



United Nations
Convention to Combat
Desertification

RESOURCE MOBILIZATION TOOLBOX

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CONTENTS

EXECUTIVE SUMMARY	5
TOOLS AND RESOURCES	7
ABBREVIATIONS	8
TABLE OF FIGURES	10

PART A: INTRODUCTION

Section 1: The UNCCD Resource Mobilization Toolbox

1.1 About the toolbox	11
1.2 Scope	11
1.3 Target audience	12
1.4 How to use this guidance	12

Section 2: Resource Mobilization for Land Restoration and Drought Resilience

2.1 The resource mobilization cycle	14
2.2 Resource mobilization in the UNCCD context	15
2.3 Why land restoration and drought protection matters	16
2.4 Challenges to mobilize finance for land restoration and drought resilience	16

PART B: INVESTMENT PLANS AND FINANCIAL NEEDS

Section 3: Investment Plans

3.1 Categories of land-based investments	18
3.2 Required investments to implement the UNCCD	19
3.3 A stepwise approach to developing investment plans	19
3.4 Country examples	21

Section 4: Financial Needs

4.1 Financing gaps in land-based investments	
4.2 Prioritizing investment options	23
4.3 Building the investment case	23
4.4 Illustrative cost–benefit analysis	24
	26

PART C: FINANCIAL INSTRUMENTS AND SOLUTIONS

Section 5: Financial Sources

5.1 Types of financial sources	
5.2 Description of financial sources	29
5.3 Examples of funds and programs	29
5.4 Summary of main financial sources	34
	36

Section 6: Financial Instruments

6.1 Types of financial instruments	
6.2 Description of financial instruments	39
6.3 Innovative financing approaches	40
6.4 Summary of main financial instruments	42
	50

CONTENTS

PART D: PROJECT PIPELINE DEVELOPMENT

Section 7: Selecting Financial Options

7.1 From planning to implementation	52
7.2 Financial considerations	53
7.3 Non-financial considerations	54
7.4 Financial decision tree	55

Section 8: Preparing Bankable Projects

8.1 Developing land investment proposals	59
8.2 Example: World Bank Project Appraisal Document	62
8.3 Example: Global Environment Facility project development cycle	63
8.4 Example: Germany's bilateral grant solicitation process	66

PART E: RELATIONSHIP MANAGEMENT

Section 9: Securing Support within the Government

9.1 Making the case for national investment in land restoration	70
9.2 Policy and institutional reforms	72
9.3 Land-related targets in national strategies	75
9.4 Fundraising canvas	78

Section 10: Engaging with External Funders

10.1 Working with international financial institutions	81
10.2 Engaging with official development assistance donor countries	84
10.3 Approaching NGOs and private philanthropic organizations	87
10.4 Interacting with private investors	88

Section 11: Ongoing Communication 93

Annex: Sample Governmental Memorandum: An Illustrative case for investment in land restoration	97
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Further Learning Resources: The following resources will be made available online over time

- Guidance on how the UNCCD Global Mechanism can assist countries in developing financial solutions
- Live sessions, recorded e-lectures, case studies and expert interviews
- Scheduling online appointments with UNCCD experts

EXECUTIVE SUMMARY

The UNCCD Resource Mobilization Toolbox (RMT) is a comprehensive, practical guide designed to help countries mobilize the financial and technical resources required to combat desertification, land degradation, and drought (DLDD).

Developed by the Global Mechanism of the UNCCD, the Toolbox responds to the significant global financing gap—estimated at USD 278 billion annually—needed to meet land restoration and Land Degradation Neutrality (LDN) targets. The RMT strengthens the capacity of country Parties, especially UNCCD National Focal Points, to design investment plans, select financing strategies, engage funders, and manage long-term partnerships.

The RMT begins by outlining the resource mobilization cycle: assessing needs, identifying partners, mobilizing resources, implementing activities, monitoring results, and maintaining donor relationships. It explains the challenges associated with DLDD and why land restoration and drought resilience are essential for environmental integrity, food security, climate resilience, and economic development. Countries are guided through the LDN Target Setting Program to quantify degraded land, define restoration goals, calculate investment needs, and translate these into national budget priorities.

A major focus of the Toolbox is the development of national investment plans and the assessment of financial gaps. It offers methods for cost estimation, prioritization of interventions and cost-benefit analyses that combine economic, environmental, and social benefits. It includes tools to evaluate project viability, compare investment options, and justify land and drought-related spending within government.

The RMT provides an extensive overview of financial sources for land restoration, including domestic public budgets, multilateral development banks, global climate and environment funds such as the Global Environment Facility (GEF) and the Green Climate Fund (GCF), bilateral donors, private investors, blended finance vehicles, philanthropic foundations, non-governmental organizations and community-based mechanisms. For each source, it describes motivations, requirements, instruments, funding scales, and examples. It also categorizes financial instruments—grants, loans, equity, guarantees, insurance, blended finance, and performance based mechanisms—and explains how these can be matched with different project types based on risk, revenue potential, and time horizons.

The Toolbox places special emphasis on governmental engagement with private investors and commercial funders of land restoration and drought resilience

projects. Private capital is critical to mobilizing investment at the scale required to address identified financial gaps. The private sector can provide financial leverage, operational efficiency, technical innovation, and support for the long-term sustainability of investments. The RMT therefore includes practical guidance and tools for effective governmental outreach to the private-sector partners.

The Toolbox provides practical guidance on selecting financial options through a structured decision tree that combines financial factors such as cost of capital, maturity, risk tolerance and currency exposure with nonfinancial considerations, including policy alignment, safeguards, operational capacity and fundraising efficiency. The RMT also outlines how to prepare bankable projects, including proposal development, financial analysis, risk management, monitoring frameworks, and alignment with the requirements of funders, such as the World Bank, GEF, and bilateral partners. It explains donor specific procedures and funding cycles, helping countries navigate approval processes and improve the chances of securing support.

Recognizing that policy and institutional reforms often underpin successful land restoration and drought resilience efforts, the Toolbox highlights enabling policy, regulatory, and institutional reforms in areas such as land tenure, environmental standards, community participation, and public finance planning. It also introduces communication tools such as the National Land Restoration Fundraising Canvas to support internal governmental advocacy for land-related investment.

The final section of the Toolbox focuses on relationship management. It presents best practices for maintaining long-term partnerships with multilateral organizations, bilateral donors, philanthropic organizations, non-governmental organizations and private investors. Recommendations include transparent reporting, regular communication, field visits, risk sharing, adaptive management, and recognition of donor contributions.

Overall, the RMT equips countries with the knowledge, tools, and strategies needed to close financing gaps, scale up land restoration and drought resilience efforts, and meet national and global commitments under the UNCCD, the Sustainable Development Goals (SDGs), and climate agreements.

Over time, the Global Mechanism of the UNCCD will develop additional guidance and learning materials to support the resource mobilization efforts of country Parties. The Global Mechanism will also provide tailored assistance to help country Parties design effective financial solutions and mobilize the resources needed to address the financing gap of the Convention.

TOOLS AND RESOURCES

Section	Tools	Background information
1. The UNCCD Resource Mobilization Toolbox	<i>Resource Mobilization Capability Checklist</i>	- UNCCD Financial Needs Assessment (2024) - A Land Resources Planning Toolbox to Promote Sustainable Land Management
2. Resource Mobilization for Land and Drought	<i>DLDD Stakeholder Map</i>	- The Investment Case for Nature - Investing in nature-based solutions - Drought Toolbox
3. Investment Plans	<i>Country examples: Kenya, Ethiopia</i>	- A guide to investing in landscape restoration to sustain agrifood supply chains - LDN Target Setting
4. Financial Needs	<i>Cost-Benefit Table for Land Restoration Investments</i>	- Cost-Benefit Analysis of Landscape Restoration - A Stock take - Cost-benefit analysis of ecological restoration based on land use scenario simulation and ecosystem service on the Qinghai-Tibet Plateau
5. Financial Sources	<i>Summary of Main Financial Sources</i>	- Finance Solutions for Nature: Pathways to Returns and Outcomes - OECD DAC Blended Finance Guidance
6. Financial Instruments	<i>Summary of Main Financial Instruments</i>	- Toolbox on Financing Nature-Based Solutions - Innovative Development Finance Toolbox
7. Selecting Financial Options	<i>Evaluation of Financial Options</i>	- Conservation Finance - Moving beyond donor funding toward an investor-driven approach - Investing for Impact - Operating Principles for Impact Management
8. Preparing Bankable Projects	<i>Processing Steps for Soliciting Multilateral Financing</i>	- FAO's Technical Guide on the Responsible Governance of Tenure and Land Degradation Neutrality - Guidance by the UNCCD on TPP development - World Bank's Climate-Smart Agriculture Investment Plan (CSAIP) guide - UNEP's Finance Resource Database for Biodiversity (FIRE)
9. Soliciting Support within the Government	<i>National Land Restoration Fundraising Canvas</i>	- Integrated Financing Strategies for Sustainable Land Management - Shaping an Enabling Environment for Land Degradation Neutrality
10. Engaging with External Funders	<i>Engagement Roadmap with External Funders</i>	- Partnering with the World Bank through Trust Funds - Guidelines for bilateral Financial and Technical Cooperation with cooperation partners of German development cooperation
11. Ongoing Communications	<i>Donor Engagement Strategy Framework</i>	- Examples of best practices for project reporting World Bank - Sahel RESILAND - Germany/ GIZ - A compilation of SLM technologies and approaches for the Lowland Soil Restoration Project in Ethiopia

ABBREVIATIONS

ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
ARC	African Risk Capacity
ASAP	Adaptation for Smallholder Agriculture Programme (IFAD)
BMZ	German Ministry of Economic Cooperation and Development
CAP	Common Agricultural Policy of the European Union
CCDR	Country Climate and Development Report (World Bank)
CIDCA	China International Development Cooperation Agency
CIF	Climate Investment Fund
CIFOR	Center for International Forestry Research
COP	Conference of the Parties
COSOP	Country Strategic Opportunities Programme (IFAD)
CPF	Country Partnership Framework
CSAIP	Climate-Smart Agriculture Investment Plan (World Bank)
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
DG INTPA	Directorate-General for International Partnerships (European Commission)
DLDD	Desertification, Land Degradation and Drought
ERR	Economic Rate of Return
ESF	Environmental and Social Framework (World Bank)
ESIA	Environmental and Social Impact Assessment (World Bank)
ESIF	Ethiopia Strategic Investment Framework for Sustainable Land Management
ESG	Environment, Social and Governance aspects
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FCD0	United Kingdom Foreign, Commonwealth & Development Office
FCPF	Forest Carbon Partnership Facility (World Bank)
FIRE	Finance Resource Database for Biodiversity (UNEP)
FSP	Full-Sized Project
GAC	Global Affairs Canada
GCF	Green Climate Fund
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany)
GLF	Global Landscapes Forum
IBRD	International Bank for Reconstruction and Development (World Bank)
IDA	International Development Association (World Bank)
IDB	Inter-American Development Bank
IDRA	International Drought Resilience Alliance
IUCN	International Union for Conservation of Nature
IFAD	International Fund for Agricultural Development
InVEST	Integrated Valuation of Ecosystem Services and Tradeoffs
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
LDN	Land Degradation Neutrality
LDN-TSP	Land Degradation Neutrality Target Setting Programme
MDB	Multilateral Development Bank
NAP	National Action Programme for combating DLDD at the country level

ABBREVIATIONS

NDA	National Designated Authority (GCF)
NDVI	Normalized Difference Vegetation Index
NFP	UNCCD National Focal Point
NGO	Non-governmental Organization
Norad	Norwegian Agency for Development Cooperation
NPFE	National Portfolio Formulation Exercise (GEF)
NPV	Net Present Value
PAD	Project Appraisal Document (World Bank)
PDO	Project Development Objective (World Bank)
PES	Payment for Ecosystem Services
PIF	Project Identification Form (GEF)
PPG	Project Preparation Grant (GEF)
PPP	Public-Private Partnership
ProDoc	Project Document (GEF)
RMT	Resource Mobilization Toolbox
RVO	Netherlands Enterprise Agency
SCD	Systematic Country Diagnostic (World Bank)
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
SIDA	Swedish International Development Agency
SME	Small and Medium-Sized Enterprises
SPV	Special Purpose Vehicle
STAP	Scientific and Technical Advisory Panel (GEF)
TESSA	Toolkit for Ecosystem Service Site-based Assessment
TPP	Transformative Projects and Programmes (UNCCD)
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WMO	World Meteorological Organization

TABLE OF FIGURES

Fig 1: The Resource Mobilization Cycle

Fig 2: Optimal blending of public grants and private capital

Fig 3: Difference between Innovative Financial Approaches

Fig 4: Steps involved in moving from resource needs planning to resource mobilization

Fig 5: Components of a “bankable” land restoration investment proposal

Fig 6: GEF Project Development Cycle

Fig 7: Three-step approach to crowding in private capital

Fig 8: Key considerations to mobilize support within the national government

Fig 9: Reforms in the policy environment

Fig 10: Arguments for governmental engagement with private investors

Fig 11: Key considerations for bilateral dialogue between Ministry of Environment /
Agriculture and External Funding Agencies

Fig 12: Engagement Roadmap with External Funders



Part A: Introduction

Section 1: The UNCCD Resource Mobilization Toolbox

1.1 About this Tool

Why does UNCCD offer this Toolbox?

Desertification, along with climate change and the loss of biodiversity, was identified as one of the greatest challenges to sustainable development at the 1992 Rio Earth Summit. Established in 1994, the United Nations Convention to Combat Desertification (UNCCD) is the only legally binding international agreement linking environmental protection and development to sustainable land management.

As global terrestrial ecosystems continue to degrade— affecting an estimated 20%–40% of total land area— countries have made substantive commitments to address desertification, land degradation, and drought (DLDD). These commitments are reflected in frameworks such as Land Degradation Neutrality (LDN) targets, National Drought Plans (NDPs), and reporting under the UNCCD reporting process, as well as other related frameworks, including nationally determined contributions under the United Nations Framework Convention on Climate Change (UNFCCC) and National Biodiversity Strategies and Action Plans (NBSAPs).

Through these policy frameworks and plans, country Parties have collectively committed to restoring more than one billion hectares of degraded land and implementing thousands of complementary policy measures by 2030.

At the thirteenth session of the Conference of Parties (UNCCD COP13), countries adopted decision 7/COP.13,

which established a new global roadmap to address land degradation. The new UNCCD Strategic Framework 2018–2030 includes five Strategic Objectives to guide the actions of all UNCCD stakeholders and partners during the period 2018–2030. Strategic Objective 5 aims to mobilize substantial and additional financial and non-financial resources to support the implementation of the Convention by building effective partnerships at the global and national levels. As the operational arm of the Convention, the Global Mechanism supports countries in translating the Convention into action.

The successful implementation of national plans to address DLDD depends on adequate funding. Despite progress, a substantial financial gap persists. According to the UNCCD financial needs assessment launched at COP 16, **achieving global land restoration and DLDD targets requires approximately USD 355 billion annually between 2025 and 2030. Current projections indicate only USD 77 billion in annual investments, leaving a shortfall of USD 278 billion each year**¹.

Recognizing the scale of financial resources needed to implement the UNCCD, it is important to continue strengthening the capacities of countries to mobilize additional financial resources. In response to Decision 3/COP.16, the Global Mechanism prepared this Resource Mobilization Toolbox (RMT) to assist countries to identify, formulate and implement financial solutions to address their financial gaps.

1.2 Scope of the RMT

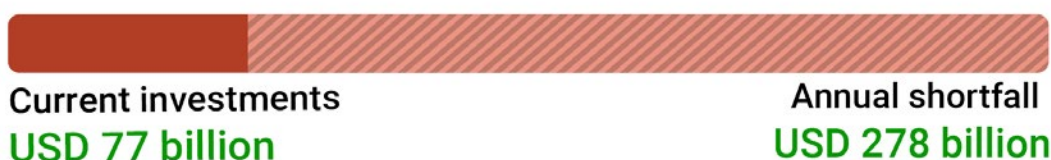
What is the purpose of this guidance?

The RMT provides practical support to UNCCD country Parties in their efforts to generate additional financial resources for the implementation of the Convention. **The RMT is a capacity development resource that offers a systematic approach towards**

developing land- and drought-related investment plans and implementing associated resource mobilization activities. It includes background information, tools, checklists, and practical guidance designed specifically for UNCCD country Parties

DLDD targets annually (2025–2030)

USD 355 billion



¹ <https://www.unccd.int/resources/publications/investing-lands-future-financial-needs-assessment-unccd>

addressing land- and drought-related challenges in their countries. In this guidance, references to 'land-related investment' also include investment in drought resilience.

This country-led effort involves mobilizing additional financial resources from existing sources and developing new channels of financing. Resources may be provided in the form of existing financial instruments

and through new and innovative financial tools. Funds can be used for existing projects and programmes, and for new approaches and implementation modalities involving a broader range of partners.

These options illustrate the complexity of resource mobilization. This guidance therefore provides a step-by-step approach to help users achieve the intended outcomes in a timely and cost-efficient manner.

Key learning outcomes
• Greater understanding of key resource mobilization concepts
• Increased knowledge and skills for resource mobilization
• Ability to design a strategic approach to resource mobilization
• Application of tools and tips to support resource mobilization activities

1.3 Target audience

Who should use this guidance?

The primary users of the RMT are National Focal Points (NFPs) for the UNCCD in country Parties. Other officials in member countries working on land-related issues may also benefit from this guidance.

UNCCD National Focal Points are the official government representatives responsible for coordinating and implementing the Convention at national level. They serve as the main link between their country and the Convention's bodies, managing national action plans, fostering stakeholder collaboration, and reporting on progress to the UNCCD secretariat. They oversee national strategies, engage scientists, mobilize resources, and ensure the integration of UNCCD goals into national policies, promoting sustainable land management and combating desertification.

NFPs are often based in ministries or agencies responsible for the environment, agriculture, land management, rural development, or international cooperation. Many have backgrounds in natural

science or public administration and may have limited experience in finance, investment or fundraising activities. This guidance is therefore designed to be accessible to a non-specialist audience.

At the same time, land restoration and drought resilience require a multi-sectoral approach. Investments may involve ministries and agencies responsible for overseeing public investment in infrastructure, education, and economic development. For example, preparing for drought and raising awareness may involve schools and universities and therefore require engagement with the Ministry of Education. Measures to secure agricultural production and rural income may also be on the agenda of a Ministry of Economy concerned about safeguarding minimum household income and managing national income distribution. This toolkit is therefore intended to empower those planning for land- and drought-related investments to develop solutions that cut across sectors and strengthen coordination among institutions. The aim is to support national efforts to restore degraded land and to mitigate and adapt to drought events.

1.4 Using this Guidance

How can this tool be used most productively?

To use the RMT effectively, NFPs and other users should first assess their existing capabilities in resource mobilization. This will help them to use the RMT strategically, filling existing capability gaps in a targeted, effective manner.

To this effect, country Parties can use the *Resource Mobilization Capability Checklist*. By working through the questions in sequence, users can identify sections, tools and background information within the RMT that are most relevant for planned resource mobilization activities, and to address gaps in current capabilities.

