



United Nations

Convention to Combat
Desertification

United for land

SUMMARY FOR DECISION MAKERS

Investing in Land's Future

Financial needs
assessment for UNCCD





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KEY MESSAGES

To identify gaps between current investment pathways and the resources required to effectively implement the Convention, UNCCD decision 13/COP.15 requested the Global Mechanism (GM) to conduct a financial needs assessment (FNA).

This FNA adopts a country-driven approach to estimating the investments required to implement the Convention by assessing a total of over 350 DLDD-related plans and covering more than 4,500 targets and measures in 139 affected country Parties.

The **required annual investments** for 2025-2030 are estimated at USD 355 billion, while projected investments for the same period amount to only USD 77 billion per year. This reveals a substantial gap of USD 278 billion that must be mobilized to meet the objectives of the UNCCD. The regional analysis shows that Africa faces the largest share of the financing gap, estimated at USD 191 billion per year.

Cumulative required investments to be realized between years 2016-2030 is equivalent to USD 2.6 trillion. To date, only a minority of these investments—18% or USD 479 billion—have been realized. Consequently, many of the required investments (USD 2.1 trillion or 82%) will need to be made in the coming years to meet the objectives.

Taking action is imperative. According to the 2022 UNCCD reporting, at least 100 million hectares are being degraded each year, affecting the livelihoods of 1.3 billion people. DLDD costs selected countries and the global community approximately USD 878 billion, equivalent to 2% of their GDP.

Restoring over one billion hectares through various plans is projected to generate up to USD 1.8 trillion annually. Comparing the required investment of USD 2.6 trillion over a 15-year period with the anticipated benefits shows that every dollar invested in combating DLDD generates a social return of eight dollars.

As **part of the solutions agenda**, the FNA provides: i) Step-by-step guidance for governments in designing and operationalising national resource mobilization strategies; ii) A wide range of financing sources and instruments to mobilize resources; and iii) Recommendations to strengthen the enabling environment for land-based investments at the country level.



INTRODUCTION

Country Parties have established ambitious agendas to combat desertification, land degradation, and drought (DLDD) through various policy frameworks — including Land Degradation Neutrality (LDN) and National Drought Plans (NDPs) — and the 2022 UNCCD reporting. These frameworks outline the targets, measures, and activities that countries aim to adopt in the medium-to-long term to effectively realize the vision of the UNCCD 2018-2030 Strategic Framework. To understand the financial resources needed to effectively support the implementation of the Convention, UNCCD decision 13/COP.15 requested the Global Mechanism (GM) to conduct a financial needs assessment (FNA).

This FNA adopts a country-driven approach to estimating the investments required to implement the Convention by assessing the envisaged results and outputs outlined in each country's DLDD-related plans. The assessment focused on 139 affected country Parties, reviewing a total of over 350 DLDD-related plans and covering more than 4,500 targets and measures. Through these policy frameworks and plans, country Parties have collectively committed to restoring more than one billion hectares of degraded land by 2030.



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FINANCIAL NEEDS FOR THE UNCCD

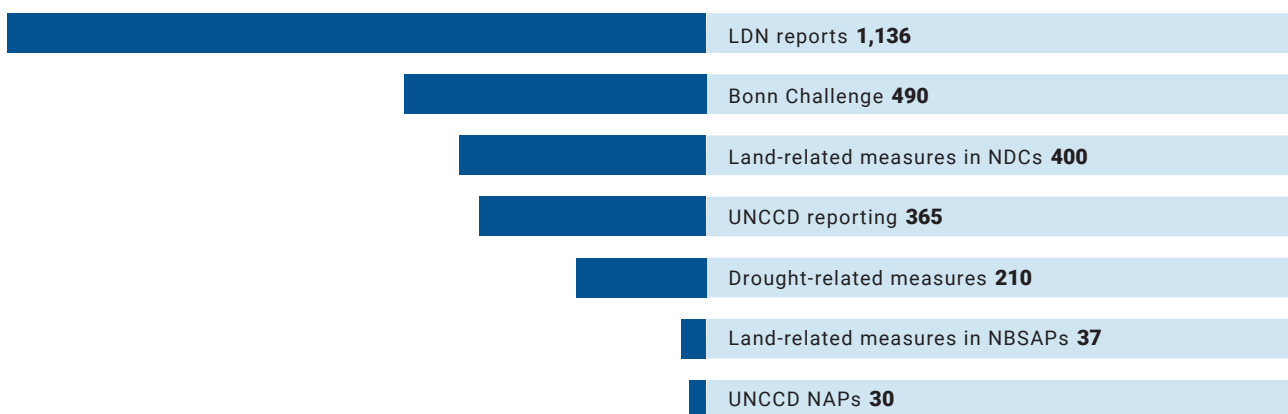
2.1 Required investments for the implementation of the Convention

National DLDD-related plans are instrumental in understanding the strategic priorities of countries in terms of targets to be achieved and measures to effectively combat DLDD. Plans specifically provide a strategic framework to coordinate efforts, allocate resources and implement policies that address the challenges posed by DLDD-related matters. Countries often articulate their required investments¹ in their relevant plans, ensuring that financial resources are allocated effectively to support their strategic priorities.

This report estimates that the required investments (or financial counterpart) of the assessed plans – LDN targets, UNCCD reporting, NDPs, NAPs, the Bonn Challenge, NDCs and NBSAPs – amount to a total cumulative investment of at least USD 2.6 trillion² for the period 2016–2030.

Figure 1 provides a breakdown of these investments by process, with the largest share of USD 1.1 trillion (43%) attributed to the targets related to LDN. This is followed by USD 490 billion (18%) under the Bonn Challenge, USD 400 billion (15%) for land-related commitments made through the UNFCCC NDCs, and investments of USD 365 billion (14%) expressed through UNCCD reporting. Drought-related measures account for USD 210 billion (8%), while smaller amounts are allocated to NBSAPs (USD 37 billion, 1%) and UNCCD NAPs (USD 30 billion, 1%).

Figure 1 **CUMULATIVE INVESTMENT REQUIREMENTS BY PROCESS**³ (2016–2030 in USD billion)



NOTE UNCCD NAPs (United Nations Convention to Combat Desertification National Action Programmes), NBSAPs (National Biodiversity Strategies and Action Plans), NDCs (Nationally Determined Contributions), and LDN (Land Degradation Neutrality).

