfolio of projects for the LDN Fund.

81. The LDN Fund and the TAF have been operational since December 2018 with tangible results. As of December 2021, Mirova had raised more than USD 200 million from public and private investors, with more than 70 per cent of private funding to date. The project pipeline of the LDN Fund and TAF is growing. Of more than 220 projects screened as of December 2021, more than 10 have been supported by the TAF and five have been financed by the Fund. A process is open for year-round application on the LDN TAF website.²⁷

82. Neither the GM nor UNCCD have any role in investment decisions. However, the collaboration between the LDN Fund, the TAF and the GM is being strengthened, particularly at project level. GM support for countries in early LDN project design is progressively feeding into the IDH TAF and LDN Fund pipeline. The GM will continue to link country Parties and project developers with the LDN Fund, IDH TAF and UNCCD NFPs while governments are increasingly pro-active, proposing a growing number of projects for inclusion in the TAF and LDN Fund pipeline.

83. Going forward, the GM will continue to leverage the LDN Fund's potential role as a private sector pillar of UNCCD initiatives while collaborating with the TAF and the Fund on the LDN project level monitoring methodology.

VI. Conclusions and recommendations

84. The GM drew several main conclusions from its experience in terms of assessing financial flows and our efforts to mobilize funding from all sources in

²⁷ <<https://www.idhsustainabletrade.com/landscapes/ldn-taf/#application>>.

support of the implementation of the Convention. The conclusions support the vision of the UNCCD 2018–2030 Strategic Framework: build a future that avoids, minimizes, and reverses desertification/land degradation and mitigates the effects of drought in affected areas at all levels and strive to achieve a land degradation-neutral world consistent with the 2030 Agenda for Sustainable Development, within the scope of the Convention.

85. These main conclusions are:

(a) The context of resource mobilization has evolved post COVID-19 with the global focus on land, nature and restoration as a vehicle to deliver multiple benefits;

(b) The GM business model must also evolve to take advantage of these developments;

(c) Though it varies widely, some Parties have a limited capacity to clearly express their needs and implementation gaps; to develop bankable and investable projects; and to develop and deploy new knowledge and technology;

(d) Effective partnerships with technical and financial partners are needed to compensate for limited GM capacity and increasing demands for technical support and gender-responsive project preparation;

(e) A partnership model that helps streamline support would be effective as this would allow the GM to deploy flexible levels of support at multiple scales (local, national, regional) and to integrate drought and SDS resilience and mitigation into land-based project preparation;

(f) The voluntary LDN TSP could be seamlessly combined with multiple UNCCD and partner workstreams on geospatial data and land use planning and transformed into an effective decision support tool to help Parties refine their voluntary targets and influence national development and thematic sectoral policy;

(g) Work around private sector engagement and innovation is gathering pace with the LDN Fund now operational, progress around value chains generating interest, a viable technology transfer model, innovations with regards to funding drought and restoration all offering avenues for Parties and private sector stakeholders. New vehicles are emerging and the GM is in a position to frame and leverage these opportunities.

86. Parties may wish to consider these conclusions with a view to preparing a draft decision for the COP based on the draft text for negotiations found in ICCD/CRIC(20)/10, which, following decision 32/COP.14, contains all draft decisions prepared for Parties for consideration at CRIC20.