Question	RMT Section	Key outcome
What are the key considerations of resource mobilization, including those in the UNCCD context?	Section 2: Resource Mobilization for Land and Drought	Users understand the resource mobilization cycle as well as specific modalities, opportunities and challenges for fundraising in the UNCCD context
How to identify investments needed to implement the UNCCD?	Section 3: Investment Plans	Users know how to quantify and plan necessary investments to combat DLDD
How to determine financial needs to address DLDD in your country?	Section 4: Financial Needs	Users know how to calculate financial needs and to prioritize investment options
What are the main types of financial sources for land investment?	Section 5: Financial Sources	Users can distinguish between different potential sources of financing and describe their main characteristics.
What are the main types of financial instruments for land investment?	Section 6: Financial Instruments	Users can distinguish between different types of financial instruments and describe their main characteristics.
How to select suitable financial options for a land restoration project?	Section 7: Selecting Financial Options	Users know how to apply a rational decision framework to select financial sources and instruments.
How to prepare a strong funding proposal?	Section 8: Preparing Bankable Projects	Users can compile bankable project proposals and follow the processing steps of multilateral and bilateral sources
How to secure governmental approval of land investment and financing?	Section 9: Soliciting Support within the Government	Users know how to present their case with governments for land investments and related policy changes
How to tailor outreach with external funders to their individual priorities and procedures?	Section 10: Engaging with External Funders	Users can differentiate between different external funding sources, knowing how to frame their arguments to meet the expectations of funders
What are the best practices in maintaining ongoing relations with foreign funders?	Section 11: Ongoing Communications	Users can maintain effective communications with funders on current projects and increase prospects of mobilizing future financial support

Tool: Resource Mobilization Capability Checklist



Section 2: Resource Mobilization for Land and Drought

2.1 The Resource Mobilization Cycle

What are the main elements and steps of resource mobilization?

Resource mobilization is the process of acquiring and managing financial and non-financial resources to support the implementation of operations and activities. The term 'resources' includes funding, human resources, as well as goods and services.

In essence, resource mobilization is the strategic flow from “what we need” to “how we get it” and “how we use it best” to fulfil a given mission. The resource mobilization cycle (see Fig 1) generally involves the following steps:

- **Needs assessment and planning:** Understanding national and institutional goals and identifying specific resource gaps, including financial resources, skills, and material.
- **Resource identification and engagement:** Mapping potential providers of resources, such as bilateral donors, multilateral lenders and private investors, and building relationships with them.
- **Acquisition and mobilization:** Actively securing resources through project proposals, grant applications, responses to requests for proposals and other fundraising activities.
- **Delivery and implementation:** Utilizing the secured resources efficiently to carry out programmes and achieve agreed objectives.
- **Monitoring and evaluation:** Assessing the effectiveness of resource use, demonstrating impact, and reporting back to stakeholders.
- **Ongoing relationship management:** Maintaining communication and engagement with key partners to support future resource needs.

Successful resource mobilization requires a strategic approach that makes effective use of limited human and financial resources. It also requires building and maintaining strong relationships with funding partners, built on a track record of achieving demonstrated development impact and underpinned by a robust theory of change and sound project design. Funding requests presented to potential funders need to explain the comparative advantage of the proposed activities over alternative uses of funding.

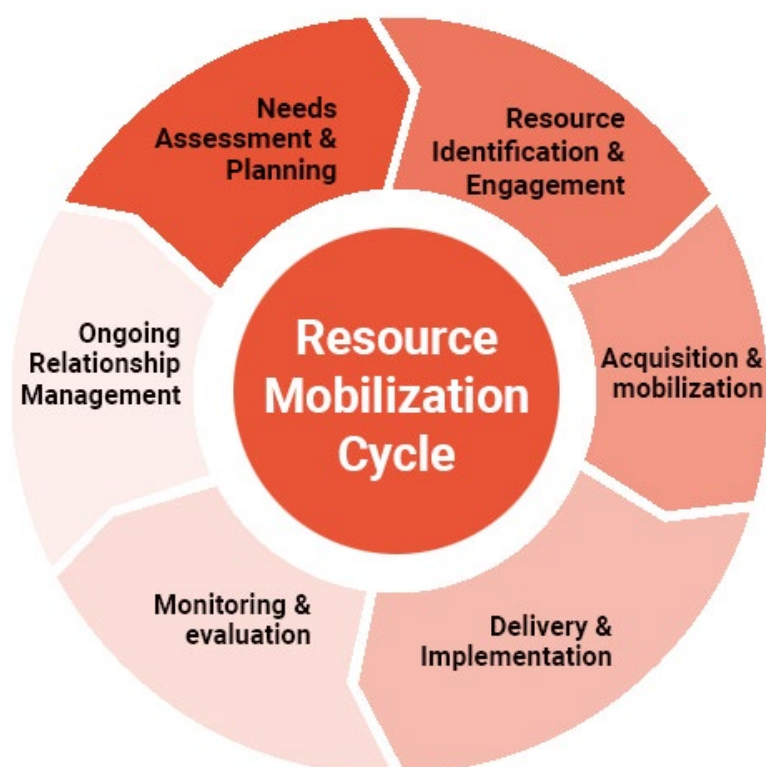


Fig 1: The Resource Mobilization Cycle

2.2 Resource Mobilization in the UNCCD Context

What are the modalities for fundraising within the scope of the Convention?

The development and implementation of a time-bound strategy to increase funding for implementation of the UNCCD requires the joint effort of all Parties to the Convention. At its core, resource mobilization is a national effort led by Parties and member governments, complemented by capacity-building support from the Global Mechanism and the UNCCD secretariat.

Each country experiences its own specific challenges and develops its own solutions for drought risk reduction and resilience-building, leading to local investment opportunities that are technologically feasible and effective. In many countries, institutional challenges must also be addressed as land issues are handled by different ministries and agencies. Countries also differ significantly in terms of fiscal space, financial conditions and political environments, opening specific pathways for mobilizing financial

resources in a cost-efficient manner from domestic and international sources.

Closing the financial gap for implementation of the Convention therefore requires countries to assess benefits and costs and prioritize land-related solutions that are effective and efficient in their national context. This should be followed by targeted resource mobilization activities of Parties to support their land-related financial needs.

While UNCCD National Focal Points in country Parties are the primary audience of this guidance, the RMT is relevant to a wider group of stakeholders involved in addressing land-related issues. The DLDD Stakeholder Map lists these audiences. NFPs are encouraged to adapt the map by identifying the stakeholder institutions and representatives relevant to their national context.

Category	Role	Typical Stakeholders
National government	Policy setting, investment planning, resource mobilization, programme implementation	National ministries, regional and local governments, land management agencies
International bodies	Developing global frameworks, coordinating actors, advocacy and communications	UN bodies (UNCCD, FAO, UNEP, UNDP, etc.), WMO, IDRA, IUCN, CIFOR
Financial sector	Funding land restoration, developing new financial tools, derisking land investment	Bilateral donors, multilateral institutions, commercial banks, insurances, investment funds
Commercial investors	Impacting land use, fostering green investments, driving sustainable production	Corporations in agriculture, forestry, agro-industry, mining, water management
Land users	Food production, timber production, landscape restoration	Farmers, forest-adjacent communities, ranchers, landholders
Civil society	Fostering local solutions for those most affected by DLDD issues, raising awareness	Local communities, Indigenous Peoples, women's groups, NGOs, advocacy groups
Scientists and researchers	Providing data, monitoring land degradation, offering innovative solutions	Universities, think tanks, industry researchers

Tool: DLDD Stakeholder Map

Resource mobilization activities in support of the Convention are led and implemented by member governments of Parties to the Convention. While country Parties are in the lead on fundraising, they can request strategic fundraising support from the UNCCD secretariat, subject to the availability of resources, in the following areas:

- Determining national investment needs
- Developing national financial strategies
- Developing project pipelines at the national and regional levels
- Preparing project proposals for financing
- Designing multi-country flagship initiatives that address specific themes
- Linking the National Land Degradation Neutrality (LDN) target-setting process to DLDD programme goals and design
- Promoting synergies with related themes such as climate change, biodiversity protection, agriculture, water supply and rural infrastructure
- Supporting engagement with the private sector for investment and resource mobilization
- Facilitating engagement with Multilateral Development Banks (MDBs) and international thematic funds
- Developing and implementing innovative financial solutions

Parties can also choose to cooperate with each other on their national resource mobilization efforts, for instance to support regional projects that deliver benefits across several neighbouring countries.

2.3 Why Land Restoration and Drought Protection Matter

Why is investment in land restoration fundamental?

Nature and biodiversity support life on Earth. They offer essential ecosystem services, including food, medicine, energy, water and raw materials. They also provide supporting services such as nutrient cycling, regulating services such as carbon sequestration, and cultural services, including recreational benefits that enhance mental and physical well-being.

Nature also underpins economic growth and the global economy. Every business and financial institution depends on nature to some extent. Businesses are increasingly recognizing their exposure to nature-related risks and dependencies. For example, a bank might have exposures in a range of agricultural enterprises or other businesses highly dependent on natural resources. The overall performance of these investments is therefore closely tied to the health and resilience of the natural environment.

Land is a vital part of the natural environment. Restoring degraded land is essential for protecting biodiversity and safeguarding ecosystem services. Land restoration

is critical for overall human development as land is a vital life-supporting system. Halting and reversing land degradation creates habitats, improves soil and water quality, sequesters carbon, and supports human well-being by providing clean water, food security, and climate resilience. These benefits contribute directly to global initiatives such as the UN Decade on Ecosystem Restoration. Land restoration is not about protecting nature only; it is fundamental to building resilient societies and economies by regenerating natural capital.

Drought protection is crucial because droughts are among the most destructive natural hazards, causing widespread, long-lasting impacts on human health, food security, economies, and ecosystems. As climate change increases the frequency and severity of dry periods, proactive drought management can help shift from crisis-driven, reactive responses to long-term resilience. This can prevent catastrophic losses and help protect communities.

2.4 Challenges to Mobilizing Finance for Land and Drought

What are the barriers to fundraising for nature, land and drought?

Expanding investment to address land degradation yields many important benefits. At the same time, fiscal and political constraints often limit governments' ability to finance priority investments in land. Mobilizing private finance is therefore essential for funding nature projects at the scale required. However, these projects are often seen as too risky and not conducive to private funding.

Fundraising for nature and land restoration is hindered by several structural and financial barriers. Restoration is inherently costly and slow to yield returns, while many of its benefits are public goods that cannot easily be monetized. Those engaging in resource mobilization for land should be aware of the following barriers and address them effectively in their fundraising efforts.

- Land restoration is generally a costly undertaking. Restoration efforts often begin after environmental degradation has become severe and expensive to reverse. Restoring degraded land is usually labour-intensive, requiring substantial human and financial resources.
- The long-term nature of land restoration investments does not match investors' desire for liquidity. Restoration usually requires substantial investments upfront and has long payback periods before generating the intended benefits. Alternative land uses, such as agriculture, promise quicker returns.
- Land restoration may offer limited financial returns. Nature projects often generate revenues that are insufficient to meet risk-adjusted expectations. This is particularly evident in projects where the benefits are diffuse and non-monetizable.
- Investment in land restoration is frequently seen as involving high risk and uncertainty. Nature-related finance may face multiple layers of uncertainty, including ecological risks (for example, fire, disease, and extreme weather), market risks (for example, volatile carbon prices, and immature biodiversity credit markets), and governance risks (for example, weak regulation, and unclear land tenure). At the same time, risks may be

overstated due to limited data and valuation frameworks. This can create a cycle where under-investment leads to further ecological degradation, increasing both real and perceived investment risks.

- Fragmented landholdings, especially in smallholder and community contexts, lead to high transaction costs for project development, monitoring, and certification. Complex procedures for verifying ecosystem benefits and distributing payments also add layers of cost. These costs disproportionately burden early-stage and community-led projects, making them less competitive compared to larger, conventional investments such as food and timber production.
- Traditional financial accounting frameworks may lead to an undervaluation of nature, excluding in particular, systemic resilience and cultural value. Conservation or restoration projects may appear unprofitable because their long-term and non-market benefits are excluded from cost-benefit assessments. Moreover, assessments of nature-related investments often ignore positive externalities such as reduced flood risks or sustained fisheries, leading to systematic undervaluation and under-investment in natural capital.
- Specific barriers to mobilizing finance for drought protection include information gaps for a solid drought risk assessment, declining drought risk awareness between drought events, low investment attractiveness due to a lack of feasible business cases, and institutional weaknesses. Unlike rapid-onset disasters, drought is a “slow-motion hazard,” which often results in reactive rather than proactive financing, with funds being released only when a crisis becomes apparent. While investing in drought resilience is shown to have high potential returns, sometimes ten times the original investment, the immediate, upfront cost of mitigation prevents long-term action and contributes to continued reliance on emergency, reactive assistance.

Given these challenges, it is essential to develop land restoration and drought protection programmes and projects carefully. Benefits and costs should be assessed and presented comprehensively and transparently, before engaging in a fundraising dialogue with potential funding partners.



Part B: Investment Plans and Financial Needs

Section 3: Investment Plans

3.1 Categories of Land Investments

Which types of investments are needed to combat DLDD?

National plans related to desertification, land degradation and drought (DLDD) are instrumental in understanding the strategic priorities of countries, including the targets to be achieved and measures needed to combat DLDD effectively.

National plans provide a strategic framework to coordinate country-level efforts, allocate limited resources, and implement policies that address the specific challenges posed by DLDD-related issues. Countries articulate their required investments in

national DLDD-related plans, ensuring that available financial resources are directed effectively to support their strategic priorities.

The required investments to combat DLDD can be broken down into two categories: (i) investment in land restoration commitments and other complementary policies such as capacity-building, enabling environments, financing, and programme management; and (ii) investment in drought management to build resilience and mitigate potential impacts of droughts.

Investment in **land-related restoration** can be further sub-divided into the following categories:

Agroforestry

Crop rotational systems

Forest management

Grazing land management

Improved ground cover

Integrated crop-livestock management

Integrated soil fertility management

Irrigation and water management

Protected areas

Terraces and bunds

Investment in **drought management and resilience** can also be sub-divided into the following categories:

Capacity-building

Communications and outreach

Data, knowledge, and research

Early warning systems

Enabling environment

Financing

Inclusive programme management

Resilience-building programmes

Sustainable land management

3.2 Investments Required to Implement the UNCCD

How can land-related investment needs at the country level be identified and quantified?

Countries typically follow the UNCCD-endorsed **Land Degradation Neutrality Target Setting Programme (LDN-TSP)** to establish and quantify their land-related investment needs.

At the outset, countries assess national baseline

information using the three global LDN indicators: land cover, land productivity, and soil organic carbon. This helps countries identify the extent and location of land degradation and determine priority regions and key drivers of land degradation, such as deforestation, overgrazing, erosion, and drought vulnerability.

Countries then establish national ambitions and quantitative targets. They put in place clear and measurable goals, such as:
Restoring X hectares of degraded land by year Y
Improving land productivity over Z hectares
Increasing soil organic carbon by a specific amount
Reducing deforestation or erosion rates by a specific percentage

These targets should be formulated as specifically as possible and mapped to support cost modeling. For each target, the necessary interventions related to land restoration and drought resilience are identified.

Once targets and interventions have been defined, they can be converted into financial requirements through a structured costing approach. Each target is matched to a specific required action, and each action is associated with a specific unit cost at the national or regional level. Unit costs can come from ministries, development banks, international organizations such as the Food and Agricultural Organization (FAO) and the UNCCD, or academic studies.

For each intervention, the land area involved is multiplied with the relevant unit cost (in national or foreign currency per hectare). Summing the resulting investment needs across all types of interventions needed to reach national LDN targets provides an

estimate of the total financing needs for implementation of the Convention at the country level.

Importantly, these financing needs should also include enabling costs, such as those associated with land use planning and data systems, monitoring and early warning systems, policy reforms, enforcement, and capacity building. These enabling costs can often account for 10 to 20 per cent of total project costs.

Once the required investment amounts have been quantified at the national level, the investment needs can be linked to the relevant budget lines. Those may relate to agriculture, forestry, water resources, climate adaptation and mitigation, and rural development. Establishing these links between land-related investments and national budget structures can help countries tap into domestic budget allocations as well as international economic development finance.

3.3 Stepwise Approach to Developing Investment Plans

How do countries proceed in developing their national land-related investment plans?

Determining the type and volume of land-related investments required to implement the UNCCD in a Party to the Convention involves both environmental assessment and economic planning. The **typical steps** countries follow to develop a national investment plan for implementing the UNCCD can be summarized as follows.

Step 1: Conducting Baseline Assessments

Countries begin the process by:
Assessing the extent of land degradation by identifying affected areas, the severity of degradation, and its drivers (for example, deforestation, overgrazing, and poor irrigation practices)
Analysing socio-economic impacts such as losses in agricultural productivity, impacts on livelihoods, and costs to ecosystem services
Evaluating existing national investments and policies, including those related to agriculture, water, forestry, and rural development

These assessments use Land Degradation Neutrality (LDN) indicators, such as land productivity, land cover, and soil carbon stocks.

Step 2: Developing National Action Programmes (NAPs)

Under the UNCCD framework, each Party develops a National Action Programme, which constitutes its strategy for combating desertification at the country level. To estimate investment needs, governments:
Identify priority interventions (for example, sustainable land management, reforestation, improved irrigation, and policy reform)
Estimate costs using data from pilot projects, sector budgets, and international case studies
Cost proposed activities, often using cost-benefit analyses

Step 3: Linking to Land Degradation Neutrality Targets

Since 2015, many country Parties of the UNCCD have established Land Degradation Neutrality (LDN) targets, aimed at achieving zero net loss of healthy land at the national level. To support these targets, countries estimate the investments needed for:
Restoration (for example, reforestation, soil restoration)
Prevention (for example, improved land-use planning)
Sustainable livelihood programmes

These cost estimates feed into integrated investment frameworks aligned with long-term national development goals.

Step 4: Integrating into National Budgets and Plans

The investment requirements associated with achieving LDN targets are linked with broader national frameworks, including the following:
Integrating NAPs into national development or climate strategies, which helps secure funding
Collaboration among ministries of finance, environment, and agriculture to mainstream desertification actions into national budget cycles
Public investment programmes and Medium-Term Expenditure Frameworks used to identify funding gaps and investment opportunities

3.4 Country examples

The following boxes illustrate how selected country Parties of the UNCCD have determined, step-by-step, the investments required to implement the Convention.

Kenya. The country went through the following steps in sequence.

1. Setting the Context. Kenya is heavily affected by land degradation and desertification, particularly in its arid and semi-arid areas, which make up over 80 per cent of its land surface. The government's goal under the UNCCD is to achieve Land Degradation Neutrality (LDN) by 2030, aligning this with the country's Vision 2030 and National Climate Change Action Plan.

2. Baseline Assessments. Kenya undertook comprehensive studies to:

- Map degraded lands using satellite data and field surveys.
- Measure economic losses from land degradation, estimated at some USD 1.3 billion annually in reduced agricultural productivity and ecosystem services.
- Identify hotspots needing immediate restoration, especially drylands, rangelands, and degraded forests.