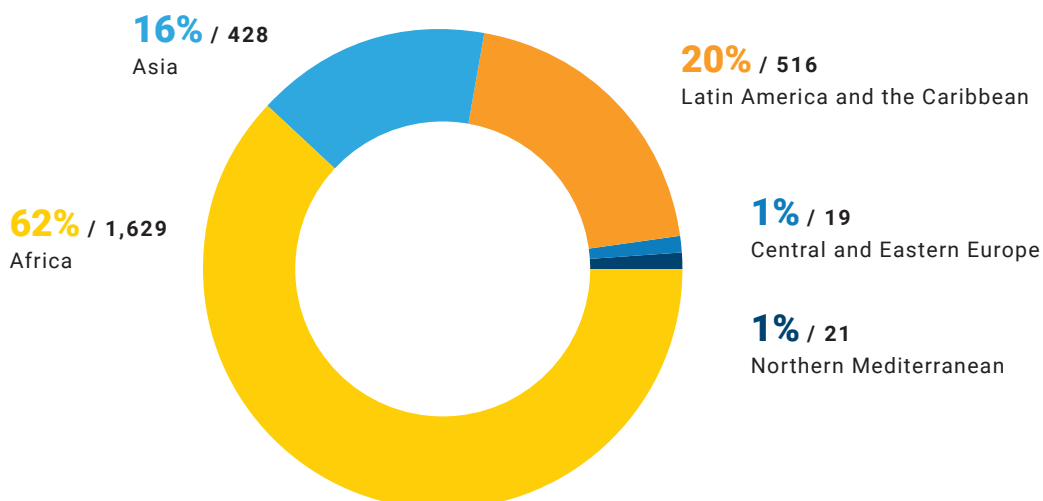


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The cumulative required investments to implement land-related plans from 2016 to 2030 are estimated to total USD 2.4 trillion; while the total required investment for drought plans is estimated at USD 210 billion.

The analysis reveals that most of the investments are dedicated to land-based interventions or SLM measures, which account for USD 2.3 trillion, or about 90% of the total. Forest management leads the required investments, with a substantial investment of USD 1.2 trillion, representing approximately 51% of total funding. This is followed by miscellaneous and agroforestry interventions at USD 287 billion (or 12%) and USD 267 billion (or 11%) respectively. In contrast, land and drought governance measures⁴, represent a minor portion of the investment, amounting to USD 267 billion, or approximately 10% of the total investment. The breakdown of investments in land and drought governance measures shows a strong emphasis on enabling environment, which accounts for 72% (USD 192 billion) of the total budget, highlighting the priority given to establishing supportive policies and regulatory frameworks.

Figure 2 highlights the regional concentration of required investments, with the primary focus on Africa, followed by Latin America and Asia. Significantly less investment is required in Central and Eastern Europe and the Northern Mediterranean. More specifically, Africa leads the largest share with 62% of the total required investment (USD 1,629 billion), indicating significant need in this region. Latin America and the Caribbean follow with 20% (USD 516 billion), and Asia represents 16% of the total (USD 428 billion). The Northern Mediterranean and Central and Eastern Europe regions have the smallest shares, at only 1% (USD 21 billion) and less than 1% (USD 19 billion), respectively.⁵

Figure 2 **REQUIRED INVESTMENTS BY REGION** (in USD billion and percentage)

2.2. Current financing landscape for land and drought

Tracking financial resources is crucial for monitoring progress and making necessary adjustments to strategies and resource mobilization efforts. Effective monitoring of these investments requires tracking diverse funding sources aligned with the objectives of the Convention. Consistent with the 2022 UNCCD reporting on strategic objective 5 (SO 5), resource flows are categorized into three main groups:

(1) domestic public resources; (2) bilateral and multilateral public sources; and (3) private sector resources. Figure 3 gives an overview of these categories, highlighting institutions that manage financial resources and detailing both concessional and non-concessional funding instruments.

Figure 3 **SCHEMATIC REPRESENTATION OF FINANCIAL FLOW CATEGORIES BY SOURCE OF FINANCE**

SOURCES	INTERNATIONAL		DOMESTIC	
Public	Concessional flows	Non-concessional flows	Concessional flows	Non-concessional flows
	Official Development Assistance (ODA) Bilateral ODA Multilateral ODA Institutions E.g. GEF, GCF, IFAD, World Bank, etc. Multi-Bi ODA	Other Official Flows Official direct export credits Non-concessional Multilateral flows (e.g. Non-concessional World Bank flows)	Domestic Budget Revenues (e.g. Domestic public spending, grants, subsidies, loans) Institutions Governmental agencies	
Private	Blended Finance Guarantees, Risk-based instruments, Loans. Public and Private Partnerships			
	Charitable grants Institutions Philanthropic foundations and NGOs Households and Non-profit institutions Private corporations	Foreign direct investments Export credits Private sector loans Project level equity Balance sheet financing Institutions Commercial institutions Insurances Pension funds Sovereign wealth funds Private corporations	Charitable grants Institutions National foundations Local NGOs	Bank loans Bonds Equities Derivatives Institutions Domestic commercial institutions Households Microfinance corporations Pension funds

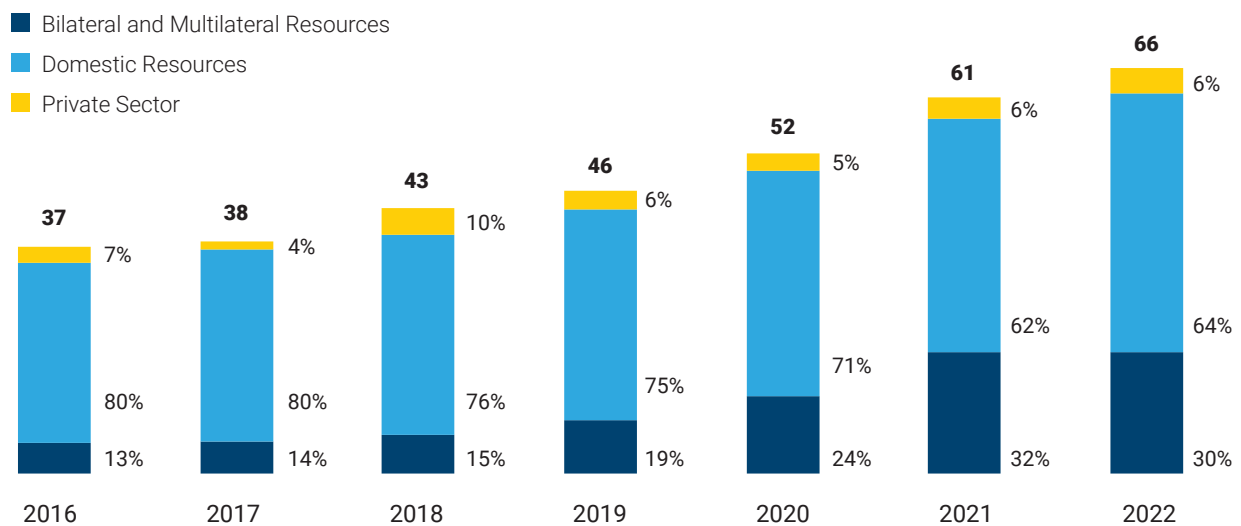
2.2.1. Investments across funding sources