Data was sourced from the Ministry of Environment and Forestry, the Kenya Forest Service, and through technical support from the Global Mechanism of the UNCCD.

3. Developing Land Degradation Neutrality (LDN) Targets. Kenya established national LDN targets with quantified goals, including:

- Restoring 5.1 million hectares of degraded lands by 2030.
- Increasing tree cover to 10 per cent of total land area.
- Implementing sustainable land management in agriculture and rangeland ecosystems.

Each target was costed based on per-hectare restoration costs derived from pilot projects.

4. Investment Estimation Process. To calculate necessary investments, unit cost estimates were determined for different actions (e.g., USD 200–400/ha for reforestation, USD 100/ha for rangeland restoration). These costs were multiplied by the area targeted for restoration. Additional costs for capacity building, monitoring, and institutional support were added.

The total estimated land-related investment requirement for Kenya was established at USD 2.7–3.5 billion through 2030. This figure was included in Kenya's Integrated Financing Strategy for Land Degradation Neutrality (2021–2030)



Ethiopia. The country went through the following steps in sequence.

1. National Assessments. Ethiopia conducted national assessments on the extent and drivers of land degradation. It assessed the economic costs of soil erosion, deforestation, and declining soil fertility. The country developed estimates of sector-specific impacts in the agricultural, water and forest sectors.

2. Identification of Priority Interventions. The country grouped the necessary activities into investment areas, including:

- Watershed restoration
- Climate-smart agriculture
- Rangeland restoration
- Afforestation and reforestation
- Community-based natural resource management

These became the core pillars of the Ethiopia Strategic Investment Framework for Sustainable Land Management (ESIF).

3. Costing Methodology. The country used the following methods for costing of interventions:

- Unit-cost approaches such as cost per hectare of terracing or reforestation
- Programme-based budgeting, using ministry expenditure records
- Economic evaluation, i.e. estimating avoided losses from land degradation

Associated resulting cost calculations were repeated across all land management interventions.

4. Final Investment Requirements. The first ESIF (2010–2020) estimated total land-related investment needs of approximately USD 1.6 billion. This included:

- 54% for watershed and landscape restoration
- 30% for sustainable agricultural productivity
- 16% for institutional capacity and monitoring

The ESIF estimate guided government budgeting and donor financing.

5. Integration into National Planning. The investment plan under the ESIF fed into the following national plans and strategies:

- Ethiopia's growth and transformation plans (GTP I and II)
- The Climate Resilient Green Economy Strategy
- UNCCD reporting requirements including LDN targets



Section 4: Financial Needs

4.1 Gaps in Land-Based Investment

How can the financial gap for implementing the UNCCD be determined?

Addressing the financial gap in combating DLDD is critical to achieving the objectives of the UNCCD. The financial gap is the difference between the investments required for implementation of the Convention, as listed in relevant national plans, and the volume of ongoing and projected investments in DLDD within a country.

National DLDD-related plans identify the **total required investments** for land restoration and drought resilience. The volume of these investment requirements is aggregated over a defined time period. In the UNCCD Financial Needs Assessment of 2024, national investment requirements were aggregated over the 15-year period of the UN Sustainable Development Goals (2016–2030).

These cumulative investment requirements are then compared with the **historical investments** in DLDD since 2016, as well as **projected investments** up to 2030. In the process, synergies among the Rio conventions are considered to prevent double-counting and potential duplication of commitments.

The difference between total investment requirements, and historical and projected future investments where financial means are already secured, constitutes the **financial gap for land-based investments**. Closing this quantified financial gap, at each country level, is the primary objective of resource mobilization activities to help implement the Convention.

To close the financial gap, countries develop resource mobilization plans to determine what share of investment will be financed through:

Domestic budgets (national and subnational)

International donors and climate finance mechanisms, such as the Global Environment Facility (GEF), Green Climate Fund (GCF), and the Global Mechanism of the UNCCD

Private sector engagement, including sustainable agriculture, carbon markets, and land restoration funds

The approaches available to mobilize the financial resources needed from these sources are discussed in later sections of this guidance.

4.2 Prioritizing Investment Options

Why should the land-related investments be evaluated and prioritized?

Once the financial gap for land-related investment has been identified by a Party to the Convention, it is likely to be large when compared with other national financial objectives and priorities within the country. As a result, the **financial needs within the identified gap will often require further prioritization**.

In other words, not all identified land-related investments that currently lack financing can be supported immediately through national resource mobilization efforts. Countries therefore need to develop a phased approach for addressing the investment needs over time, based on the order of priority of different investment alternatives.

Assessing the merits of individual land-related

projects and programs systematically allows countries to compare the proposed investments against each other in a transparent manner. This makes it possible to rank land restoration investments in the order of their expected benefits. Such a systematic evaluation typically combines economic analysis, ecological assessment, and social impact evaluation.

This evaluation helps build the investment case for a planned land-related intervention relative to other possible investment alternatives. Investment proposals that are ranked sufficiently high will receive priority in national efforts to mobilize necessary financial resources to close the national DLDD financing gap.

4.3 Investment case

How can the merits of land-related investments be assessed?

Below is a structured explanation of how a **cost-benefit analysis for land-related investments** can be performed so as to make the investment case.

Step 1: Identify the Scope and Objectives. Before any evaluation, clarify:

The degraded land type (for example, agricultural fields, mining sites, forests, and rangeland).
The restoration goals (for example, increasing productivity, restoring biodiversity, reducing erosion, and improving water quality).
The stakeholders involved (for example, farmers, communities, government, and investors).

Step 2: Identify and Quantify Costs. Direct and indirect expenditures are usually associated with implementation and maintenance:

Direct Costs
Land preparation (for example, terracing, and contour ploughing)
Planting or seeding (trees, and grasses)
Infrastructure (for example, fences, and irrigation systems)
Labour and machinery
Inputs (for example, fertilizers, compost, and water)
Monitoring and maintenance
Indirect Costs
Opportunity cost of land during restoration (for example, loss of short-term productivity)
Training and capacity-building for local communities
Administrative and transaction costs
There are various methods to estimate these costs:
Market-based valuation (usually through observed prices of goods and services)
Replacement-cost method
Cost accounting and financial records

Step 3: Identify and Quantify Benefits. Benefits can be ecological, economic, and social. Many benefits are indirect or long-term, so valuation methods must aim to capture both tangible and intangible gains.

Economic Benefits
Increased agricultural productivity
Enhanced land value
Improved water retention (reducing irrigation costs)
Sustainable timber and non-timber forest products
Reduced disaster recovery costs (for example, flood damage)
Savings in fertilizer use due to improved soil health
Environmental Benefits
Improved biodiversity and ecosystem stability
Reduced soil erosion and sedimentation
Improved water quality and availability
Carbon sequestration (including potential revenue from carbon credits)
Social and Community Benefits
Employment creation
Improved livelihoods and food security
Better resilience to climate change
Cultural or recreational value
There are various methods to estimate these benefits:
Market valuation (such as sales revenues and productivity gains)
Contingent valuation (for example, willingness-to-pay surveys for non-market benefits)
Ecosystem service valuation models (for example, InVEST ² , and TESSA ³)
Avoided-cost or damage-cost methods (for example, avoided flood losses)

Step 4: Time Factor and Discounting

Since restoration benefits often occur over many years, cost-benefit analysis uses financial discounting to determine the net present value (NPV) of a proposed investment project:

$$NPV = \sum [(B - C)_t / (1 + r)^t] - C$$

Where:
B = Benefits at time t (in national currency)
C = Costs at time t (in national currency)
C ₀ = Initial investment cost at project start (in national currency)
r = Discount rate (in percent)
t = Project year

A positive NPV indicates that benefits outweigh costs over time when valued at today's prices, suggesting that a project is viable in principle. Projects with a negative NPV should generally not be pursued further.

Step 5: Include Non-Monetary and Qualitative Assessments.

Since not all benefits can be expressed in monetary terms, include:

Multicriteria analysis: Combines economic, environmental, and social criteria
Stakeholder surveys: Capture community satisfaction and equity impacts
Ecosystem health indicators: Vegetation cover, soil fertility, and biodiversity indices

Step 6: Sensitivity and Risk Analysis. Restoration outcomes depend on uncertain factors such as rainfall variability or market prices. Therefore:

Conduct sensitivity analysis to test results against changes in key assumptions (discount rate, yields, and prices)
Use scenario planning to compare optimistic, baseline, and pessimistic scenarios

Step 7: Reporting and Decision-Making. Present results clearly show both:

Quantitative results: NPV, benefit-cost ratio, and payback period
Qualitative results: Improvements in ecological resilience and community well-being

On this structured basis, decision-makers can prioritize projects that deliver **the highest overall social and environmental return per unit cost**.

A helpful first step in carrying out a systematic cost-benefit analysis for a proposed land restoration project is to summarize the main categories of costs involved and the expected benefits, together with the associated evaluation methods, as shown in the summary table below. This can help clarify the basic parameters of a project, before a more detailed analysis is undertaken.

Cost/Benefit Category	Examples of Benefits	Examples of Valuation Methods
Direct Cost	Terracing and replanting	Market cost
Indirect Cost	Lost short-term income	Opportunity cost
Economic Benefit	Higher crop yields	Market price
Environmental Benefit	Reduced soil erosion	Avoided damage cost
Social Benefit	Job creation	Wage equivalence or community survey

Tool: Cost-Benefit Table for Land Restoration Investments

4.4 Illustrative Cost-Benefit Analysis

This simplified example uses realistic assumptions. It illustrates how both financial and environmental benefits can be evaluated over time.

Sample Investment Proposal: Farmland Restoration

Location: Semi-arid agricultural area

Project Goal: Restore 100 hectares of degraded farmland through soil conservation, reseeded, and tree planting

Time Horizon: 10 years

Discount Rate: 6 per cent

² For InVEST, refer to: <https://naturalcapitalalliance.stanford.edu/software/invest>

³ For TESSA, refer to: <https://www.ipbes.net/policy-support/tools-instruments/toolkit-ecosystem-service-site-based-assessment-tessa-v20>

Estimated Annual Costs and Benefits

Years	Costs (USD/ha)	Benefits (USD/ha)	Main Activities/Benefits Explored
1	1,200	100	Land preparation, grass and tree planting; minimal yield improvement
2	800	200	Maintenance, soil stabilization
3	500	400	Improved soil structure, and early crop yield increase
4	400	600	Increased productivity and fodder availability
5	300	900	Soil fertility recovery, and reduced fertilizer needs
6–10	300	1,200	Mature vegetation, high yields, carbon credits, and reduced erosion

Step 1: Calculate Total (Undiscounted) Costs and Benefits

Category	Total (USD/ha)
Total Costs	$1,200 + 800 + 500 + 400 + 300 + 300 \times 5 = 4,700$
Total Benefits	$100 + 200 + 400 + 600 + 900 + 1,200 \times 5 = 8,200$
Net Benefit	$8,200 - 4,700 = 3,500$

Without discounting, total benefits outweigh costs by USD 3,800 per hectare.

Step 2: Discount Future Values to Net Present Value (NPV)

Assuming a 6 per cent discount rate, the net present values are:

Years	Discount Factor (6%)	Present Cost (USD)	Present Benefit (USD)
1	0.94	1,128	94
2	0.89	712	178
3	0.84	420	336
4	0.79	316	474
5	0.75	225	676
6–10	0.70 (avg.)	1,050	4,200

Sum of discounted amounts (USD/ ha):

- NPV of Costs: 3,851
- NPV of Benefits: 5,958
- Net Present Value (NPV): 2,107
- Benefit-Cost Ratio: $5,958 / 3,851 = 1.55$

Step 3: Include Environmental and Social Non-Market Benefits

Some benefits are not directly monetized but may increase the true value significantly:

Benefit Type	Description	Possible Valuation Approach	Estimated Value (USD/ha/year)
Carbon sequestration	Trees absorb ~5 tons CO ₂ /ha/yr	Carbon credit market price	\$40
Reduced erosion	Prevents losing 20 t/ha soil	Avoided cost of replacing nutrients	\$60
Biodiversity improvement	Niche for pollinators and wildlife	Contingent valuation	\$30
Local employment	50 person-days created	Wage equivalence	\$100

If these benefits are added, total additional benefits amount to about 230 USD/ha/year, which further improves the Benefit-Cost Ratio to over 1.8.

Step 4: Interpretation

- **Financially viable:** $NPV > 0$ and Benefit-Cost Ratio > 1
- **Environmentally beneficial:** Improved soil, water, and biodiversity
- **Socially positive:** Communities gain employment and food security
- **Payback period:** Around 5 years (benefits exceed cumulative costs)

Key Insights

- Land restoration often requires **high upfront investment** but yields **long-term, compounding benefits**.
- Including **ecosystem services valuation** gives a fuller picture of true project value.
- **Sensitivity tests** (for example, using discount rates from 4%–8%) help understand risks and policy implications.



Part C: Financial Instruments and Solutions

Section 5: Financial Sources

5.1 Types of sources

How can the sources of financing for land-related investment be categorized?

Investing in land helps address interlinked issues such as supporting livelihoods, food security, economic growth, social stability, climate action, biodiversity, disaster risk reduction, and water management. As DLDD issues continue to expand and intensify, the lack of adequate financing can jeopardize timely and effective action to mitigate these challenges, potentially compromising the well-being of billions of people worldwide and imposing significant costs on societies over the long run.

Given the wide range of interventions needed to address DLDD, financing land restoration will require a suitable mix of funding sources, depending on project scale, location, expected financial returns, and environmental and social impact. Every proposed land restoration project and programme will have its own characteristics, thus attracting different types of potential sources of financing. These sources may also require different financial instruments to match the profile of projected benefits and cost associated with the planned investment.

Below is a structured overview of seven types of financial sources. The list is selective and highlights the primary sources of financing for land-related investment:

Domestic public financing

Multilateral development financing

Bilateral Official Development Assistance (ODA)

Private sector and impact investors

Blended finance structures

Philanthropic and non-profit sources

Community and local financial mechanisms

These financial sources are explained in further detail below, including a summary of their types, motivations, volumes, and requirements.

5.2 Description of sources

What are the characteristics of the different sources of financing for land-related investment?

Domestic Public Financing

Domestic public finance refers to the management of a country's revenues, expenditures, and debt through government and quasi-government institutions. Public financial sources include public revenue (money received by a government from taxes and non-tax sources, such as fees) and public borrowing (money raised through government debt to finance budget deficits).

Domestic public spending is directed towards budget expenditures and public investment. Budget expenditures include recurrent expenditures (such as

salaries for public employees), purchases, subsidies, transfer payments and guarantees, which are contingent expenditures. Public investment constitutes gross capital formation by the government and adds to the stock of public capital in an economy.

Domestic public funding for land-related investment can come in a wide variety of forms and amounts, including green taxes, green concessions, green bonds, green subsidies and public equity, loan financing and guarantees to mobilize private investment in land rehabilitation.

Domestic Public Financing	
Type	- National or regional government budgets and associated programmes - Agricultural or environmental ministries and their expenditures and investments - Public development banks, rural development agencies, and public endowments
Motivation	- Promoting sustainable land use, national climate goals and drought resilience - Increasing rural income and strengthening food security - Meeting national commitments under the UNCCD, Paris Agreement, and SDGs
Typical Volumes	- Grants or subsidies: small to medium scale - Concessional loans: larger, long-term restoration programmes - Guarantees: as a first loss instrument to mobilize private sector financing
Requirements	- Public policy alignment (for example, environmental restoration, and biodiversity protection) - Environmental and social impact assessments - Reporting compliance
Examples	- EU Common Agricultural Policy funding for soil conservation - United States of America USDA Conservation Reserve Program - Ethiopia's Green Legacy Initiative

Multilateral Development Financing

Foreign public financial support for domestic sustainable development efforts can be drawn from multilateral organizations, including development banks, specialized thematic funds, and United Nations agencies, as well as from bilateral government partners providing Official Development Assistance and other official bilateral flows, including export credits. These external partners may finance capital investments and technical assistance activities related to land restoration.

Public resources from abroad may take a variety of forms, including equity participation, loans at near-market terms, concessional loans with low or no interest and long maturities, non-repayable grants, guarantees, insurance, and financial instruments, including debt swaps and other financial derivative instruments. Foreign sources of public finance may

seek to achieve financial leverage by mobilizing co-financing from other international and domestic sources, both public and commercial. The terms and conditions of external financing need to be understood by governments so that benefits and risks can be assessed.

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

Multilateral Development Financing	
Type	Multilateral Development Banks (World Bank, IDB, AfDB, ADB) Global thematic funds (GEF, GCF) UN agencies and conventions (UNDP, UNEP, IFAD, FAO)
Motivation	Supporting countries transitioning to sustainable land management Meeting global commitments on climate, biodiversity, and land neutrality Catalysing blended finance for large-scale investments
Typical Volumes	Large multilateral projects: USD 10–200+ million Often blended with technical assistance grants Guarantees: as a first loss instrument to mobilize private sector financing
Requirements	Governmental membership or institutional partnership Verified environmental and social benefits Monitoring, evaluation, and safeguard policies
Examples	African Development Bank's Desert to Power initiatives GCF-funded climate-resilient land restoration projects IFAD Adaptation for Smallholder Agriculture Programme (ASAP)

Bilateral ODA

Bilateral Official Development Assistance (ODA) represents concessional (low-cost) financial flows from official government sources directly to the recipient country. A bilateral donor can also contract a multilateral agency to deliver a programme or project on its behalf in a recipient country. Such earmarked funds are typically counted as bilateral flows and are often referred to as bi-multi flows. Donor funds channeled through non-governmental organizations (NGOs) are also typically counted as bilateral flows.

In addition to concessional flows, bilateral official partners can provide financing at near-market terms through official development banks, bilateral investment funds and export credit agencies. Such official

resources can include subsidies (grants) to the private sector to soften credit terms to developing countries, and funds in support of private investment.

With official bilateral partners, it is especially important to commission specific departments within the national government to maintain close and ongoing donor relations and to use systems for accessing and disseminating information efficiently. The foreign assistance strategies and budgets of bilateral development partners are subject to continuous change, as are their institutional counterparts. Keeping abreast of the wide range of bilateral partners is essential for securing their ongoing support.

Bilateral ODA	
Type	Official Development Assistance provided by governments in developed economies South-South cooperation with emerging economies Public development banks from these countries
Motivation	Supporting bilateral foreign policy objectives Promoting sustainable land use and national climate goals Increasing rural income and strengthening food security
Typical Volumes	Grants or subsidies: Small-to-medium scale (USD 500,000–10 million) Concessional loans: Long-term restoration programmes (up to USD 50 million or more) Guarantees: First loss instruments to mobilize private-sector financing
Requirements	Alignment with foreign ODA policy goals (countries, sectors and themes) In some cases, tied aid (procurement restricted to suppliers from the donor country) Compliance with reporting requirements
Examples	BMZ (Germany) SIDA (Sweden) CIDCA (China)

Private Sector and Impact Investors

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 the need to achieve adequate risk-adjusted financial returns on their investments. Governments need to recognize the profit-seeking objectives of private capital providers when planning activities to promote private investment.

Companies' capital, derived from the financial resources of owners and retained earnings, represents a primary private source of financing for-profit investment. The challenge and opportunity for governments is to unleash the financial and entrepreneurial energy of private businesses to boost national investment. To

this effect, governments can implement private sector development policies to promote economic growth and reduce poverty by building private enterprises.

In addition to attracting corporate investors that are directly engaged in land-related projects and programmes, public and private actors should work together to attract financial investors from domestic and international sources. Financial investors in capital markets seek to earn commercial returns that adequately compensate for risks perceived at the project and country level. In addition, commercial bank lending, insurance and guarantees can support land-based investments by the private sector.

Private Sector and Impact Investors	
Type	Foreign direct corporate investments (for example, supply chain expansion) Domestic agro-industrial corporate investors International impact investment funds
Motivation	Long-term access to sustainable raw materials ESG objectives and carbon-offset commitments Financial returns complemented by measurable environmental or social impact
Typical Volumes	Small to large scale investments: USD 500,000–100 million or more Small transaction sizes possible through impact investment funds
Requirements	Bankable business models (for example, financial revenues from sustainable crops, carbon credits and ecosystem services) Strong environmental and social impact metrics (for impact investors) Risk mitigation tools (for example, guarantees and insurance)
Examples	Althelia Climate Fund, Mirova Natural Capital Bezos Earth Fund, Climate Asset Management Corporate initiatives by large multinational companies in the food sector

Blended Finance Structures

Blended finance is the strategic use of public funding, whether domestic or international, possibly complemented with philanthropic capital, for the mobilization of additional private finance towards sustainable development. It attracts commercial capital for projects that contribute to sustainable development, while providing financial returns to commercial investors.

Blended finance approaches are being deployed in a growing number of sustainable landscape initiatives,

often to support investments in sustainable forestry and land restoration, thus supporting biodiversity and fostering green growth, among other benefits. Blended finance may be structured as a pooled investment vehicle combining public and private finance to address common risks associated with land restoration investments, such as the unpredictability of natural systems, long lead times for resource development, long payback periods, price and demand volatility, and local land rights issues.

Blended Finance Structures	
Type	Combination of public grants, concessional loans, and private capital Long-term concessions under public-private partnerships (PPPs) Results-based financing (for example, payments for verified land restoration outcomes)
Motivation	Mobilizing private investment resources at scale Leveraging limited public and philanthropic resources De-risking private investment into high-impact, long-term restoration
Typical Volumes	Medium-to-large-scale investments: USD 5–50 million per project Smaller transaction sizes possible through blended finance funds
Requirements	Diligent technical and financial project preparation Clear performance metrics and independent impact verification Multi-stakeholder governance involving private and public partners
Examples	Land Degradation Neutrality Fund (Mirova + UNCCD) AGRI3 Fund (Rabobank + UNEP) GEF blended finance pilots

Philanthropic and Non-Profit Sources

Philanthropy is a form of altruism consisting of private initiatives for the public good. Traditional philanthropy is based on charity, compassion and selfless efforts to improve the well-being of beneficiaries. It is usually short-term in nature, with organizations obtaining resources for societal causes through fundraising and one-off donations.

Today, philanthropy increasingly takes the form of impact investment, which focuses on the interaction between individual well-being and broader societal outcomes by promoting sustainability. Moreover, there is a growing trend

towards 'philanthrocapitalism', in which profit-oriented business models are designed to generate positive social outcomes. Companies can improve social outcomes such as education, also benefiting themselves, for example, through a more skilled future workforce.

Philanthropic organizations often have the necessary financial strength and readiness to take risks that may exceed those of governments and other institutions. This agility allows them to innovate and implement solutions that can later be scaled up and adopted by larger entities. For instance, climate adaptation efforts may yield long-term returns that are too far in the future for financing by multilateral or bilateral development partners, while philanthropic organizations may be willing to support the creation of such public goods.

Philanthropic and Non-Profit Sources	
Type	International and domestic foundations, and global conservation funds Non-governmental organizations CSR programmes of companies
Motivation	High social and environmental impact Limited (or no) intention to earn financial returns Catalyzing innovation and capacity-building
Typical Volumes	Small to medium-scale investments: USD 50,000–10 million
Requirements	Strong links to global sustainability goals Focus on community development Clear environmental outcomes and monitoring plan
Examples	The Nature Conservancy, WWF, and Conservation International Trees for the Future, and Rainforest Alliance Rockefeller Foundation, Ford Foundation, and IKEA Foundation

Community and Local Financial Mechanisms

Community and Local Financial Mechanisms refer to financial systems and arrangements created, managed, and sustained by local communities to mobilize and allocate resources for their own local development initiatives. These mechanisms are grounded in principles of self-reliance, participation, and sustainability, and often emerge in areas where formal financial institutions are limited or inaccessible.

These mechanisms are initiated and managed by local

people, rather than external agencies. They rely on the collective action of community members who pool their financial, material, or labour resources to support shared goals such as infrastructure development, livelihood enhancement, and social services. Decisions regarding contributions, lending, and resource usage are made collectively, ensuring that members have a say in governance. This participatory approach enhances ownership and accountability and promotes transparency and trust within the group.

Community and Local Financial Mechanisms	
Type	Cooperatives, microfinance, revolving funds, and community savings Payment for ecosystem services (PES)
Motivation	Local ownership, and empowerment of marginalized groups Sustained stewardship of restoration outcomes Potential for replication in other local communities with limited adaptation
Typical Volumes	Small-scale investments: USD 5,000–500,000
Requirements	Focus on community development Sufficient local institutional capacity Simple and transparent governance structures
Examples	Payments for PES schemes for soil carbon in Latin America Village-level reforestation funds in Sub-Saharan Africa Community Development Funds in Kenya

5.3 Examples of funds and programmes

Which financial sources support land investment today?

Below is a list of selected existing and active land restoration financing programmes and funds supporting land restoration. They are grouped by type and region, and include information on what they finance, their investment focus, and how they can be accessed. More detailed information is available on the websites of the respective financial sources.

Global and Multilateral Initiatives

Land Degradation Neutrality (LDN) Fund – Mirova and UNCCD
Type: Blended finance impact fund
Focus: Large-scale land restoration and sustainable agriculture in Africa, Latin America and Asia
Volume: total fund volume of more than USD 300 million
Motivation: Generate financial returns (4%–6%) while restoring land productivity
Requirements: Bankable projects with measurable environmental impact, and investment horizons of 5–15 years
Access: Through UNCCD Global Mechanism or the Mirova project pipeline

Green Climate Fund (GCF)
Type: Multilateral climate finance mechanism
Focus: Climate mitigation and adaptation projects, land-use change, reforestation, and sustainable livelihoods
Volume: USD 10–250 million or more per approved project
Requirements: Accredited entities such as governments, UN agencies, and development banks
Access: Submission of a concept note through an accredited partner, such as the UNDP, FAO, or the AfDB

Global Environment Facility (GEF)
Type: Multilateral environmental grant fund
Focus: Biodiversity, land degradation, and sustainable forest management
Volume: USD 1–10 million per approved project
Requirements: Country focal point endorsement and alignment with GEF's focal areas
Access: Country focal point or through implementing agencies, such as UNDP, UNEP, and FAO

IFAD – Adaptation for Smallholder Agriculture Programme (ASAP)
Type: Blended finance programme
Focus: Land restoration through smallholder adaptation activities
Volume: USD 50–100 million per country programme
Access: Through national governments and local partners

World Bank – PROGREEN (Global Partnership for Sustainable and Resilient Landscapes)
Type: Public finance & technical assistance
Focus: Sustainable forest and landscape management

Volume: Project-dependent (USD 10–500 million or more)
Access: Through national government agencies and partner networks

Africa-Focused Funds

Africa Development Bank – AFR100 Initiative
Type: Regional coalition, and blended financing
Focus: Restoring 100 million hectares of degraded land by 2030
Volume: More than USD 2 billion financial resources pledged
Partners: World Resources Institute (WRI), AUDA-NEPAD, GEF, and the World Bank
Access: National focal points, and AfDB's Climate Investment Facility

Biodiversity and Climate Fund for Africa (ABC Fund)
Type: Impact investment fund
Focus: Sustainable agriculture, ecosystem restoration, and value chains
Volume: Total fund volume of EUR 200 million
Access: Through local financial intermediaries and cooperatives

Resilient Landscapes Africa Programme (by CIF & AfDB)
Type: Climate Investment Fund (CIF)
Focus: Agroforestry, watershed management, and carbon storage
Volume: USD 350 million
Requirements: Coordination with local governments or implementation partners

Latin America & Caribbean (LAC)

Tropical Forest and Biodiversity Programme (GEF-LAC)
Focus: Land and biodiversity restoration, and carbon farming
Volume: USD 2–10 million grants
Access: Country GEF Focal Points

EcoBusiness Fund (KfW, and Conservation International)
Type: Blended finance fund
Focus: Financing sustainable agriculture and forestry businesses
Volume: More than USD 400 million
Access: Partner financial institutions in Latin America

Regenera América (Natura Group)
Type: Corporate compensation and restoration fund
Focus: Reforestation and regenerative projects in Amazon and Cerrado biomes
Volume: More than USD 10 million in early-stage grants
Access: NGO or cooperative-led proposals with measurable ecosystem gains

Asia-Pacific

Global Green Growth Institute (GGGI)
Type: Intergovernmental green finance vehicle
Focus: Sustainable land-use transition and climate-resilient agriculture
Volume: Varies; acts as aggregator linking projects with GCF, ADB, and bilateral donors
Access: Apply through national GGGI country coordinators

Asian Development Bank (ADB) – Nature Solutions Financing
Type: Development financing
Focus: Large-scale watershed and land restoration investments
Volume: USD 10–100 million or more per project
Requirements: National or regional government partnership

Philanthropic and Corporate-backed Initiatives

TerraFund (World Resources Institute, One Tree Planted, and AFR100)
Focus: Restoration startups, local organizations, and youth initiatives
Volume: USD 50,000–500,000 grants per initiative
Access: Calls for proposals periodically through terrafund.org

Bezos Earth Fund
Focus: Climate and natural capital restoration
Volume: More than USD 10 billion committed, including land use and biodiversity
Access: Usually through partnerships with major NGOs or country programmes

The Nature Conservancy & Conexus Ventures
Type: Private sector impact partnerships
Focus: Creating investable forest and land restoration ventures
Access: Direct proposals submitted through partner networks or accelerators

Summary of main financial sources

Source Type	Primary Motivation	Volume Range (USD)	Key Requirements
Domestic Public Financing	Domestic policy impact, national commitments	Wide range	Alignment with policy, clear impact
Multilateral Development Financing	Global sustainability goals	10M–200M+	Government partnership, fiduciary safeguards
Bilateral ODA	Bilateral foreign policy objectives	1M–50M+	Alignment with foreign ODA policy goals

Source Type	Primary Motivation	Volume Range (USD)	Key Requirements
Private Sector and Impact Investors	Financial and ESG-related returns	0.5M–100M+	Bankable model, impact metrics
Blended Finance Structures	De-risking private capital, leveraging public capital	5M–50M	Multi-party structure, results verification
Philanthropic and Non-Profit Sources	Social and environmental impact	50k–10M	Impact reporting, community link
Community and Local Financial Mechanisms	Empowerment, local benefits	5k–500k	Governance and local capacity

Tool: Summary of Main Financial Sources

Focus on the Private Sector: Optimal blending of financial sources

The goal of any financing strategy for economic development should be on achieving the maximum financial leverage possible on available grants or low-cost financial resources, irrespective of whether these stem from the public or a private sector. Optimal blending of financial resources for rural development and land protection involves using public grants or philanthropic funds (grants or concessional loans) to de-risk non-concessional investments, thereby attracting large volumes of private commercial capital.

This approach creates a “first-loss” layer (see Fig 2), where public and/or philanthropic donors bear higher risks, encouraging private investors to fund sustainable agriculture and environmental protection projects that would otherwise be deemed too risky or low-return.

Key strategies for optimal blending include:

- **De-risking and catalytic capital:** Utilizing grants or concessional loans to offset early-stage risks or to provide technical assistance, making projects attractive to private capital providers.
- **Layered investment structures:** Creating financing structures where public investors take the “first loss” if projects underperform, while commercial lenders take the senior position.
- **Blending instruments:** Combining grants with commercial bank loans, equity investments, or parametric insurance that provides immediate payouts to farmers after environmental failures.
- **Local capacity building:** Strengthening local financial institutions, such as rural cooperatives and banks, to effectively manage and deploy funds, rather than just delivering external funds directly.
- **Focus on market-based mechanisms:** Implementing instruments like sustainable bonds (e.g., green bonds) to channel private investment towards projects that both enhance livelihoods and promote natural resource management.

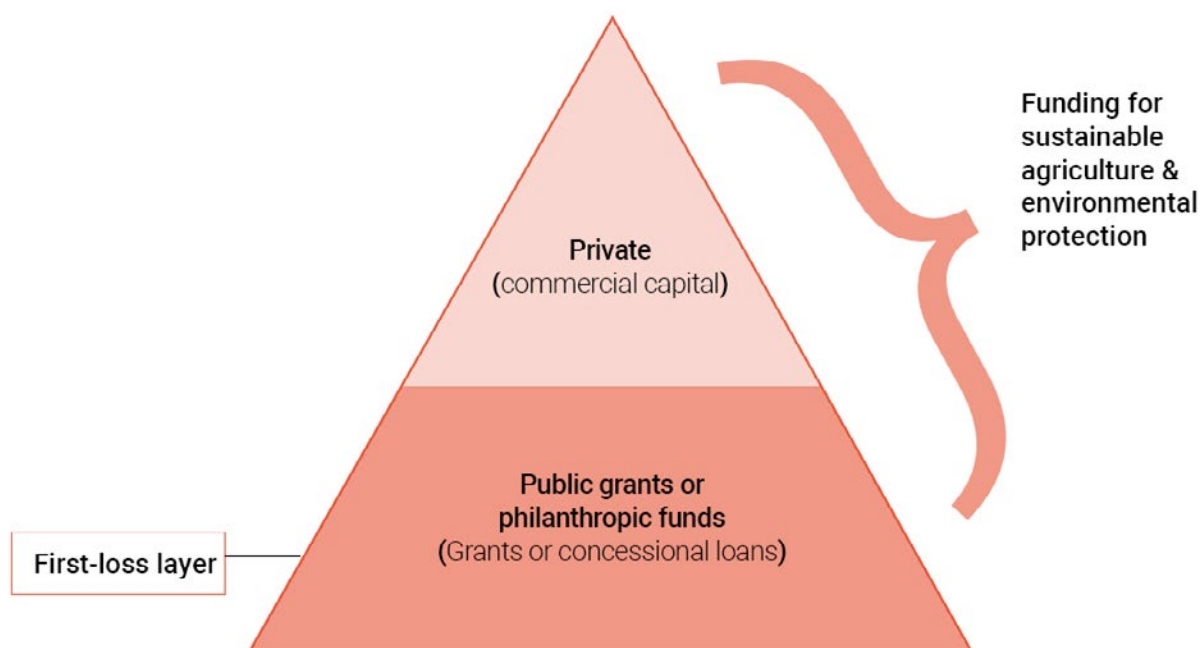


Fig 2: Optimal blending of public grants and private capital

6.1 Types of instruments

How can financial instruments for land-related investment be classified?

Financial sources and the types of financial instruments they provide are closely linked. The financial assistance instruments available for land-related investment, together with their terms and conditions, depend on the source of financing. Each financial source pursues its own objectives, and operates within its own legal, institutional and financial framework. These considerations drive the type of financial instruments that can be made available by a given financial source.

It is helpful to classify financial instruments along the following **three dimensions relating to the financial source**:

Origin: Coming from a domestic source or an international origin

Sector: Provided by public sector or private sector

Objectives: Driven by for-profit or non-profit

The table illustrates these different dimensions, along with examples of applicable financial instruments.

Dimensions of selected financial instruments

Origin	Sector	Non-profit objectives	For-profit objectives
Domestic	Public	Carbon emissions land tax	
		Green subsidies	
International		ODA grants	
		Development bank loans	
Domestic and/or international	Public & private jointly	Payment for Ecosystem Services	
		Debt-for-nature swaps	
			Public-Private Partnerships
			Blended finance
	Private	Philanthropy grants	
		Impact investing	
			Sustainability-linked loans
			Drought risk insurance

A further system to categorize financial instruments for investment, whether land-related or otherwise, is according to the financial return expectations of the investor. This general framework helps investors, development agencies, and policymakers align financial instruments with land restoration goals, risk profiles, and return expectations.

The six primary categories of financial instruments based on investors' financial return expectations are as follows:

1. Debt-based instruments
2. Equity-based instruments
3. Grants and subsidies
4. Hybrid instruments
5. Risk mitigation instruments
6. Performance- and outcome-based financial instruments

These types of financial instruments are explained in further detail below, together with specific examples and a summary of their key characteristics.

6.2 Description of instruments

What is the nature of different financial instruments supporting land investment?

Debt-Based Instruments

Loans and bonds, i.e., fixed income securities, usually involve a fixed interest cost, providing lenders such as banks and capital market buyers of debt instruments with a pre-agreed financial return over the fixed term of the debt. Debt is usually repaid in full at the expiration of the loan term.

Debt-based instruments are most suited for projects with predictable cash flows, such as sustainable agriculture or eco-tourism after restoration. Examples include the following instruments relevant to land-related investment.

Development Loans
• Description: Low-interest and/or long-term loans at below market rates • Lenders: Multilateral lenders or foreign governments providing official development assistance (ODA) • Example: Large-scale restoration of rangelands or watersheds in developing countries.
Sustainability-Linked Loans
• Description: Loan conditions or interest rates are linked to achieving key performance indicators for land restoration (for example, increased vegetative cover). • Lenders: Commercial banks, and multilateral development banks. • Advantage: Incentivizing measurable landscape improvements.
Green Bonds
• Description: Bonds dedicated to financing environmentally beneficial projects. • Structure: Fixed-income securities, whose proceeds are committed to land restoration projects, such as erosion control, and watershed restoration. • Example: Replanting degraded forest land; and investing in soil recovery infrastructure.

Equity-Based Instruments

Equity capital refers to the money that a company raises from its owners or shareholders in exchange for ownership stakes, typically in the form of shares (stock). Equity represents the owners' claim on the company's assets after all debts and liabilities have been paid. In simpler terms, it is the portion of a company's financing that comes from owners rather than borrowed funds.

Equity capital represents an investment in which the investor assumes the commercial risk of the activity being financed. Equity capital is typically used when land-based investments have long maturation periods and offer potentially higher returns after restoration.

Impact Private Equity Funds
• Description: Investment in land-based businesses, such as sustainable forestry, and regenerative agriculture, that improve ecosystem health. • Example: Funding to rehabilitate degraded farmlands for agroforestry operations.
Public-Private Partnerships (PPP) Equity Structures
• Description: Co-investment by the public sector and private investors, sharing risks and rewards. • Example: Joint ventures for land regeneration with future carbon credit sales.
Real Estate Investment Trusts (REITs) with a Regenerative Focus
• Description: Pooled investment structures owning rehabilitated land assets that generate agricultural or eco-tourism income. • Example: Restoration-linked REIT focused on wetlands or grasslands.