Between 2016 and 2022, cumulative investments in land and drought resilience are estimated at USD 341 billion.⁶

These investments were sourced from a combination of bilateral and multilateral resources, domestic resources, and private sector contributions[1–4]. Investments in DLDD

measures have shown a notable increase, as depicted in Figure 4. Starting from approximately USD 37 billion in 2016, annual investments have steadily risen, reaching nearly USD 66 billion⁷ by 2022. This upward trend reflects the growing recognition of the importance of combating DLDD and the increasing allocation of resources toward these efforts.

Figure 4 **TRENDS IN DLDD INVESTMENTS BY SOURCE** (2016–2022, in USD billion and percentage)



SOURCE Estimates based on multiple sources: Organisation for Economic Co-operation and Development's Development Assistance Committee Creditor Reporting System database[11]; 2022 UNCCD reporting[10]; Land Degradation Neutrality Fund[13]; Climate Bond Initiative[12].

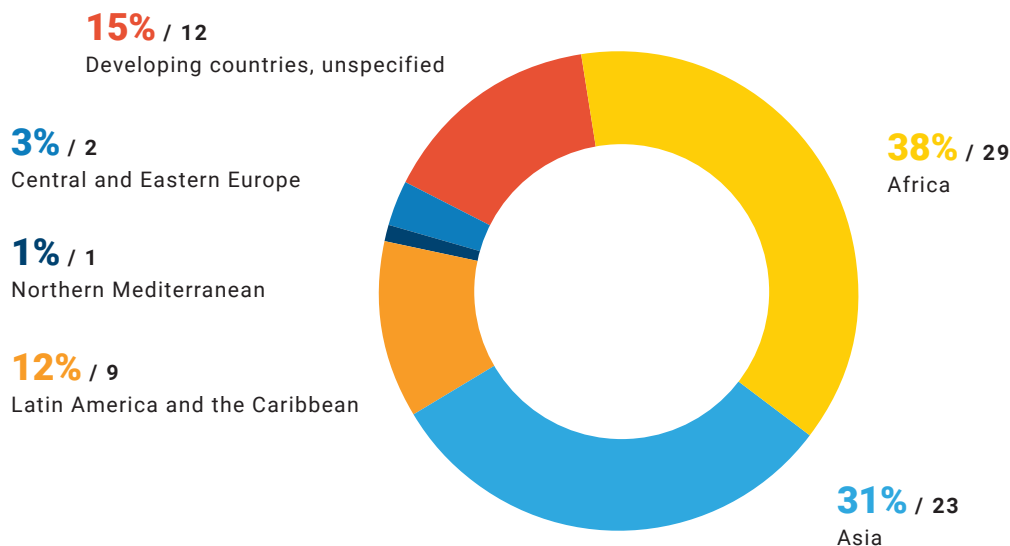


Public domestic resources. Most of the funding originated from public domestic resources, which represent 72% of the total cumulative investments and highlight the important role of governments in financing the implementation of projects and programmes to combat DLDD. This category shows a steady increase in domestic spending on land and drought issues from 2016 to 2022 on the basis of the data reported by Parties, rising from USD 29 billion to USD 42 billion. Governments channel domestic public funds, encompassing both central and local sources, through expenditures and subsidies to support initiatives aligned with the objectives of the Convention. Most of these resources (82%) are reported under expenditures, while the remaining 18% are channelled through subsidies.⁸ Current reporting by Parties to the Convention suggests that government spending on DLDD issues is around 0.2–0.5% of total government expenditure.

Bilateral and multilateral resources contributed 22% of the total cumulative investments in DLDD. Notably, this source of funding has grown significantly over time, increasing its share of total flows from 13% in 2016 to 30% in 2022 (see figure 4). Multilateral resources saw steady growth, increasing from USD 5 billion in 2016 to USD 20 billion in 2022. During this period, the total cumulative investments reached USD 76 billion, with bilateral funds making up approximately 80% of the total, significantly exceeding multilateral contributions.

The distribution of these bilateral and multilateral resources shows a focus on Africa and Asia, which receive the largest amounts at USD 29 billion (38%) and USD 23 billion (31%), respectively (see figure 5). Latin America and the Caribbean receive USD 9 billion (12%), while the Northern Mediterranean and Central and Eastern Europe receive smaller amounts at USD 0.9 billion (1%) and USD 2.4 billion (3%), respectively. In addition, USD 12 billion (15%) of resources are classified as 'unspecified' in terms of the final recipient of the Official Development Assistance (ODA), which often refers to global programmes.

Figure 5 **REGIONAL CUMULATIVE TRENDS IN BILATERAL AND MULTILATERAL SOURCES** (2016–2022, in USD billion and percentage)



SOURCE Developed based on the Organisation for Economic Co-operation and Development's Development Assistance Committee Creditor Reporting System [11] database and 2022 UNCCD reporting (data reported under progress indicator SO 5-1)[10].

Private sector. The analysis of private sector resources to address DLDD is challenging due to factors such as the lack of global data availability and the low reporting rates on this source of finance in the context of UNCCD reporting. This limitation makes it difficult to assess the scale of private sector investment, leading to considerable uncertainty about the true magnitude of these contributions. Initial estimates suggest that cumulative private sector investment amounted to USD 22 billion, representing 6% of the total DLDD-related investments. Green bonds dedicated to land use accounted

for the largest share (78% of cumulative investment), totalling around USD 17 billion. Green and social bonds have emerged as important debt instruments, allowing investors to finance environmental and social initiatives. Contributions from private foundations followed with 15% of the total, equivalent to USD 3.2 billion in cumulative investments. Investments tracked through UNCCD reporting reached USD 1.3 billion (6%), and the LDN Fund contributed USD 0.25 billion (1%).