Grants and Subsidies

Grants are financial awards given by a government, organization, foundation, or institution to support a specific purpose, project, or activity. They are typically non-repayable, meaning recipients do not have to repay the funds if they comply with the terms and conditions of the grant.

Key characteristics of grants:

- **Purpose-driven:** Grants are awarded to achieve a specific goal, such as promoting research, supporting education, encouraging innovation, or advancing social welfare.
- **Application-based:** Individuals, businesses, or organizations usually apply for grants and demonstrate how they will use the funds.
- **Conditional funding:** Recipients are often required to meet certain performance, reporting, or outcome requirements.
- **Non-repayable:** Unlike loans, grants generally do not need to be repaid.

Example: Governmental grants paid to a private investor to cover part of the upfront investment cost of a land restoration project.

A **subsidy** is a type of public grant that provides financial assistance to reduce the cost of goods, services, or activities, often to encourage behaviours beneficial to the public or economy.

Examples:

- **Green subsidies:** Governments may provide grants to farmers to support land restoration and food production.
- **Repurposing subsidies harmful to biodiversity:** Fiscal support for agricultural production can sometimes be harmful to the environment, resulting in habitat destruction, land degradation and nutrient pollution. The objective is to examine, repurpose and monitor major subsidies to make them fiscally responsible and nature-positive.

Hybrid Instruments

Hybrid financial instruments are innovative funding mechanisms that combine characteristics of traditional financing, such as debt or equity, with elements of grants, guarantees, or results-based payments to support projects with both financial and environmental goals, including land restoration. Hybrid financial instruments are particularly **useful for high-risk, early-stage land restoration projects**, helping to de-risk private investment in land restoration activities.

Blended Finance Vehicles

- **Description:** A mix of concessional capital (public or philanthropic) and private investment used to de-risk projects.
- **Impact:** Encourages private investors to enter land restoration markets.

Convertible Debt

- **Description:** Loans that can be converted into equity once the restoration project demonstrates revenue generation.
- **Example:** Financing the early stages of restoring degraded agricultural land with future carbon credit potential.

Revenue-Based Financing

- **Description:** Investor returns are linked to actual revenues, such as those generated from sustainable crops or ecosystem services markets.
- **Advantage:** Aligns incentives with long-term land productivity.

Risk Mitigation Instruments

Risk mitigation instruments are tools, mechanisms, or strategies used to reduce, transfer, or manage exposure to potential risks that could negatively impact an organization, project, or investment. These instruments help minimize losses and uncertainty by either lowering the likelihood of a risk occurring or reducing its potential impact.

In land-related finance, risk mitigation instruments reduce project risk and improve investor confidence. Land restoration projects often face a wide range of risks, from environmental uncertainties to regulatory, financial, and social challenges. As a result, risk mitigation instruments play a critical role in making such projects financially viable, environmentally safe, and socially acceptable.

Guarantees

- **Description:** Coverage provided by governments or development finance institutions against credit or performance risks.
- **Example:** Backstop guarantees for green bonds financing degraded land regeneration. These financial support mechanisms are designed to reduce risk and attract investors to environmentally focused projects. They act as a form of credit enhancement or insurance, ensuring that investors receive some or all of their returns even if the project underperforms or defaults.

Insurance Mechanisms

- **Description:** Products designed to cover climate, weather, or project failure risks.
- **Example:** Weather index insurance for rangeland regeneration projects. This financial risk management tool protects land managers, pastoralists, and project developers against losses caused by adverse weather conditions that affect vegetation growth and land restoration outcomes.

Performance and Outcome-Based Financial Instruments

Performance-based financial instruments measure how well something, or someone performs specific activities, tasks, or processes. They emphasize inputs, activities and services, focusing on performance quality or efficiency. In the context of land restoration, these instruments measure, for example, the quality of the delivery of agreed ecosystem services.

Payments for Ecosystem Services Schemes

- **Description:** Investors or governments pay land stewards for ecological benefits, such as water filtration, and carbon sequestration.
- **Example:** Financing upstream land restoration activities to improve downstream water quality.

Outcome-based financial instruments measure final results or developmental impacts of an activity, namely the outcomes or changes achieved rather than the activities undertaken. In the context of land restoration, these instruments are designed specifically to achieve **measurable environmental or social outcomes**.

Environmental Impact Bonds

- **Description:** Returns for bond investors are linked to verified environmental performance metrics.
- **Example:** Payment of bond interest to investors is only made if agreed reforestation targets financed by the bond's proceeds are achieved.

6.3 Innovative financial approaches

What are new and innovative financial approaches to enable land investment?

Innovative ways to finance developmental activities in lower- and middle-income countries have been developed and tested since the beginning of the current millennium. Following the launch of the Millennium Development Goals in 2000, many new

efforts have been undertaken globally to increase the volume of financial resources allocated to sustainable development projects and programmes, including biodiversity protection and land-related investment.



These innovative financing approaches pursue the following objectives:

- **Leveraging public resources** by mobilizing additional private sector resources, including through instruments such as taxes, levies, and voluntary private contributions
- Using **market-based instruments** to generate private sector resources, including through foreign-based investment funds, public-private partnerships, frontloading of aid, and political risk mitigation measures
- Focusing on **results and outcomes**, including through results-based financing, risk sharing instruments, and measures to improve efficiency and scaling of financial instruments
- Mobilizing **local capital**, including developing capital markets, strengthening debt sustainability for sustainable impact, and expanding insurance and guarantee-based innovations.

In this context, it is useful to distinguish **innovative development finance** from **blended finance** and **impact investing** (see Fig 3):

- Blended finance focuses on the **supply side of capital**, i.e. the mobilization of private capital for investment through public or philanthropic development capital.
- Impact investment targets the **demand side of capital**, since it involves the deployment of financial capital to generate positive and measurable environmental and social impact alongside financial returns.
- Innovative development finance aims to **integrate supply- and demand-side aspects**, focusing on how the additional private capital can be deployed for maximum impact.

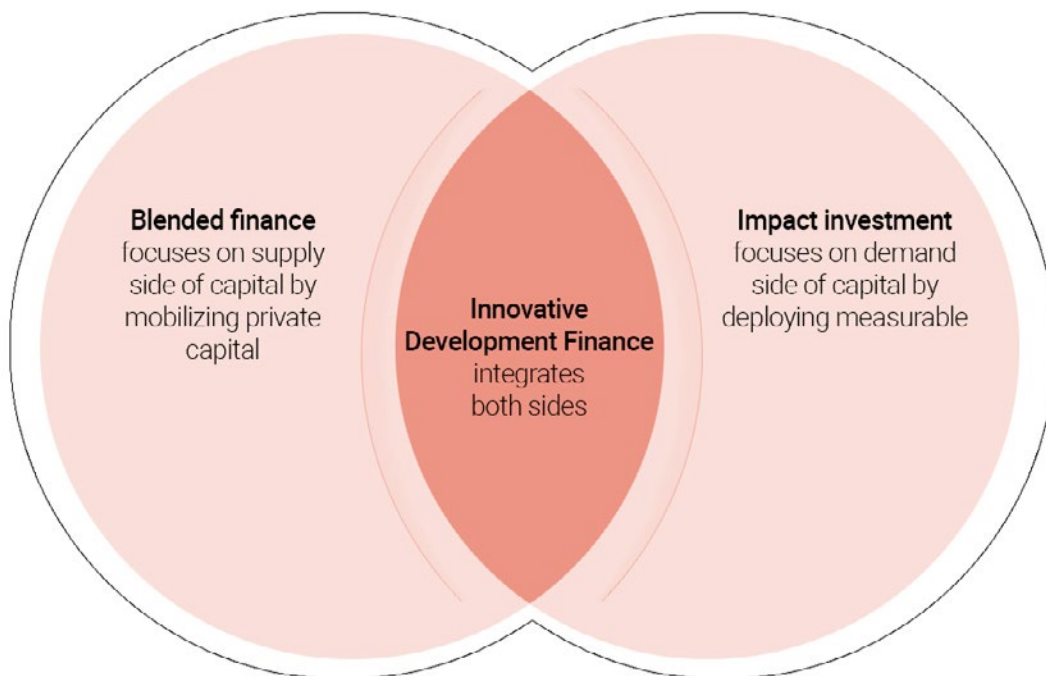


Fig 3: Difference between Innovative Financial Approaches

As a result, innovative financial approaches combine blended finance and impact investing in new ways or introduce new elements to raise additional private capital and invest capital in a more effective manner.

Innovative financial approaches often involve the public sector engaging with the private sector to amplify the investable resources available for developmental activities. Central to this engagement is the objective of raising additional private resources. In other words, interventions supporting private sector activities should contribute beyond what is already available in the market, rather than wasting public resources on activities that would have taken place in any event. Moreover, supporting the private sector to mobilize additional resources should not cross the line of

subsidizing selected private companies in ways that create an unfair competitive advantage over other investors or companies.

When encouraging private firms to invest, the public sector should provide the minimum amount of governmental resources needed to attract private capital. This principle is also referred to as offering the least possible amount of concessionality i.e. financial costs below market terms, needed to make a proposed private sector engagement profitable and bankable.

Additionality, as a main objective of innovative financial approaches, extends beyond the generation of additional funds as an input. This concept also includes developmental additionality on the output

side by generating incremental benefits that otherwise would not be delivered. Such developmental benefits may include knowledge transfer from the private sector to local partners; demonstration and pace-setting effects that help in de-risking new business models; and market-building effects through the development of

eco-systems, support for market infrastructure and the generation of market data.

The following sections introduce selected financial innovations that may be applicable for the financing of land-related investment:⁴

Funds and facilities
1. Facilities 2. Endowments 3. Structured funds
Results- and policy-based finance
4. Results-based finance 5. Outcome-based finance 6. Policy-based finance
Risk participation schemes
7. Guarantees 8. SDG bond issues 9. Insurance

Facilities

A facility is an aggregated pool of grant funding provided by development capital providers and allocated to development projects with the aim of aligning donors around a specific development challenge, encouraging innovation and/or mobilizing additional funding.

Facilities encompass a wide range of use cases:
• Facilities are often constituted as “multi-donor trust funds” managed by multilateral development banks (MDBs). Resources from the facility are allocated to complement traditional MDB financial activities. • Facilities often fill a gap in the early stage of project exploration and development, which commercial investors may find less attractive, given the higher costs and associated risks. They help to develop bankable development projects, for example through project development facilities. • Facilities can directly target private enterprises and provide grants and technical assistance to early-stage start-ups, inclusive businesses and SMEs. This can bring them to a level of scale and sophistication that would enable them to access financing from local banks or investors. • Some facilities support innovation not only in the enterprise sector but also in government, civil society and academia, for example through innovation funds. • Facilities can allocate funds to a variety of actors to address developmental challenges in an innovative way using competition as a main principle, for example through challenge funds. • Facilities can directly finance development projects through equity or debt, thereby providing a demonstration effect to private investors, or engage in risk mitigation finance, for example through guarantee facilities. • Some donors and other developmental capital providers pool their funding in multi-donor trust funds or in endowments that invest in capital markets and use the income generated for funding projects in line with their mission.

⁴ Source: https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Brosch%C3%BCren/2020_Innovative_Development_Finance_Toolbox.pdf

An example of a facility using competition-based grant funding allocations for agribusinesses and climate adaptation is the African Enterprise Challenge Fund.⁵ The fund supports innovative commercial businesses in the agribusiness, renewable energy and climate change adaptation technology sectors in Africa. Like most other challenge funds, it uses competition among the applicants to identify the best solution to a pre-defined development problem. It provides both grants and loans to successful applicants to implement their ideas. While applicants have to adhere to certain criteria, they are given freedom in designing,

testing and scaling their solutions.

Endowments

Endowments are pools of money provided by one or multiple donors. They are invested in high-quality financial assets, such as government bonds, to generate ongoing financial revenues to fund an organization's operations, and/or for specific long-term development purposes defined by the endowment's founders and donors. Endowments are typically administered through trust funds, private foundations or private limited companies.

The scope of endowments can be described as follows:

- Endowments are structured, deployed and managed in many different ways. They can be structured as permanent endowments, sinking funds, revolving funds, or hybrid combinations.
- A **permanent endowment** is designed to last in perpetuity, preserving its capital and using only the interest or returns to fund operations.
- A **sinking fund endowment** is designed to disburse its interest/returns and a proportion of its capital each year over a defined period.
- Sometimes a **revolving fund** is replenished or augmented on a regular basis, usually through fees, taxes or levies collected by a government, and the revenues may be disbursed or a proportion set aside to create a new endowment fund.
- In development finance, endowments have mostly been used in conservation, biodiversity and natural resources. In some cases, endowment funding is deployed across countries as it follows natural resource boundaries rather than geographical borders.

An example of an endowment fund focusing on nature conservation is the **Sangha Tri-National Trust Fund**. It was established under British law as a private limited company.⁶ Its objective is to contribute to the long-term financing of conservation, eco-development and cross-border cooperation within a forest complex in the Central African region. The endowment capital is invested in international financial markets by an internationally recognized investment manager. The investment aims to generate a perpetual stream of stable income to finance targeted conservation activities in the project region.

Structured funds

Structured funds are **investment vehicles receiving multiple tiers of capital** to mobilize additional international and domestic private capital. Capital providers include household investors, institutional and impact investors, development finance institutions, and philanthropic organizations. Structured funds usually make investment resources available as debt or equity investments, either to financial intermediaries in target countries or directly to projects or enterprises aligned with pre-defined development objectives of the structured fund.

The scope of structured funds can be described as follows:

- Structured funds are well suited to developmental areas, sectors and **projects that can generate sufficient revenues** to remunerate private investors, while still potentially being high risk.
- They target investments in middle income countries and low-income countries and mobilize private capital from both developed and developing countries.
- Structured funds aim at **supporting and complementing local financial markets** by filling in financial gaps with respect to products, conditions and borrower segments.
- Structured **Funds invest in a granular portfolio**, generating economies of scale and achieving risk mitigation through diversification.

⁵ <https://www.aecfafrica.org/>

⁶ <https://fondationtns.org/en/>

An example of a structured fund active in the area of biodiversity protection is the ECO Business Fund, established by KfW Development Bank, Conservation International, and Finance in Motion in 2014.⁷ The fund promotes business and consumption practices that support biodiversity conservation and sustainable natural resource use by providing financing to intermediaries or directly investing in businesses. Initially targeting Latin America, it has since been replicated in Sub-Saharan Africa. It has a layered capital structure, in which public investors and donors provide a concessionary risk cushion that facilitates the

participation of private institutional investors.

Results-based finance

Results-based finance mechanisms are defined as financial arrangements where payments by the payer or principal, such as a foreign aid donor, outcome funder or commissioner, to the payee or agent, such as a local implementer, service provider or incentivized agent, are contingent upon the achievement of pre-defined and/or verified results i.e. outputs, outcome or impact rather than payments for the delivery of activities or inputs.

The scope of results-based finance instruments can be described as follows:

- Results-based finance instruments are used mainly **in sectors or activities that are not yet commercially viable** and require concessional financing to make them attractive to commercial investors. Examples include ecosystem services in natural resources and biodiversity, project development, innovations proposed by early-stage social start-ups, and policy reforms.
- Results-based finance instruments are used mainly in the **social sectors, such as health and education, natural resources, conservation and climate sectors**.
- They are appropriate for low-income and middle-income countries but **require the capacity of agents and access to independent institutions** to identify and measure consistently and sustainably the achievement of contracted results, sometimes relative to a benchmark.
- Results-based finance mechanisms can seek to **incentivize a wide range of agents**, including national/ regional/ local governments, NGOs, commercial (corporate) service providers, financial or impact investors, as well as households and individuals.

An example of a results-based finance mechanism targeting land restoration is the Land Degradation Neutrality Fund (LDN Fund), developed by the United Nations Convention to Combat Desertification (UNCCD) in partnership with Mirova, an impact investment firm.⁸ The LDN Fund uses a results-based approach by linking investment returns and disbursements to measurable land restoration outcomes, such as hectares of land rehabilitated, improvements in soil health, and increased vegetation cover.

Investors in the LDN Fund, both public and private, provide capital, and projects are financed only if they can demonstrate verifiable ecological and socio-economic impacts. Examples include reforestation of degraded lands, sustainable agriculture, and agroforestry initiatives in Africa, Latin America, and Asia.

The LDN Fund model ensures accountability and efficiency: funds are fully released only when specific

restoration targets are met, encouraging high performance and innovation. It also combines public concessional financing, which reduces risk, with private investment, helping to scale up land restoration efforts globally while maintaining a strong focus on measurable results.

Outcome-based finance

Outcomes-based finance mechanisms involve one or more outcomes payor(s) making payments conditional on the achievement of pre-agreed, measurable outcomes, thus monetizing the impact generated. Compared to traditional results-based finance mechanisms that focus on the delivery of outputs, outcome-based finance focuses on the achievement of measurable outcomes. Payments are often made to private investors who take over the delivery and pre-financing of activities, or to impact enterprises and NGOs to increase their attractiveness to potential investors.

⁷ <https://www.ecobusiness.fund/>

⁸ <https://www.unccd.int/land-and-life/land-degradation-neutrality/impact-investment-fund-land-degradation-neutrality>

The scope of outcome-based finance instruments can be described as follows:

- Outcomes-based finance mechanisms are usually applied in the **health, employment, education and environmental sectors**. They are appropriate for low-income and middle-income countries, although they are mostly concentrated in middle-income economies where countries have systems in place to identify and measure targeted outcomes consistently.
- Outcomes-based finance mechanisms come in different forms:
 - With an **impact bond**, an investor provides upfront working capital to a service provider. The service provider implements activities to achieve the agreed outcomes. The investor receives repayment of the principal amount and a return by the payer/ outcome funder, such as a donor agency, only if the pre-specified outcomes are achieved. Compared to traditional sustainability bonds that are usually fixed-income instruments, impact bonds link returns to results. In a **Social Impact Bond**, the payor is the domestic government, while in a **Development Impact Bond** the payor is a donor.
 - **Social impact incentives** link payments paid by payers/ outcomes funders to the achievement of social outcomes, with payments usually being made to a social enterprise that has achieved the outcome. The payments make the social enterprise more attractive for investors, thereby increasing its ability to raise further capital and deliver a larger impact.
 - **Social success notes** are mechanisms that allow a social business to access capital upfront from a debt investor. The debt investor receives a return from an outcome funder if the pre-specified impact outcomes are achieved, while the principal is repaid by the social business.
 - **Outcome funds** pool resources and provide funding to a pool of selected service providers or entrepreneurs. There are programmatic approaches based on an impact bond mechanism.

An example of an outcome-based finance mechanism targeting land restoration is the World Bank's Forest Carbon Partnership Facility.⁹ Under this model, participating countries or projects receive payments only after independently verified outcomes are achieved, for example, restoring degraded agricultural areas, reducing deforestation rates, or increasing forest carbon stocks. The outcomes are quantified through metrics such as the number of hectares restored or tons of carbon sequestered. Financing is thus tied directly to the verified ecological performance rather than upfront inputs or activities.

This mechanism incentivizes local governments, private investors, and communities to prioritize measurable land restoration outcomes and sustainable land use practices. It also leverages blended finance by combining public donor funds with private capital to

attract large-scale investment into restoration while maintaining accountability through rigorous monitoring and verification systems.

Policy-based finance

Policy-based finance mechanisms incentivize recipient governments to pursue policy reforms. These mechanisms link payments from multilateral lenders or bilateral donors to the successful implementation of sector reforms by governments. Policy-based finance is seen as an evolution of traditional budgetary lending support, as it is generally tied to specific reforms compared to the general government funding. Unlike most results-based finance mechanisms that only work if there are clearly measurable outputs at the project level, policy-based finance supports comprehensive reform programmes.

⁹ <https://forestcarbonpartnership.org/>

The scope of policy-based finance instruments can be described as follows:

- Policy-based finance mechanisms are usually deployed not to finance individual projects, but to **accelerate reforms in key public policy areas linked to economic development**, such as macroeconomic stability, public financial management, tax reforms, business environment and investment climate reforms, land reforms, and reforms to the financial sector and social sectors.
- Policy-based finance covers the following main mechanisms:
 - **Policy-Based Loans:** Disbursement is usually conditional on pre-agreed policy actions, with the entire loan amount often disbursed in a 'single shot' once conditions are met, so that reforms can be implemented quickly.
 - **Policy-Based Guarantees:** These are risk mitigation/ credit enhancement instruments that enable governments to borrow from private sector lenders. The debt proceeds provide governments with budgetary support for a specific programme of policy and institutional actions.
 - **Performance-Based Grants:** Local governments receive transfers from the central government when they meet specific basic or minimum conditions, measuring their capacity to perform their functions.
 - **Loan Buy-Downs:** Donors repay all, of or part of, a loan's principal amount, or the interest incurred, on behalf of a borrowing country if progress is achieved in reforms of sectors that have a high development impact.

An example of a policy-based finance mechanism targeting the land sector is the World Bank's Development Policy Financing programme for Agricultural Reforms in Kenya.¹⁰ Loan funds are disbursed by the World Bank to the government, conditional on the implementation of agreed policy and institutional reforms. The supported reforms aim at improving land governance, strengthening agricultural productivity, and promoting climate-resilient land management. These reforms include revising land tenure policies, streamlining land registration, increasing transparency in land transactions, and enhancing public investment efficiency in sustainable agriculture.

Guarantees

Guarantees are typically used for borrowers and projects considered too risky to attract financing and investment on regular market terms, with the guarantee reducing the risk to an acceptable level. Guarantees can mobilize private capital at scale, thereby leveraging scarce donor resources. Guarantees are particularly effective when the gap between perceived risk and actual risk is high. For example, if the perceived risk for lending to a good quality project is constrained by perceived country risk, an all-risk or political risk guarantee can mobilize financing to the project.

The scope of guarantee instruments can be described as follows:

- Guarantees should only be used **when commercial financing on regular market terms is not available**.
- Guarantees are **typically issued to lenders and investors** in financial instruments, such as loans and bonds, to **credit-enhance** the obligations of debtors.
- Guarantees can also be used to enhance the **payment obligations of payors** with weak credit risk, such as off-takers in project finance,¹¹ or **support equity investments** directly or indirectly, for example by guaranteeing a fund that makes equity investments. Guarantees can cover multiple risks, and payment guarantees offer protection against losses not directly tied to credit risk, such as volume guarantees and liquidity guarantees.
- Guarantees in development finance comprise two types of obligations:
 - **Financial guarantees** are legally binding agreements under which the guarantor agrees to pay all or part of the amount outstanding on a financial instrument, such as a loan, or to compensate for a loss in the value of the instrument. The beneficiary of the guarantee is typically the debt holder or investor.
 - **Payment guarantees** are contractual obligations under which the guarantor makes the payment on behalf of a third party if that party does not make the payment, for example, in Public Private Partnerships.

¹⁰ <https://www.worldbank.org/en/results/2020/12/14/supporting-critical-reforms-for-inclusive-growth-kenya-development-policy-financing>

¹¹ An off-taker is a counterparty that commits, typically through a legally binding agreement, to purchase part a project's future production, usually at pre-agreed terms (price, volume, delivery conditions). For instance, in a land restoration project targeting crop production, an off-taker may be a food processor purchasing the agricultural outputs produced.

An example of a guarantee mechanism targeting the land sector is the African Agriculture and Trade Investment Fund, which includes a guarantee structure to support investment in sustainable land use and agriculture across Africa.¹² This mechanism uses risk-sharing guarantees provided by foreign development finance institutions to de-risk private sector investment in the agricultural and land-use sectors. The guarantees cover potential losses from loans or investments in projects that improve soil health, restore degraded land, and promote sustainable farming practices. This risk mitigation encourages local financial institutions and private investors to lend to actors such as smallholder farmers, agribusinesses, or community cooperatives, that might otherwise be perceived as too risky.

By providing a credit guarantee backstop, this mechanism helps unlock larger flows of private capital into land restoration, reforestation, and sustainable

agriculture initiatives. These guarantees foster inclusive investments that address land degradation, improve productivity, and strengthen rural livelihood, while maintaining environmental sustainability.

SDG bond issues

Bonds in development finance are debt instruments issued in capital markets to raise financing for SDG-related projects in developing countries. They are usually fixed-income instruments compared to outcome-based finance impact bonds, where the investor returns depend on the impact generated.

Bonds are key to mobilizing private investment at scale since they are the most common investment instrument of institutional investors globally. Unlike traditional loans, bonds are tradable, i.e. they can be bought and sold in secondary markets. Therefore, bonds can also contribute to strengthening the local capital markets.

Bonds usually support a specific project or sector/segment, such as a large infrastructure project, but can target all SDGs, sectors and projects in all countries, as illustrated by the World Bank's SDG bonds. Bonds are commonly distinguished based on the following factors:

- **Thematic bonds** channel capital to under-resourced development initiatives championed by issuers, mobilizing private investors in capital markets and/or private debt markets around development themes. Examples include **Green Bonds** that raise funds for projects with environmental impact and are aligned with the Green Bond Principles; **Social Bonds** that raise funds for projects with social outcomes and are aligned with the Social Bond Principles; **Sustainability Bonds** that raise funds to finance or refinance projects with both social and environmental impact and are aligned with the Sustainability Bond Principles; **Blue Bonds** to finance projects promoting ocean conservation, and **Gender Bonds** for gender equality and empowerment. **SDG Bonds** encompass all SDG challenges and are further defined in the UNDP-supported SDG impact standards.
- **Sustainability-linked bonds** are bond instruments whose financial and/or structural characteristics vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives. For example, the bond coupon might be reduced if targeted outcomes are achieved.
- **Credit-enhanced bonds** provide bond investors with reassurance through additional collateral, insurance, or third-party guarantees. They ensure that the investors receive contractual payments if the bond issuers are unable to meet their payment obligations.

An example of a bond issue targeting the land restoration is the Indonesia Green Sukuk (Islamic Green Bond), issued by the Government of Indonesia.¹³ First launched in 2018, the bond mobilizes both domestic and international capital for environmentally sustainable projects, including land restoration, sustainable forest management, peatland restoration, and climate-resilient agriculture. The bond proceeds are allocated to specific land restoration programmes such as reforestation, watershed protection, and interventions to prevent land degradation and forest fires. Indonesia's Ministry of Finance works closely with environmental agencies to ensure that project selection, monitoring, and reporting align with established green

bond frameworks and international standards, such as the Green Bond Principles.

Insurance

Insurance is a risk transfer mechanism that provides protection to insured parties against a range of specific risks in return for the payment of premiums. While insurance does not reduce the risk of an event happening, it reduces the financial burden caused by the event on the affected party. Moreover, insurance can incentivize risk reduction and mitigation measures, for example, through premium reductions, thus improving overall resilience and reducing vulnerability to extreme events.

¹² <https://www.aatif.lu/en/>

¹³ <https://www.greenfinanceplatform.org/policies-and-regulations/indonesia-issued-us125-billion-green-sukuk>

The scope of insurance instruments can be summarized as follows:

- Insurance solutions help reduce the financial burden and **mitigate the effects of extreme events**. Extreme events, such as severe droughts, can have significant and long-term economic impacts. Apart from their financial implications, extreme events also have significant adverse effects on the attainment of the SDGs.
- Insurance can **enhance investment and productivity** by allowing firms and farmers to take calculated risks, such as expanding operations or adopting new technologies, without fear of total loss from shocks such as droughts or market disruptions.
- Insurance also helps **stabilize incomes and safeguard livelihoods**, particularly in vulnerable sectors such as agriculture and small enterprises.
- Insurance can cover a wide range of risks, such as health, life, natural hazards, project risks and credit default (and many more). Generally speaking, **insurance is very flexible**, compared to other instruments such as guarantees; and can be tailored to specific requirements. Given the wide range of risks that can be addressed by insurance, this instrument is **applicable for all types of target groups and countries** looking to mitigate the effects of unexpected events.

An example of an insurance scheme targeting land restoration is the Extreme Climate Facility under the African Risk Capacity (ARC).¹⁴ The Facility integrates climate risk insurance with land restoration and sustainable land-use practices across Africa. While ARC primarily provides parametric insurance against droughts and extreme weather, some participating governments and partners such as WFP and FAO, link the insurance payouts directly to land restoration and ecosystem restoration programmes. For instance, when a drought triggers a payout, funds are used to support soil and water conservation work, reforestation, and

rangeland restoration, thereby strengthening long-term land productivity and resilience to future shocks.

This approach transforms insurance from a compensatory tool into a risk management and restoration financing mechanism, ensuring payouts contribute to both immediate recovery and long-term land health. It encourages countries to integrate natural resource management and land restoration into their disaster risk financing strategies, helping restore degraded areas while safeguarding rural livelihoods.

6.4 Summary of main financial instruments

Instrument type	Examples	Primary Use	Risk	Time Horizon
Debt	Green bonds, sustainability-linked Loans	Scalable restoration with cash flow	Low–Medium	Medium
Equity	Impact equity, PPPs, Real Estate Investment Trusts	Profit-oriented restoration	Medium–High	Long
Grants and Subsidies	Grants to private investors, green subsidies	Mobilizing private investment for restoration	Medium–High	Long
Hybrid	Blended finance, convertible debt	Early/high-risk restoration	Medium	Medium–Long
Risk Mitigation	Guarantees, insurance	De-risking investments	Low	Varies
Performance-/ Outcome-Based	Payments for ecosystem services, environmental impact bonds	Measurable service quality and impact/ results	Medium	Medium–Long

Tool: Summary of Main Financial Instruments

¹⁴ <https://www.arc.int/extreme-climate-facility>

Focus on the Private Sector: Financial Instruments

Private actors provide a suite of financial instruments that can mobilize capital for restoring degraded land and strengthening sustainable land use systems.

Equity Investments. Impact funds, venture capital, and private equity invest directly in companies engaged in agroforestry, sustainable agriculture, reforestation, and land-based carbon projects. Equity financing supports long-term business growth and innovation.

Debt Instruments and Green Loans. Commercial banks offer green loans and sustainability-linked loans for land restoration activities such as soil restoration, watershed protection, and forest regrowth. Loan terms can be tied to achieving environmental performance indicators.

Green and Sustainability Bonds. Corporations and financial institutions issue green or sustainability bonds to raise capital for large-scale restoration, climate-smart agriculture, and natural-capital projects. These instruments provide long-term, lower-cost financing.

Carbon Finance Instruments. Private companies purchase verified carbon credits generated through reforestation or soil carbon projects. Advance market commitments, carbon offtake agreements, and forward purchases provide predictable revenue that makes projects bankable.

Blended Finance Tools. Guarantees, first-loss capital, and risk sharing mechanisms allow private capital to flow into restoration projects that might otherwise appear too risky. These tools enable commercial lenders and investors to participate at scale.

Supply Chain Finance. Agribusinesses provide contract farming arrangements, input credit, and pre-financing to farmers who adopt regenerative practices that improve land health.



Part D: Project Pipeline Development

Section 7: Selecting Financial Options

7.1 From planning to implementation

What are the steps from needs identification to resource mobilization?

Given the variety of financing sources and financial instruments available, it is advisable for country Parties to follow a **structured process to identify and select suitable financial sources and instruments** for their resource mobilization efforts.



Fig 4: Steps involved in moving from resource needs planning to resource mobilization

Typically, the process of moving from resource needs planning to resource mobilization involves the following steps:

Step 1: Defining the investment case

The national needs to address land degradation are potentially infinite. In earlier sections, this guidance discusses the main considerations involved in assessing the costs and benefits of investment alternatives and ranking them in order of merit and urgency. In other words, the objective is to establish a prioritized list of necessary investments in land restoration and improvement at the country level to meet national LDN targets.

Step 2: Classifying projects

Once land-related investment priorities have been established and are agreed within the government, it is necessary to fully understand the specific nature of the specific investment cases involved. Such an understanding is vital to match the planned land-related investments with appropriate financial alternatives. Important aspects to consider for each proposed investment include the following:

- What is the ability of the project to generate revenues and net positive financial returns? This will help define the degree of loan concessionality required (including interest cost and loan maturity) and, if needed, the extent of grants and subsidies within the financial resources to be mobilized.
- What level of financial risk is involved for investors? This will help identify the type of investors to be approached, depending on their individual risk appetite, and the financial instruments to be considered, for instance by including guarantees or insurance to reduce financial risks for investors.
- Which policy-related objectives does the project address? This will provide guidance towards suitable sources of financing, thus aligning the planned project with the institutional policies and financial goals of the targeted investors and funding sources.

Step 3: Identifying possible financial options

Earlier sections in this guidance illustrated the wide range of financial sources and instruments available for land-related investments. The process of identifying possible financial options and models for financing involves selecting financial sources and instruments that meet the specific financial requirements of the priority projects under consideration. The goal is to come up with a shortlist of possible financial options from which the most fitting one can be selected for subsequent resource mobilization efforts.

Step 4: Selecting the preferred financial source and instrument

From the possible financial options that could match the specific needs and characteristics of the land investment to be supported, the most efficient and effective source and instrument should be selected. The intention is to make a rational choice for the preferred financial option and focus subsequent resource mobilization efforts on that selected option.

The following sections describe how the selection process can be undertaken in a structured and transparent manner. The focus will be on financial considerations, such as cost of capital and tenor of funds, complemented by aspects of policy alignment and operational efficiency of the fundraising effort.

Step 5: Drafting the financial proposal

With the preferred and suitable financial source and instrument(s) selected, the actual resource mobilization effort can be initiated. Subsequent sections of the guidance describe these efforts in greater detail. The objective is to minimize required governmental staff time in the resource mobilization efforts, while maximizing the prospects of success in securing the desired financial support.

The extent of own project preparation activities expected from national governments, or other partners proposing land-related investments, varies greatly depending on the financial source.

For instance, multilateral financial organizations may typically want to identify and prepare new development projects on their own, based on pre-agreed thematic or regional priorities with the member government. A detailed and full project development is usually not

expected from the proposing government.

In contrast, global climate and nature funds may require the proposing government or project sponsor to prepare a detailed project proposal with fully estimated costs and benefits, following the guidelines and documentation requirements of the international fund. The expense for project preparation is generally borne by the government proposing the project.

Private investors and financing sources may also expect a detailed financing proposal based on a sound business plan for the proposed land investments.

Knowledge of the individual requirements and procedures of each financial source is therefore vital to minimize governmental effort and meet the expectations of the targeted funding source.

7.2 Financial considerations

What are relevant financial considerations when selecting a financial source and instrument?

Evaluating financial sources and financial instruments for land restoration, reforestation, and sustainable land-use investments requires a careful balance between financial, environmental, and social criteria. This kind of investment often sits at the intersection of sustainability finance, impact investment, and natural capital management.

For any planned investment, irrespective of the economic sector concerned, it is vital that the financial profile of the activity and the financial terms of the resources are matched well. The key financial terms and criteria to be reviewed for this match-making exercise include the following.

Cost of capital
• <i>Interest rates vs. expected returns:</i> Assessing whether the cost of financing, such as loan interest rate charged, or the required financial returns for investors, is affordable given the project's expected net cash flows and payback period. A project without any revenue-generating ability would require grant financing. • <i>Subsidies or concessional rates:</i> Verifying whether blended finance and/or concessional loans can lower the effective cost of financing to an extent that the proposed project becomes financially viable.
Maturity and repayment terms
• Land restoration usually involves <i>long time horizons</i>, with financial and environmental returns often materializing only after 5 years or longer since investment. • It is therefore necessary to evaluate whether financial sources can offer sufficiently long tenors and grace periods i.e. initial years without debt service payments, or deferred repayment schedules to fit the project's projected lifecycle.

Currency and inflation risks
• If financial resources are denominated in a foreign currency, it is necessary to evaluate the <i>currency exposure</i> resulting from exchange rate volatility. The longer the financing term, the higher the currency risk will be. • For instance, a developing country with an elevated domestic inflation rate may experience a gradual depreciation of its national currency relative to the foreign currency in which a loan is denominated. It is therefore important to determine who bears the currency risk. • Some foreign donors and international development finance institutions offer <i>local-currency loans</i> to mitigate currency risk, making these financing sources potentially more suitable and attractive.
Project Financial Risks
• A proposed project may involve financial risks that exceed the <i>risk bearing capacity</i> or risk appetite of the financial source under consideration. • The project's projected revenue stream may be subject to high uncertainty, leading to credit and liquidity risk, and the risk of an underperformance of the land asset. • In this case, it may be advisable to consider hybrid instruments such as revenue-based financing that can adjust to variable project cash flows. • Insurance may also be an option to reduce project-related financial risks.

7.3 Non-financial considerations

Beyond financial terms, which other aspects should be considered when selecting a financial source?

There are many other considerations, not directly connected to the terms and conditions of the financing volume under review, when selecting a financial source and instrument for fundraising outreach. These important non-financial aspects can be summarized as follows.

Policy alignment
• Fit with <i>development policy strategies and priorities</i> of funders, e.g. alignment of the proposed project with priority sectors, target regions or countries, and types of financial interventions preferred by the funding source. • Fit with <i>funders' return expectations</i>, depending on whether the financial source pursues commercial, impact-oriented, and/or philanthropic objectives. • Fit with <i>funders' expectations for a project's environmental benefits</i>, for instance the project's expected contribution to soil restoration, carbon sequestration, biodiversity conservation, or water retention. • Fit with <i>funders' expectations regarding project scalability and replicability</i>, i.e. whether there is the potential to scale planned investments or replicate them across regions, which is often important for investors seeking portfolio diversification.
Safeguards requirements
• Demands of the financial source concerning <i>adherence to specific environmental and social safeguards</i>, including the World Bank safeguards policies, and national environmental laws. • Expected <i>evidence of the level of community participation</i> and the potential for inclusive development, for instance through adjustments to local land tenure conditions. • Demands of the financial source with respect to <i>robust monitoring, reporting, and verification of environmental outcomes</i>. Green bonds, carbon credits, or impact-linked finance for example, often require standardized outcome indicators such as SDG 15.3 for land degradation neutrality.