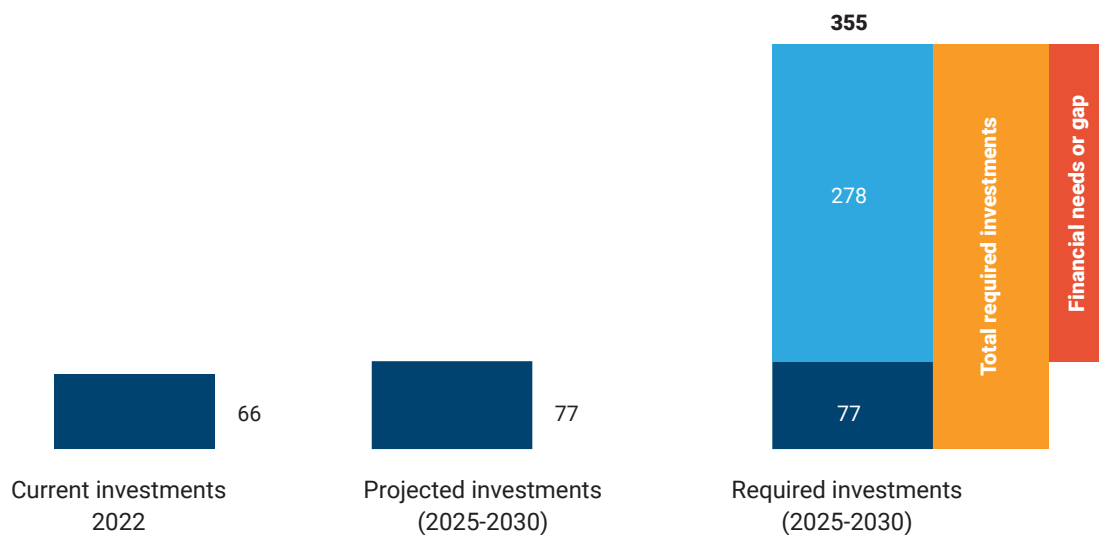
2.3. Financing gap in implementing the Convention

The financial gap⁹ that needs to be bridged in order to achieve DLDD-related targets are estimated by comparing the total required investments in land and drought. More specifically, the analysis accounts for investments made between 2016 and 2022 as well as projected investment levels for the period between 2023 and 2030. Synergies among the Rio Conventions were also considered to prevent potential double-counting by addressing potential duplications of commitments.

Between 2025 and 2030, there is a significant annual funding gap of USD 278 billion¹⁰ that must be additionally mobilized to meet the UNCCD's objectives, representing 3.5 times the projected investments in addressing DLDD challenges.

The required investments for achieving UNCCD targets are estimated at USD 355 billion, while the projected investments for the period 2025–2030 under the business-as-usual scenario amount to only USD 77 billion (see figure 6). The financial gap of USD 278 billion highlights the urgent need for additional financial resources and alternative funding strategies to be put in place to meet environmental and development objectives related to DLDD.

Figure 6 **ESTIMATED ANNUAL FINANCIAL NEEDS OR GAP FOR THE UNCCD** (2025–2030 in USD billion)



The total cumulative required investment between 2025 and 2030 is estimated at USD 2.1 trillion.

Achieving the objectives outlined by country Parties will require a total cumulative investment of at least USD 2.6 trillion for the period 2016–2030 (see section 2.1.). To date, only a minor share of these investments – 18%, or USD 479 billion – has been realized.¹¹ Consequently, the remaining required investments (USD 2.1 trillion, or 82%) will need to be mobilized in the next six years to meet the objectives by the end of 2030. This translates to an estimated annual amount of about USD 355 billion, as shown in figure 6.

The regional analysis reveals that Africa faces the largest share of the financing gap in addressing DLDD, with an estimated annual shortfall of USD 191 billion, which constitutes 69% of the total regional financing gap. This substantial gap is largely attributed to the region's extensive land restoration commitments, involving pledges to restore over 600 million hectares, and the fact that Africa has the largest number of countries

in this assessment. In comparison, Latin America and the Caribbean has a gap of USD 49 billion (18%), Asia faces a gap of USD 35 billion (13%) and the Northern Mediterranean and Central and Eastern Europe have smaller gaps of USD 2.7 billion (1%) and USD 84 million (0.03%), respectively.

The land restoration financing agenda should carefully consider its linkages with other development issues to further strengthen its strategic position and expand relevant funding sources. This includes further exploring win-win opportunities between funding sources for the three Rio Conventions, given their synergies and the significant funding needs to reach their respective environmental targets. For example, the CBD refers to a financing gap of USD 700 billion per year^[5,6], while the UNFCCC indicates an annualized estimate of required investments in the range of USD 455–584 billion for implementing the NDCs only, taking into consideration 98 developing countries ^[7]. The latter estimates rise to between USD 5.0–6.8 trillion if they are measured in terms of the cumulative investment required for implementing NDCs¹² up to 2030^[7].

2.4. Benefits of investing in land restoration and drought resilience

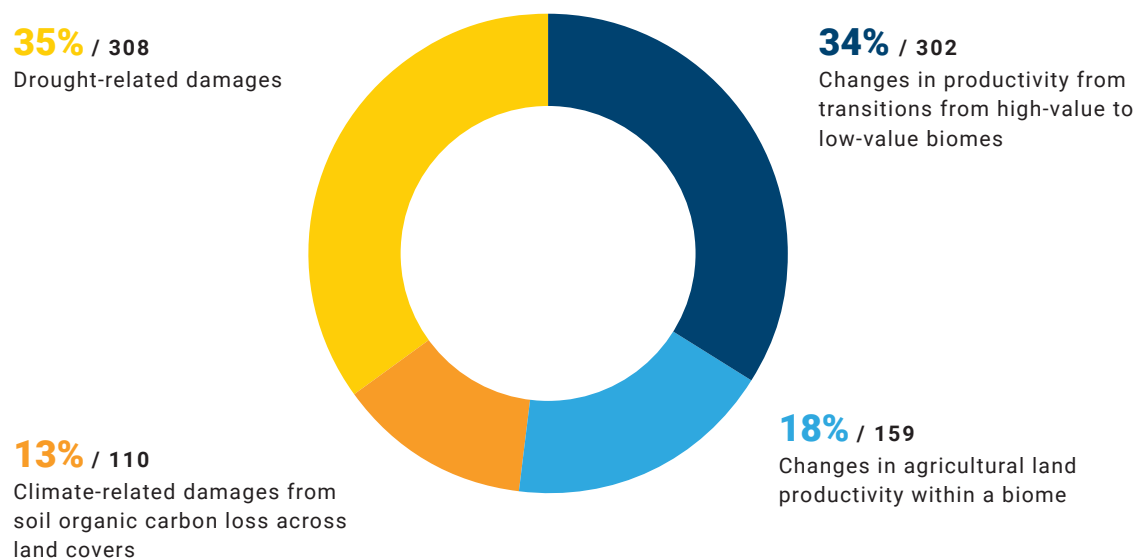
2.4.1. Cost of inaction

More than half of the world's gross domestic product (GDP) significantly depends on nature and its services and is therefore exposed to the risks of nature loss[8]. Land in particular provides valuable ecosystem services for human well-being. When land is degraded, the provision of these services is diminished, leading to significant social and economic costs to countries.

In this report, the estimated cost of inaction due to DLDD amounts to USD 878 billion annually for the selected countries, equivalent to 2% of their GDP. —

The majority of these costs are associated with drought, with an estimated annual cost equivalent of USD 308 billion, which severely affects water resources, agriculture, and food security due to crop failures and reduced agricultural production. Changes in productivity due to transitions from high to low value biomes account for 34% of the total cost of inaction, equivalent to USD 302 billion per year. A further 18% of the costs are due to losses in agricultural productivity caused by soil erosion and declining soil fertility, amounting to USD 159 billion. The remaining 13% (or USD 110 billion) represents damages related to climate change, specifically potential damages from carbon emissions due to the release of soil organic carbon (see figure 7).

Figure 7 **TOTAL COSTS OF INACTION RELATED TO DLDD BY COST CATEGORY** (in USD billion and percentage)



Trends in the costs of DLDD highlight the severity of its impacts and the potential consequences of inaction. However, these trends do not take into account other associated costs, such as external and indirect costs that are not accounted for. External costs include dust storms and the deposition of eroded soils in reservoirs, which can reduce water storage capacity, damage equipment, and increase dam maintenance costs, with global sedimentation costs estimated at USD 18 billion annually. Indirect costs of DLDD include reduced agricultural production, leading to higher food prices, rural poverty, food insecurity and malnutrition. Health impacts include increased foodborne and waterborne diseases, respiratory illnesses from dust, and the spread of infectious diseases. Social impacts include forced migration, civil unrest, and conflicts over natural resources.



2.4.2. Benefits of investing in land restoration

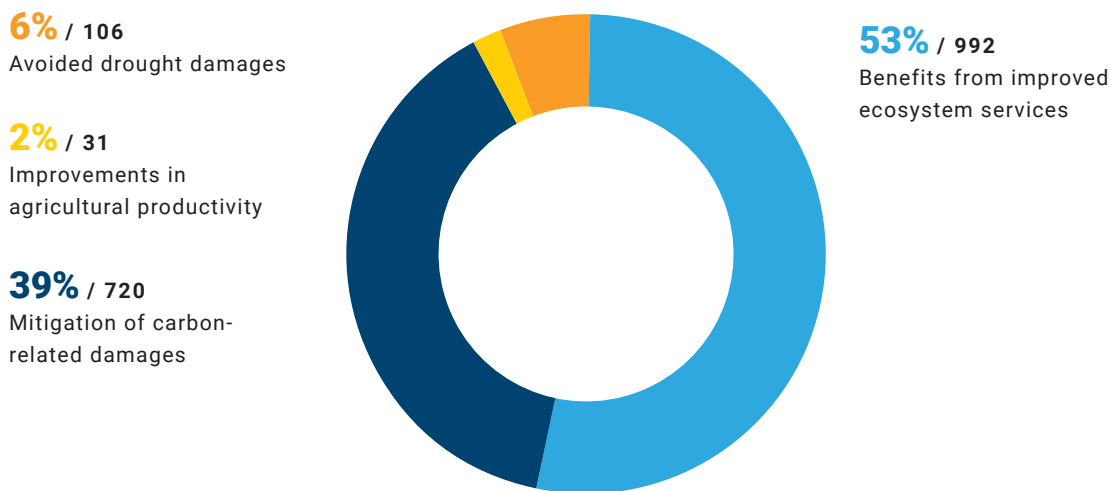
In order to assess the benefits associated with the DLDD-related plans outlined in section 2.1 (or benefits of action, as it is referred to below), it is essential to consider the potential impacts of such plans in terms of changes in ecosystem goods and services, as well as the mitigation of drought damages. In this assessment, it is estimated that restoring over one billion hectares of land could generate an estimated annual economic flow equivalent to USD 1.8 trillion (see figure 8).

This return is derived from various benefits, including increased agricultural productivity, avoided carbon damages, avoided drought-related losses, and enhanced ecosystem services. The most substantial benefit comes from improvements in ecosystem services, which contribute USD 992 billion per year, accounting for 53% of the total benefits.

Furthermore, DLDD investments contribute significantly to the mitigation of carbon-related damages, resulting in avoided carbon damages of USD 720 billion, which make up 39% of the total benefits.

Another major benefit of DLDD investments is the avoidance of drought-related damages in the range of USD 106 billion per year, representing 6% of the total benefits. By preventing the severe impacts of drought, these investments help protect agricultural productivity, reduce water scarcity, and mitigate the socioeconomic losses associated with drought conditions. Lastly, although the direct improvements in agricultural productivity are the smallest benefit, amounting to USD 31 billion per year or 2% of the total, they still represent a positive outcome of DLDD investments.

Figure 8 **BENEFITS OF INVESTING IN DLDD BY CATEGORY** (in USD billion and percentage)



When evaluating the required investment of USD 2.6 trillion from implementing the DLDD-related plans (see section 2.1) over a 15-year period against the projected benefits, the results are compelling: every dollar invested in land restoration yields social returns of eight dollars. This 8:1 benefit-cost ratio highlights the strong viability of such investments from a socioeconomic point of view, underscoring the economic benefits of restoring ecosystems and investing in drought resilience. Furthermore, proactive investment in DLDD mitigation can play an important role in offsetting the staggering cost of inaction, which is estimated to be USD 878 billion annually.