Operational efficiency
• A financial source may have specific demands with respect to the <i>management of operational and implementation risks</i>. Projects should demonstrate sufficient technical and scientific expertise in restoration activities, project management capacity, and institutional stability supported by local governance structures. • Financial sources may also expect <i>risk mitigation efforts concerning policy-related risks</i>. This involves, for instance, stability of governmental policies on land tenure, environmental regulation, and carbon markets. • Financial sources may also take into account public incentives such as tax breaks, payment for ecosystem services schemes or restrictions that affect <i>project feasibility</i>.
Fundraising efficiency
• <i>Cost-benefit considerations</i>: What is the expected effort in terms of governmental staff resources and time to apply for a specific financial contribution, and how does this relate to the expected amount to be mobilized? In some cases, it may be preferable to seek multiple, smaller financial contributions that could be mobilized with limited effort and on short notice, instead of sourcing a large single investment requiring considerable staff time and involving complex and time-consuming approval processes with uncertain outcomes. • <i>Quality of relationship with the funder</i>: An established, close relationship with a funding source may reduce the uncertainty on whether a financing application will be successful, thus making the financial provider a preferred target for the resource mobilization outreach. • <i>Follow-up contributions</i>: It may be preferable to establish new relations with those financial sources from which subsequent financial contributions are likely to be available.

7.4 Financial decision tree

How can financial and non-financial considerations be reflected systematically to select a suitable financial option?

From the above considerations, it is possible to develop a stepwise framework incorporating financial and non-financial aspects for selecting financial options for land restoration and sustainable land-use projects.

Below is a structured financial decision tree, integrating these considerations systematically. It is designed to guide the decision-making process for targeting financial sources and instruments that best fit the project's characteristics and strategic objectives.

Step 1: Define Project Financial and Sustainability Characteristics

Before assessing financial sources and instruments, identify these project characteristics:
Revenue profile: Revenue-generating vs. non-revenue-generating, including public goods, ecosystem services Investment horizon: Short-term (less than 5 years) vs. long-term (more than 5 years) Level of risk: Technical, environmental, and financial Sustainability outcomes: Carbon benefits, biodiversity, soil and water improvements, among others Institutional readiness: Capacity, governance, and policy environment

These characteristics help define whether commercial, impact, or philanthropic financial sources, or blended approaches, are most appropriate.

Step 2: Financial Considerations

Cost of Capital – Decision Questions:

- Are the expected project returns sufficient to cover the cost of capital?
 - **Yes:** Consider **commercial loans, private equity, or impact bonds**
 - **No:** Proceed to source **grants, subsidized, or blended finance**
- Are concessional or blended instruments available to reduce the effective capital cost?
 - **Yes:** Prefer **concessional loans, green funds, public-private mechanisms**
 - **No:** Reassess the project's financial viability or seek **philanthropic** sources

Maturity and Repayment Terms – Decision Questions:

- Does the financial source provide sufficiently long tenors (preferably longer than 10 years) and grace periods matching project cash flows?
 - **Yes:** Consider **restoration loans, green bonds, or development finance institutions** with long maturities
 - **No:** Prefer **equity-like** or **grant-based** financing for early-stage restoration

Currency and Inflation Risks – Decision Questions:

- Is financing denominated in local or foreign currency?
 - **Foreign currency:** Assess exposure to **exchange rate** and **inflation risks**
 - Mitigate these risks through **currency risk hedging, local-currency loans, or currency risk-sharing facilities**
 - **Local currency:** Reducing overall risk, especially for locally sourced funds such as domestic green banks
- Identify **who bears any currency risk** – investor, borrower, or co-financer

Project Financial Risks – Decision Questions:

- Are projected cash flows stable and predictable?
 - **Yes:** Consider **debt** or **bond** instruments
 - **No:** Consider **revenue-based, hybrid, or impact-linked instruments**
- Is project risk higher than the financial source's tolerance?
 - **Yes:** Employ **guarantees, insurance, or first-loss tranches**

Step 3: Non-Financial Considerations

Policy Alignment – Decision Questions:

- Does the funding source's strategy align with the project's goals, such as SDG 15, or climate mitigation?
 - **Yes:** Proceed to match the project with the financial option under consideration
 - **No:** Eliminate the option from shortlist
- Assess **policy fit** in:
 - Country/sector focus
 - Return expectations, including commercial and Impact objectives
 - Environmental benefits and scalability

Safeguards Requirements – Decision Questions:

- Are required safeguards such as social inclusivity, and community participation, achievable at acceptable cost?
 - **Yes:** Proceed to match the project with the financial option under consideration
 - **No:** Adjust project design or exclude the financial source
- Assess compliance requirements with:
 - **World Bank and IFC standards**
 - **National environmental law**
 - **Impact reporting frameworks, such as** Green Bond Principles, and SDG indicators

Operational Efficiency – Decision Questions:
- Does the project team demonstrate adequate technical capacity and governance? Yes: Proceed to match the project with the financial option under consideration No: Strengthen institutional framework or seek technical assistance - Does country risk or policy instability affect financial feasibility? - Mitigation through partnerships, policy guarantees, risk insurance, or government co-financing
Fundraising Efficiency – Decision Questions:
- How does the resource mobilization effort compare with the expected financing volume? Low effort and high return: Prioritize the financial option High effort and uncertain outcome: Assign the financial option a lower priority - Is there a strong relationship with the funder or potential for future contributions? Yes: Prioritize the financial option to maintain continuity and strengthen the relationship No: Continue to consider the financial option to diversify funding sources

Step 4: Decision Synthesis and Prioritization

The above considerations can be summarized and integrated into a single decision framework for evaluating financial options, as shown in the following table. Once filled out for each possible source and instrument of financing, users should select the source and instrument with the highest composite score that aligns with the project's financial and strategic objectives.

Evaluation Dimensions	Key Criteria	Score (Level of Fit)
<i>Cost of Capital</i>	Affordable vs. expected returns	(High/ medium /low)
<i>Maturity Terms</i>	Sufficient tenor and grace period	..
<i>Currency Risk</i>	Acceptable or mitigated	..
<i>Project Financial Risks</i>	Instrument flexibility and risk coverage	..
<i>Policy Alignment</i>	Alignment with funder's priorities	..
<i>Safeguards Compliance</i>	Feasibility and monitoring capacity	..
<i>Operational Capacity</i>	Technical capability and governance	..
<i>Fundraising Efficiency</i>	Cost-benefit and relationship potential	..

Tool: Evaluation of Financial Options

Step 5: Recommended Funding Pathways

From this decision framework, it is possible to identify suitable financial options for different types of land-related investment projects. Examples are illustrated in the following table.

Project Type	Likely Suitable Financial Options
Non-revenue restoration (for example, public land)	Grants, climate funds, philanthropic finance, payment for ecosystem services
Slow-return reforestation (10+ years)	Concessional loans, blended finance, green bonds
Community-based sustainable land use	Impact funds, local microfinance, development grants
Scalable, market-linked restoration	Green private equity, blended impact bonds, development finance institutions
Risky early-stage nature-based start-up	Hybrid finance, first-loss capital, incubator support

To summarize this section, a **rational financial** decision for sustainable land-use investment integrates the following main dimensions:

- **Financial viability:** Aligning project cash flows with financing terms, such as cost, tenor, and risk
- **Strategic fit:** Aligning project objectives with funder policies and safeguards
- **Operational feasibility:** Ensuring technical and governance capacity
- **Efficiency:** Optimizing efforts relative to funding scale and relationship potential

This systematic approach supports a transparent, evidence-based selection of the **right financial source and financial instrument** for each restoration or sustainable land-use initiative.

Focus on the Private Sector: Financial Sources

Private financial sources for land-restoration investment in developing countries include a mix of commercial, impact-driven, and blended-finance actors that provide capital for restoration, sustainable land management, and climate-resilient agriculture.

Key sources include *commercial banks*, which provide loans for agribusinesses and land-use projects, though often with strict collateral requirements. *Private equity and venture capital funds* invest in scalable restoration technologies, sustainable agriculture, and land-use enterprises with strong growth potential. *Impact investors*—such as specialized restoration funds and green investment vehicles—finance projects that deliver both financial returns and measurable environmental benefits, including carbon sequestration and improved soil health.

Corporations, domestic and foreign, also play a growing role through supply-chain sustainability commitments, especially in sectors like food, forestry, and mining. They fund landscape restoration to secure raw materials, reduce climate risks, or meet voluntary and regulatory sustainability standards. *Insurance companies and pension funds* increasingly invest in nature-based solutions and green bonds linked to land restoration, attracted by stable long-term returns.

Carbon markets provide another stream, as private buyers purchase carbon credits from reforestation, agroforestry, or soil-carbon projects. *Philanthropic foundations* offer grants or catalytic capital to de-risk early-stage initiatives.

Together, these private financial sources complement public funding and help scale land restoration in developing countries. Private funders support the long-term sustainability of land-related investments by investing in activities with demonstrated feasibility and associated financial returns.

Section 8: Preparing Bankable Projects

8.1 Developing land investment proposals

How does a Ministry of Environment prepare a strong financial proposal for a planned land investment?

Let us assume that a Ministry of Environment in a low- or middle-income country has defined its priority investment requirements for land restoration. The Ministry has also identified suitable financial sources and preferred financial instruments. Moreover, the Ministry has secured governmental approval to proceed with the project activities and mobilize funds from external financial partners. By this stage, the preferred financial source has been contacted, and they have confirmed their agreement in principle to consider a financial proposal from the country for the envisaged

land-related investment.

The next step is therefore the actual preparation of the financial proposal. Preparing a “bankable” land restoration investment proposal requires balancing technical credibility, financial soundness, and social and environmental impact. The goal is to demonstrate that the project is financially viable, technically feasible, environmentally effective and sustainable, and institutionally implementable (see Fig 5). The following is a step-wise guidance to accomplish this objective.

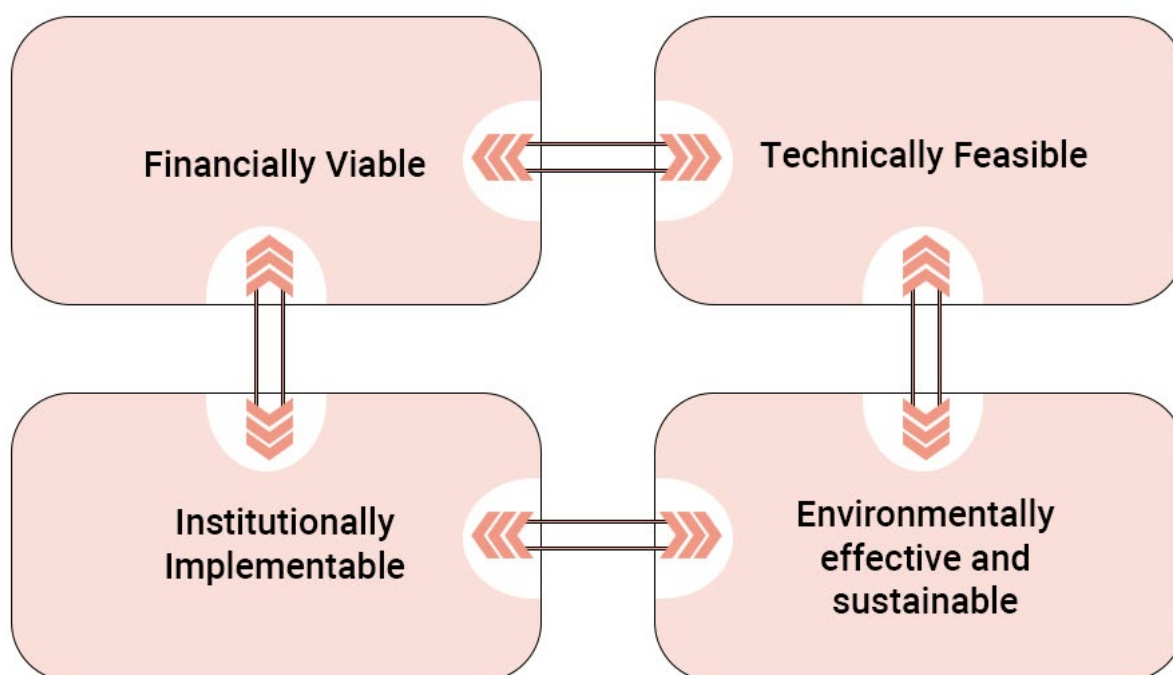


Fig 5: Components of a “bankable” land restoration investment proposal

Step 1: Define the Context and Rationale

Situational Analysis

- Describe the land degradation issues involved, such as soil erosion, deforestation, desertification, mining damage, overgrazing, or pollution.
- Quantify the extent of degradation, for example hectares degraded, loss in productivity and assess its social, economic, and ecological impacts.
- Link the project to national priorities, such as National Development Plan, NDCs, National Biodiversity Strategy, or Land Degradation Neutrality targets.

Problem Statement

- Clearly state why land restoration is needed, who is affected, and the consequences of inaction.
- Highlight policy alignment with the Sustainable Development Goals and the UNCCD.

Step 2: Establish Project Objectives and Expected Outcomes

- Set SMART objectives (Specific, Measurable, Achievable, Relevant, Time-bound).
 - Example: "To restore 50,000 ha of degraded drylands by 2030, increasing vegetation cover by 25 per cent and soil carbon by 15 per cent."
- Define key expected outcomes:
 - Improved soil fertility and water retention.
 - Increased smallholder productivity.
 - Enhanced biodiversity and ecosystem services.
 - Creation of green jobs and local income diversification.

Step 3: Develop the Technical Design

Proposed Interventions: Describe the restoration measures, such as:

- Agroforestry systems
- Reforestation or afforestation
- Terracing and erosion control
- Sustainable grazing management
- Wetland restoration or rewetting of peatlands
- Climate-smart agriculture

Implementation Arrangements

- Identify implementing agencies, technical partners, and stakeholders.
- Explain institutional capacities and coordination mechanisms.

Environmental and Social Safeguards

- Conduct preliminary Environmental and Social Impact Assessment or screening.
- Integrate gender equality, youth employment, and inclusive participation strategies.

Step 4: Conduct a Financial and Economic Analysis

This is what makes a proposal "bankable". Investors and donors expect to see clear proof of economic, financial and environmental sustainability, as well as expected returns.

Cost Estimation

- Provide a realistic budget broken down by project components, such as restoration activities, capacity building, and monitoring.
- Distinguish between capital expenditures for land-related investments and recurrent operational and maintenance costs over time.

Revenue Streams and Co-benefits. Identify potential returns, such as:

- Sustainable land use products, for instance timber and agroforestry crops
- Carbon credits, through voluntary or compliance markets
- Payment for ecosystem services
- Ecotourism or biodiversity offsets

Cost-Benefit or Economic Rate of Return Analysis

- Use standard methods, such as NPV, internal rate of return, and cost-benefit ratio.
- Quantify direct benefits, such as increased yield, and indirect benefits, such as carbon sequestration, reduced sedimentation, and climate resilience.

Financing Plan. Show the planned funding sources, for example:

- Public contribution: National budgets, and environmental funds.
- International financing: GEF, GCF, IFAD, World Bank, AfDB, and the UNCCD LDN Fund.
- Private sector: Public-private partnerships, and impact investors.
- Include financial leverage ratios i.e. the amount of private funding expected to be mobilized alongside public financing, potential for further co-financing, and risk-sharing mechanisms.

Step 5: Risk Assessment and Mitigation Strategy.

Identify key project risks such as:

- Technical risks related to the planned investment
- Political or institutional instability
- Land tenure conflicts
- Climate variability
- Low community participation

For each risk, define mitigation actions such as policy guarantees, participatory mechanisms, insurance schemes, and guarantees.

Step 6: Monitoring, Reporting, and Verification

- Define indicators for environmental, economic, and social performance.
- Consider using remote sensing, GIS, or participatory monitoring.
- Align with frameworks such as LDN Indicators and SDG 15.3.1 (land degradation neutrality).

Step 7: Project Governance and Sustainability Plan

- Map institutional roles, including ministries, local governments, and community-based organizations.
- Ensure local ownership, capacity building, and policy coherence.
- Include maintenance and exit strategies to sustain gains over the long-term following project closure.

Step 8: Structure and Presentation of the Proposal

A professional “bankable” proposal should offer a structure along the following elements:

1. Executive Summary: Snapshot of project rationale, objectives, and financials
2. Background and Context: Problem and national relevance
3. Project Description: Components, activities, and geographic focus
4. Implementation Plan: Timeline, and responsible institutions
5. Financial Plan: Detailed budget and financing strategy
6. Risk Management: Key risks and mitigation
7. Monitoring and Evaluation: Indicators, data sources, and reporting
8. Annexes: Maps, log-frames, economic analysis, and records of stakeholder consultations

Step 9: Recommended Tools and Frameworks

To make the proposal more robust, the following reference tools and sector frameworks can be used:

Technical Guide on the Responsible Governance of Tenure and Land Degradation Neutrality by FAO
Guidance on Transformative Projects and Programmes (TPP) development by the UNCCD
Climate-Smart Agriculture Investment Plan (CSAIP) guide by World Bank
Finance Resource Database for Biodiversity (FIRE) by UNEP

Step 10: Submission and Engagement Strategy

- Identify relevant financiers and donors and tailor the proposal format to their specific requirements, including those of GEF, GCF, World Bank, and regional development banks.
- Accompany the financing request with a concept note, letters of endorsement, and supporting data and evidence.
- Engage stakeholders early, as donors prefer projects with established community buy-in and institutional readiness.

8.2 Example: World Bank Project Appraisal Document

What are key elements and requirements in the project documentation of the World Bank?

This section illustrates how the World Bank evaluates a proposed project. The project evaluation is carried out primarily by World Bank staff and consultants, with support from the government responsible for implementing the planned investment.

The key document prepared by the World Bank is the Project Appraisal Document (PAD). This is a formal report used to assess the viability and strategic relevance of a proposed project. It is

developed during the planning phase and submitted to stakeholders, decision-makers, or financiers. Approval of World Bank financing is based on the PAD. Project appraisal through the PAD is the final step in the process of project identification, preparation and evaluation.

Below is a summary description of the key elements typically included in a World Bank PAD for a land restoration project.

1. Project Background and Strategic Context

The Project Appraisal Document begins with a description of the development context and the justification for World Bank engagement. For a land restoration project, this section identifies core issues such as soil erosion, deforestation, and land degradation that threaten agricultural productivity, water security, and rural livelihoods. It situates these

challenges within the country's broader development strategies, national adaptation plans, and sustainable land management frameworks. The PAD also articulates how the project supports the World Bank's Country Partnership Framework and global priorities such as climate resilience and biodiversity protection.

2. Project Development Objective and Results Indicators

This section defines the Project Development Objective (PDO), which is a concise statement summarizing the intended outcomes. For example: "to restore degraded lands and improve the resilience and productivity of rural landscapes." The PAD outlines key performance indicators that measure achievement of the PDO, such

as the number of hectares rehabilitated, percentage increase in land productivity, and the number of direct beneficiaries disaggregated by gender. The Results Framework links these indicators to expected impacts, ensuring that project outcomes are measurable and aligned with Sustainable Development Goals.