Other benefits. Land restoration and building drought resilience significantly enhances human well-being and fosters global sustainability by addressing inequalities. It plays a crucial role in advancing several Sustainable Development Goals (SDGs), including SDG 1 (No poverty), SDG 2 (Zero hunger), SDG 6 (Clean water and sanitation), SDG 8 (Decent work and economic growth), SDG 13 (Climate action), and SDG 15 (Life on Land), among others[9].



RESOURCE MOBILIZATION STRATEGY AND FINANCIAL SOLUTIONS

3.1. The context of Financing the Convention

Closing the UNCCD financing gap requires effective resource mobilization efforts from all Parties. Developing and implementing a time-bound strategy for increasing funding mobilization to achieve the objectives of the UNCCD will be led by Parties and member governments, complemented by capacity building support from the Global Mechanism and Convention Secretariat.

Each country experiences its specific challenges and solutions for drought risk reduction and resilience building, leading to local investment opportunities that are technologically feasible and effective. Equally, countries differ greatly with respect to their prevailing fiscal space, financial conditions and their political environments, opening individual opportunities and specific pathways for mobilizing financial resources in a cost-efficient manner from domestic and foreign sources.

As a result, closing the financial gap in implementing the Convention requires assessing benefits and costs and prioritizing land-related solutions that are effective and efficient for each member country. This is followed by tailored resource mobilization activities by Parties to support their land-related financing needs. While the UNCCD Secretariat will offer advice to members on their financial needs and their funding strategies, the necessary fundraising activities are owned and implemented by member governments.

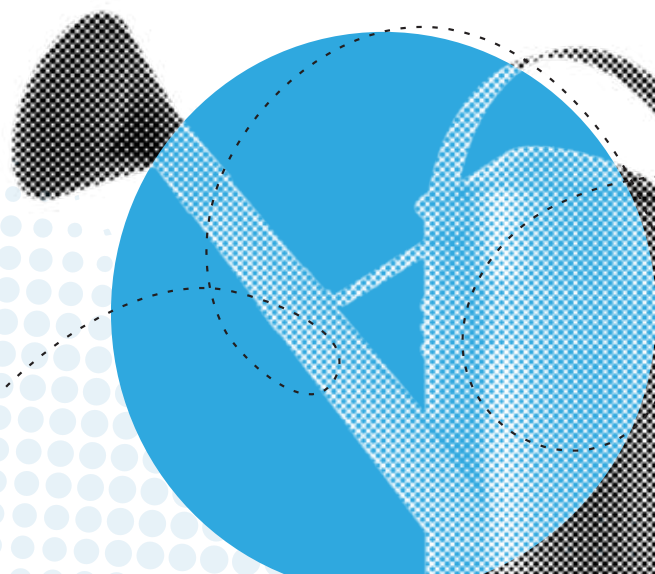
Parties are advised to develop their own national financing strategy related to DLDD issues. National financing strategies allow to bring out effectively the co-benefits and interdependencies of land-related development objectives with those relating to biodiversity, climate change, health, livelihoods and social welfare, among other national development objectives. If financing is mobilized in synergy with these cross-cutting national objectives, the resulting returns on investment may be higher and more attractive to the different providers of financing.

In most countries, a range of national policies related to DLDD is already in place. Yet, policies may be fragmented in that they are sectoral (e.g. focused on the environment, agriculture, water, or food security) and were developed over time autonomously from each other. They may also not fully align with a country's overarching sustainable development strategy nor with international policy commitments made by a country, for instance related to climate change.

An integrated national financing strategy on DLDD seeks to bring policies and instruments together, promoting coherence with land-related objectives, aligning the different financing sources, and establishing coherence with fiscal and macro-systemic policies.

The Global Mechanism of the UNCCD will provide advice and guidance to member countries in establishing their national financing strategies. Subject to funding availability, support may be provided to: determine national investment needs; develop national financing strategies; develop project proposals; conceive multi-country flagship initiatives that address specific themes; link the national LDN target-setting process to DLDD programs; ensure synergies with other themes such as climate change, biodiversity protection, agriculture, water supply and rural infrastructure; support private sector outreach and engagement with international institutions; and roll out innovative financial solutions.

The time-bound approach for mobilizing funding will focus on the period 2025-2030. Semi-annual milestones include the Global Mechanism providing additional guidance, reviewing national financing strategies, launching additional flagships, reporting on lessons learned and best practices in resource mobilization, and issuing a final review on closing the financing gap at the Convention level. At COP18, scheduled at the end of 2028, a revised needs assessment will be presented. At the end of 2030, a final review in closing the DLDD financing gap will be issued, and a new 10-year strategy will be launched.



3.2. Step-by-step guidance for developing resource mobilization strategies

Mobilizing resources for land improvement and drought preparedness may follow a 10-step process.

This process includes the following activities:

Steps

1

Knowing the context

- National strengths, weaknesses, opportunities and threats (SWOT) analysis (internal strengths and weaknesses; external opportunities and threats)
- Environmental, economic and social outlook in the country on land- and drought related issues
- Public and private financing opportunities for land- and drought-related investment

2

Selecting policy options

- Available legal, regulatory, financial, economic and institutional measures
- Current national practices and lessons from international good practices
- Priority options to achieve national targets (macroeconomic, economic development, land-related)

3

Quantifying investment needs

- Identified land-related investment needed; prioritization of cost-effective activities
- Actual and planned flows of investment, across all funding sources, to combat land and drought issues
- Resulting financing gap (i.e. required investments minus current investments)

4

Identifying sources of finance

- Range of possible public and private finance sources for investment in the country
- Search for efficient (i.e. cost-effective) financial tools and offering significant private sector financial leverage
- Consideration of public–private partnerships, blended finance, diaspora investment, etc.

5

Mobilizing supporting partners

- National fundraising coalition, including all relevant country stakeholders
- Individual knowledge and skills of coalition members for use in the fundraising effort
- Feedback from coalition members on planned investment needs and financing sources

6

Firming up the investment rationale

- Scenario analysis: inaction, reaction and prevention
- Direct and indirect benefits and risks of each scenario
- Expected financial and societal returns on investment

7

Preparing project proposals

- Selection of sources of finance that require detailed project proposals to be prepared by government
- Complete costing and implementation plans, lowering the decision threshold for investors
- Awareness of specific technical and financial documentation requirements of investors

8

Planning advocacy and communications

- Mapping of national coalition members to targeted sources of finance for fundraising advocacy
- Recognition of prior knowledge and expectations of targeted financing sources
- Awareness of individual information needs and preferred channels of communication of these sources

9

Establishing implementation frameworks

- Tailored results monitoring frameworks for each financing source
- Suitable organizational arrangements for project implementation
- Assignment of responsibilities for project implementation within the government

10

Reporting on results

- Awareness of adequate frequency and content for required interim progress reports
- Knowledge of scope and content required for final implementation completion reports
- Assignment of responsibilities for results monitoring and reporting within the government

3.3. Financing Sources for Land Investment

3.3.1. Domestic public finance

In many countries, domestic public finance will be the main source to close the DLDD financing gap. UNCCD data for 2022 shows that of an estimated total annual investment of USD 66 billion to address drought, land degradation and desertification in affected country Parties of the UNCCD, 64% was funded by domestic public resources, followed by bilateral donors (20%), multilateral sources (10%) and private sector financing (6%). These financing shares may also materialize under future DLDD fundraising efforts.

Success in deploying domestic public funds requires close coordination between sectoral ministries dealing with land and drought issues and public treasuries. National trade-offs need to be considered in allocating public revenue and in increasing public debt to finance DLDD activities. Domestic public finance involves the following elements:

- Public revenue which includes green use of tax revenue, green taxes, environmental tax discounts, and green concessions.
- Public borrowing which includes public issuance of green bonds and sustainability-linked bonds.

- Public expenditure which includes the provision of green subsidies, repurposing of harmful subsidies, ecological fiscal transfers, green insurance, and green public procurement.
- Public investment which includes public provision of equity, guarantees and loans, a national land fund, the use of blended finance instruments, and public-private partnerships.

3.3.2. External public finance

External public finance is expected to be the second most important financing source on DLDD issues. Foreign public financial support for domestic sustainable development efforts can be drawn from international organizations – including multilateral development banks, specialized global thematic funds, and UN agencies – and from bilateral government partners providing Official Development Assistance (ODA) and bilateral aid flows including export credits. These external institutions may finance capital investments and/or technical assistance activities related to land restoration activities.



For many lower-income countries, external concessional inflows of development assistance resources will continue to be a significant source of financing in the areas of agricultural development and national resource protection. Maintaining ongoing and close ties with international financial partners is therefore vital. At the same time, the long-term objective would be to end the need for external concessional development aid and to develop self-reliance when financing DLDD activities.

Countries should be aware that fundraising from external public sources will be subject to different success factors. For instance, there should be policy coherence across Rio Conventions, using synergies from implementing the Conventions for the land-related activities proposed for financing. Many financiers may also look for evidence in leveraging private sources of finance as part of project proposals. Researching these success factors beforehand is therefore advisable.

It should also be recognized that volumes allocated by the international public institutions differ greatly. Moreover, the degree of effort required to provide necessary information to apply for financing varies considerably across the different external public sources of finance. Countries should assess these parameters upfront before investing considerable time and effort in approaching these institutions.

3.3.3. Private commercial sources

Private commercial sources should be actively mobilized to leverage public funding. Private financial resources are essential for driving capital-increasing investment as the basis for economic growth and societal prosperity. Investors and their lenders are motivated by achieving adequate risk-adjusted financial returns on their invested resources. Governments need to recognize the profit-seeking objective of private capital providers when planning their private investment promotion activities. Private commercial sources of finance include the following categories:



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- **Corporate investment**, primarily sourced from domestic investors in the land sector, can be attracted through a private sector development strategy, and complemented by Foreign Direct Investment, mobilized through a foreign investment promotion strategy.
- **Financial investment** from domestic and international sources seek to earn a commercial return that adequately compensates for the perceived risks involved at the project and country level.
- **Bank lending** through commercial banks, complemented by national development banks. Encouraging domestic and foreign commercial banks to direct credit towards the land sector may involve suitable government incentives such as credit risk guarantees, interest rate subsidies, or earmarked loans.
- **Insurance and guarantees** related to land-based investments by commercial providers. By working effectively with private sector insurers – such as through public-private partnerships, by providing subsidies, in developing risk-sharing programs and by instituting supportive regulatory frameworks for insurance companies – governments can support the agricultural insurance industry and thereby reduce financial risks faced by farmers and agriculture-based enterprises.





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3.3.4. Private non-commercial sources

Private non-commercial sources include philanthropy, non-governmental organizations and citizens.

- **Philanthropy** can mobilize components of the global private wealth to address unmet developmental finance goals. Beyond providing financing, philanthropic organizations also play an important role in raising awareness. Philanthropic organizations have the financial strength and the readiness to take risks that often surpass governmental and institutional capabilities. Governments can create enabling conditions for philanthropy to support developmental goals.
- **Nongovernmental organizations** can be separated into those which focus on the design and implementation of development projects (operational NGOs) and others which defend or promote a specific cause and seek to influence public policy (advocacy NGOs). Governments are advised to maintain close relationships with strategic decision-makers at NGOs to support the provision of scarce grant resources for development initiatives that are aligned with an NGO's policy priorities.
- **Citizens (domestic households and diaspora)** can support selected developmental programs at home by making donations to philanthropic organizations, thematic foundations or NGOs. Citizens abroad can be engaged in diaspora giving, lending or investment.

3.4 Systemic Conditions and Enabling Environment

Effective land governance is a precondition for transformative land investment. It involves legitimate tenure systems, an adequate legal framework, strong institutions, a robust land use plan and monitoring system, cooperative stakeholder approaches and promotion of inclusivity among women, youth, and indigenous communities in land governance and improved government-agency coordination.

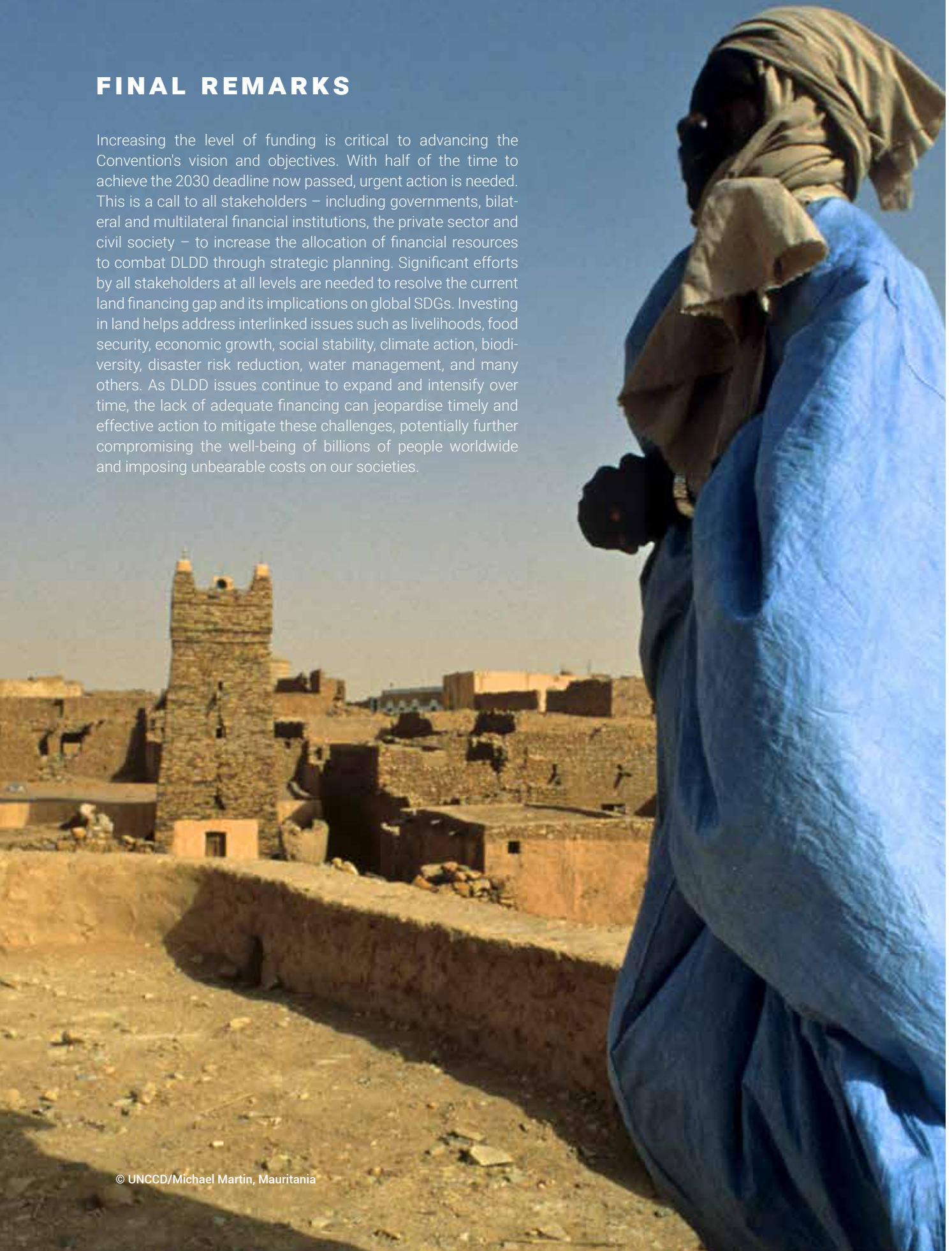
A conducive investment climate is necessary for facilitating green and inclusive land investment by private businesses. This includes financial, fiscal, economic and institutional incentives. Such measures serve to inspire domestic and foreign investors to engage in the country's land sector.

Communications and stakeholder engagement serve to raise public awareness to build support for public policies and investment in land restoration efforts. If land issues are not addressed timely and appropriately, the environmental consequences need to be understood by all stakeholders. Activities include communication campaigns for the general public, educational programs, awareness building activities among rural populations most affected by land-related issues, and farmer education in sustainable land management practices.

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FINAL REMARKS

Increasing the level of funding is critical to advancing the Convention's vision and objectives. With half of the time to achieve the 2030 deadline now passed, urgent action is needed. This is a call to all stakeholders – including governments, bilateral and multilateral financial institutions, the private sector and civil society – to increase the allocation of financial resources to combat DLDD through strategic planning. Significant efforts by all stakeholders at all levels are needed to resolve the current land financing gap and its implications on global SDGs. Investing in land helps address interlinked issues such as livelihoods, food security, economic growth, social stability, climate action, biodiversity, disaster risk reduction, water management, and many others. As DLDD issues continue to expand and intensify over time, the lack of adequate financing can jeopardise timely and effective action to mitigate these challenges, potentially further compromising the well-being of billions of people worldwide and imposing unbearable costs on our societies.



NOTES

- 1 The term 'required investments' refers to the financial resources necessary to implement the outlined targets, measures and activities in the respective plans.
- 2 Figures presented in this section for required investments are valued in constant 2022 United States dollars (USD).
- 3 In principle, relevant plans developed in the context of the various processes were considered and included in their respective categories. Nonetheless, new submissions of plans are primarily expected for revised NBSAPs aligned with the Kunming-Montreal Global Biodiversity Framework. In this version, the work of the Netherlands Environmental Assessment Agency was used as a proxy for the land-related restoration commitments in NBSAPs until new plans become available.
- 4 Land and drought governance measures includes Capacity-building; Data, knowledge, and research; Communication and outreach; Financial instruments; Monitoring, reporting and verification; Program management; and Enabling environment.
- 5 Regional trends should be interpreted with caution given: (1) the limited number of countries from certain regions represented in this study; and (2) the varying levels of restoration commitments across regions.
- 6 The figures presented in this section for required investments are expressed in constant USD for the year 2022.
- 7 This analysis focuses largely on developing countries; the inclusion of developed countries would significantly increase these estimates.
- 8 Information on the share of resources channeled through expenditures and subsidies is derived from data submitted by 46 Parties in 2022 UNCCD reporting[2].
- 9 The terms 'financial needs' and 'gap' are used interchangeably to refer to the additional resources that need to be mobilized as a result of comparing required investments with current investments, along with other adjustments such as synergies and projections of current investments up to 2030.
- 10 Figures are expressed in constant USD for the year 2022.
- 11 This figure considers past and current investments for the period 2016–2022 based on section 2.2. and projections for the years 2023 and 2024.
- 12 These estimates may rise considerably when other national reports are taken into account, such as NAPs, national communications, biennial update reports, etc.

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