3. Project Components and Activities

The PAD then describes the project's components, usually organized around logical themes. For a land restoration project, the components might include:

- (i) Landscape Restoration and Sustainable Land Management—support for physical measures such as terracing, reforestation, and erosion control;
- (ii) Institutional Strengthening and Capacity Building—training for local authorities, extension agents, and community organizations;
- (iii) Policy, Knowledge, and Market Linkages—supporting enabling policy frameworks, land tenure improvements, and access to green value chains; and
- (iv) Project Management, Monitoring, and Evaluation. The PAD provides details of the expected outputs, implementation approach, and indicative cost estimates for each component.

4. Implementation Arrangements and Institutional Responsibilities

The PAD spells out the institutional framework for project implementation. It describes the roles of the implementing ministry or agency, decentralized government structures, community-based organizations, and technical partners. It also covers fiduciary aspects such as financial management, procurement planning, and disbursement mechanisms.

A typical arrangement involves a Project Management Unit responsible for coordination, reporting, and compliance with World Bank procedures. The PAD emphasizes inter-agency collaboration to ensure that technical, environmental, and social considerations are mainstreamed throughout project implementation.

5. Technical Soundness and Design Rationale

This section presents the technical justification for the chosen project approach. It discusses the scientific and practical basis for selected restoration measures, such as soil conservation, water harvesting, agroforestry, and climate-smart agriculture. Alternative designs are assessed, and the PAD explains why the

proposed approach was selected based on cost-effectiveness, scalability, and stakeholder preference. The PAD also references relevant feasibility studies, pilot results, and research evidence to ensure that interventions are technically proven and environmentally sustainable.

6. Economic and Financial Analysis

The economic appraisal evaluates the project's efficiency and its expected returns over time. The PAD quantifies benefits such as increased agricultural yields, reduced soil loss, enhanced carbon sequestration, and improved ecosystem services. It estimates the economic rate of return (ERR) and net present value

(NPV), often supported by sensitivity and scenario analyses that capture uncertainty due to climate variability or adoption rates. The financial analysis also assesses sustainability by examining maintenance costs, cost recovery mechanisms, and potential for leveraging private investment in land restoration.

7. Environmental and Social Safeguards

As land restoration projects are often implemented in environmentally sensitive areas, the PAD includes explicit treatment of environmental and social safeguards. It summarizes the results of Environmental and Social Impact Assessments (ESIAs), identifies potential risks, and outlines mitigation actions.

This section ensures compliance with the World Bank Environmental and Social Framework (ESF), including standards on biodiversity conservation, stakeholder engagement, land tenure security, and the rights of indigenous peoples. It also addresses gender considerations and grievance redress mechanisms to foster inclusiveness and equity.

8. Risk Assessment and Mitigation Strategies

The PAD contains a comprehensive risk assessment that identifies potential threats to successful implementation, such as weak institutional capacity, climate shocks, funding delays, or policy inconsistency. Each risk is rated high, substantial, moderate, or low, and matched with corresponding

mitigation measures, such as capacity building, contingency planning, adaptive management, and strengthened community participation. The overall risk rating guides the intensity of World Bank supervision and the allocation of resources for technical support during implementation.

9. Monitoring, Evaluation, and Learning Framework

The PAD outlines a robust Monitoring and Evaluation system to track progress towards achievement of the Project Development Objective (PDO). The PAD specifies indicators, baselines, targets, data collection systems, and reporting arrangements. It also emphasizes the use of digital tools, geospatial

monitoring, and participatory evaluation methods to foster transparency and accountability. This section highlights learning mechanisms, such as knowledge-sharing platforms and adaptive management, to ensure that the project evolves continuously based on lessons learned from implementation and field evidence.

10. Financial Arrangements and Conclusion

The final section of the PAD provides key financial and operational details, including total project costs, funding sources (World Bank loan/credit, government contributions, co-financing, and community input), disbursement schedule, and counterpart commitments. It also includes an implementation timeline, readiness criteria, and

covenants for policy and institutional actions. The PAD concludes with a recommendation for the Board's approval, affirming that the project design is technically sound, economically viable, institutionally feasible, and aligned with the World Bank's mission to promote inclusive and sustainable development through land restoration.

8.3 Example: GEF project development cycle

What are the elements of the project development and approval cycle for securing GEF financing?

For the Global Environmental Facility (GEF), this section outlines the full project cycle for mobilizing financing for a land restoration project. This description follows the logical sequence of GEF procedures, from early concept development to final funding approval, highlighting the technical and operational considerations central to the process (see Fig 6).

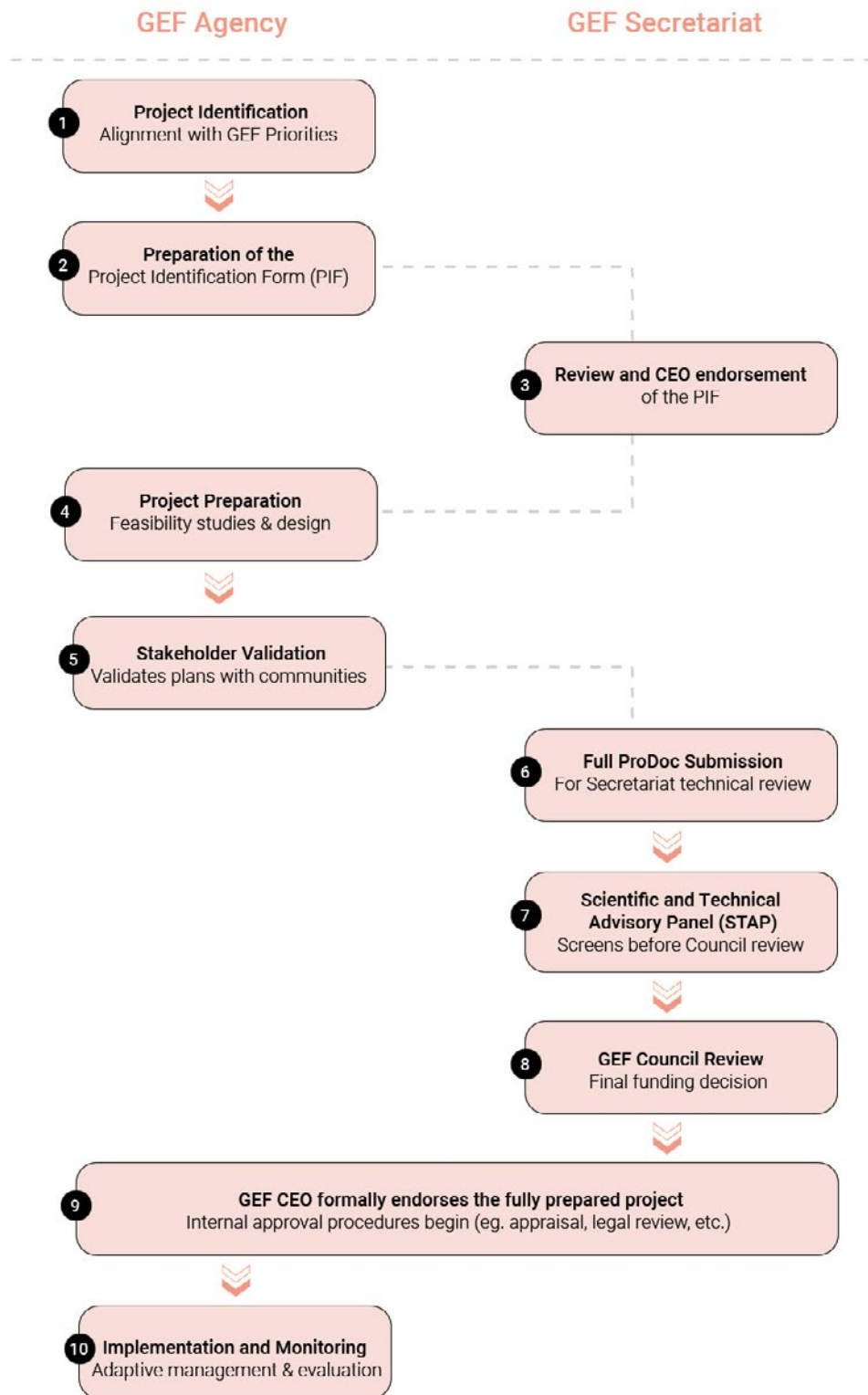


Fig 6: GEF Project Development Cycle

1. Project Identification and Alignment with GEF Priorities

The GEF project development cycle begins with **project identification**, led by the recipient country in collaboration with an eligible GEF Agency, such as the World Bank, UNDP, UNEP, or FAO. For a land restoration project, the idea may emerge from national environmental policies, degraded land assessments, or sustainable land management programmes.

The project concept must clearly address one or more GEF Focal Areas, in this case, **Land Degradation (Desertification and Deforestation)**, and align with relevant international conventions such as the UNCCD. During this early stage, the project is incorporated into the **Country Support Programme and GEF Pipeline** to signal its priority status.

2. Preparation of the Project Identification Form

Once a project concept is identified, the chosen GEF Agency, in collaboration with the national focal point, prepares a **Project Identification Form (PIF)**. For a land restoration project, the PIF includes an overview of the area's ecological challenges, proposed interventions such as soil conservation, watershed restoration, or sustainable agriculture

practices, expected global environmental benefits, and an indicative budget. The PIF must demonstrate alignment with GEF strategies and provide evidence of preliminary co-financing commitments. The PIF is the cornerstone of early dialogue between the GEF Secretariat, the Agency, and the national government.

3. GEF Secretariat Review and CEO Endorsement of the PIF

The **GEF Secretariat** reviews the PIF to assess its technical soundness, consistency with GEF programming directions, and strategic fit. It may provide comments or request revisions to ensure clarity, measurable global environmental benefits, and cost-effectiveness. For a land restoration project,

this review would verify that the proposed measures are scientifically credible, community-driven, and scalable. Once the Secretariat is satisfied, the GEF CEO formally **approves and endorses the PIF**, enabling the project to receive a **Project Preparation Grant (PPG)** for detailed design.

4. Project Preparation and Detailed Design

Following the endorsement of the PIF and approval of PPG funds, the GEF Agency undertakes **detailed project preparation**. This phase involves feasibility studies, baseline assessments, stakeholder consultations, site selection, and the design of technical, institutional, and financial arrangements. For land restoration, this would include mapping

degraded sites, estimating carbon sequestration potential, and defining intervention packages. Environmental and social safeguards are assessed in accordance with both GEF and Agency policies. The result of this work is a **comprehensive project document**, commonly referred to as the "Full Project Document" or "**ProDoc**".

5. Validation through Stakeholder Engagement

Stakeholder participation is a mandatory principle in GEF projects. During project preparation, the implementing agency facilitates consultations with local communities, government agencies, NGOs, and private sector actors to validate project activities and promote local ownership. For a land restoration

initiative, emphasis is placed on engaging farmers, pastoralists, women's groups, and indigenous communities, who are both key implementers and beneficiaries. Input from these consultations helps refine land management plans, build consensus, and ensure socio-economic sustainability of interventions.

6. Submission of the Full Project Document for Secretariat Review

Once the detailed design is complete, the GEF Agency submits the Full Project Document to the GEF Secretariat for technical review. The Secretariat evaluates the project's coherence with GEF policies, logical results framework, risk management plans, cost-effectiveness, and evidence of co-financing.

For a land restoration project, reviewers examine indicators linked to soil quality improvement, vegetation cover, biodiversity benefits, and climate resilience. The Secretariat provides written comments that must be addressed before the project can proceed further to the Council review.

7. GEF Scientific and Technical Advisory Panel Screening

Before the GEF Council makes a funding decision, the **Scientific and Technical Advisory Panel (STAP)** conducts a **technical screening**. The STAP assesses the project's scientific rationale, methodology, innovation, and potential for replicability. For a land restoration project, this review might focus

on whether the proposed interventions are based on sound ecosystem restoration principles and whether the expected global benefits, such as carbon sequestration or erosion control, are quantifiable. STAP's recommendations are then considered by the Secretariat and the implementing agency.

8. GEF Council Review and Funding Endorsement

The **GEF Council**, comprising representatives of donor and recipient countries, reviews the project and decides whether to approve it for funding. The documents considered include the Project Identification Form, Full Project Document, and accompanying technical reviews. For a land

restoration project, the Council considers how effectively the project addresses both local livelihood challenges and global environmental goals. Once endorsed by the Council, the project resource allocation is confirmed, paving the way for CEO endorsement and Agency approval.

9. CEO Endorsement and Agency Approval

Following Council approval, the GEF CEO formally **endorses the fully prepared project**, signifying that all procedural and quality standards have been met. The implementing agency, such as the World Bank, then proceeds with **internal approval procedures**, which may

include appraisal and legal review. Upon successful completion, the project is declared effective, meaning funds can be disbursed for implementation. The land restoration project is now ready to launch, starting with inception workshops and detailed work plan preparation.

10. Transition to Implementation and Monitoring

After funding approval, the focus shifts to project **implementation, monitoring, and adaptive management**. The GEF Agency oversees performance monitoring, financial management, and mid-term evaluations. The project's success in rehabilitating lands, improving vegetation, and generating community benefits is tracked through key indicators agreed upon

during project design. Lessons and best practices are documented and shared across GEF networks to promote replication in other regions facing similar land degradation challenges. The completion phase includes a terminal evaluation that assesses the project's effectiveness, sustainability, and contribution to global environmental goals.

8.4 Example: Germany's bilateral grant solicitation process

How can bilateral ODA grant funding be mobilized from the Government of Germany?

If a Ministry of Environment seeks to mobilize bilateral ODA donor grant funding, the process can be illustrated through the example of Germany's Federal Ministry for Economic Cooperation and Development (BMZ). The following provides a summary of the main steps involved.

The example shows the general approach used by development partners, ministries, or implementing agencies when seeking BMZ support, particularly for projects related to land restoration, climate resilience, or rural development. Similar procedures may be followed by many other bilateral donor partners.

1. Identification and Alignment with BMZ Priorities

The first step involves identifying a project concept that aligns with BMZ's development cooperation priorities and the bilateral cooperation framework agreed with the partner country. The partner country's government or a potential implementing partner must ensure that the proposed initiative contributes to shared strategic goals, such as sustainable natural resource management,

poverty reduction, gender equality, or climate adaptation.

Establishing an early dialogue with the German Embassy's Development Cooperation Section, or GIZ/ KfW representatives, is crucial to confirm alignment with BMZ's thematic and geographic focus areas before submitting any formal proposal.

2. Concept Note Development and Preliminary Consultations

Once a preliminary idea is agreed upon, the proponent prepares a concept note or project idea document, typically 3–5 pages in length, summarizing the problem to be addressed, the proposed objectives, activities, indicative budget, and expected outcomes. This document also highlights how the project complements existing bilateral programmes or German-supported initiatives.

The concept note is shared with BMZ through the appropriate national channels, usually the relevant government ministry responsible for coordinating external aid. Preliminary consultations with BMZ country desk officers, as well as with German implementing agencies such as GIZ (technical cooperation) or KfW (financial cooperation), help refine the project's feasibility and ensure coherence with BMZ's evaluation criteria.

3. Joint Appraisal and Proposal Preparation

If BMZ expresses interest in the concept, the next stage is a joint appraisal and preparation process. This often involves BMZ field offices, the partner country's line ministry, and implementing agencies working together to prepare a detailed project proposal.

The full proposal includes the project's logical framework, implementation arrangements, gender and

environmental analyses, risk assessment, monitoring indicators, and co-financing commitments. For projects related to land restoration or natural resource management, BMZ typically emphasizes technical soundness, participatory approaches, and climate co-benefits. A feasibility or appraisal mission may be conducted by GIZ or KfW to validate assumptions and refine technical aspects before submission.

4. BMZ Internal Review and Funding Decision

The completed project document is submitted to BMZ headquarters in Bonn or Berlin for technical and financial evaluation. BMZ assesses the project according to its strategic relevance, expected impact, sustainability, and cost-effectiveness. Coordination among BMZ divisions, including thematic departments (for example, rural development, environment, governance) and regional directorates, helps ensure consistency with the overall bilateral

cooperation portfolio.

If the project meets BMZ standards, it proceeds to official approval, during which BMZ commits the financial resources either through technical cooperation implemented by GIZ or financial cooperation implemented by KfW). Approval triggers the preparation of formal financing agreements between the German government and the partner country.

5. Agreement, Implementation, and Follow-Up

After approval, BMZ issues a formal financing or implementation agreement, setting out roles, responsibilities, financial terms, and reporting requirements. The implementing agency, i.e. GIZ for technical cooperation or KfW for investment and infrastructure projects, then signs the corresponding implementation contracts with the partner government. The project subsequently moves into execution, supported by in-country BMZ representatives who monitor progress and ensure policy alignment.

Regular reporting, evaluation, and dialogue are maintained through joint reviews and consultations

between Germany and the partner country. Successful collaboration can pave the way for additional funding rounds or programmatic scaling, strengthening long-term bilateral cooperation.

The processing steps involved in mobilizing public foreign funding are summarized for easy reference in the following table on Processing Steps for Soliciting Multilateral Financing. It provides an end-to-end snapshot of the multilateral funding process, from concept identification to formal approval and project startup, structured around land restoration and natural resource management projects, as examples.

No.	Stage/ Process	Key Activities and Outputs	Responsible Parties	Typical Deliverables/ Documents
1	<i>Project Identification and Alignment</i>	Identify land restoration needs; ensure consistency with national development plans and multilateral agency strategies	Line ministry (for example, Environment, Agriculture), National Planning Commission	Concept note, national priority justification
2	<i>Preliminary Dialogue and Screening</i>	Conduct initial discussions with multilateral agency country office; confirm eligibility and funding window (grant or concessional loan)	Government focal point, donor country team	Expression of interest, screening checklist
3	<i>Concept Note/ Project Idea Submission</i>	Prepare and submit a short project concept outlining rationale, objectives, target areas, and indicative budget	Implementing ministry with donor liaison unit	Project Concept Note, summary budget
4	<i>Preparation Mission and Design Studies</i>	Undertake technical, economic, environmental, and social analyses; develop results framework and implementation plan	Multilateral agency experts, national technical team	Feasibility study, environmental & social impact assessment

No.	Stage/ Process	Key Activities and Outputs	Responsible Parties	Typical Deliverables/ Documents
5	<i>Detailed Project Proposal (Appraisal Document)</i>	Prepare a full technical proposal with cost estimates, institutional arrangements, risk analysis, and monitoring & evaluation framework	Borrower's technical team, consultants, donor specialists	Project Appraisal Document or Full Project Proposal
6	<i>Internal Review and Quality Assurance</i>	Conduct technical and policy review within the multilateral institution; adjust design to meet safeguard and fiduciary standards	Funding agency review committees	Revised project design and appraisal clearance
7	<i>Negotiation and Agreement of Terms</i>	Agree on financial modalities (grant or soft loan), implementation responsibilities, and disbursement procedures	Borrower government, multilateral finance/legal departments	Draft Financing Agreement, negotiated terms of reference
8	<i>Board or Management Approval</i>	Secure formal approval by the multilateral agency's Board of Directors or equivalent authority	Multilateral institution's governing body	Funding approval decision, Board minutes
9	<i>Signing of Financing Agreement</i>	Complete legal and administrative steps for loan/grant effectiveness; designate implementing agency	Borrower's Ministry of Finance and the funding institution	Signed Financing or Grant Agreement
10	<i>Launch and Supervision</i>	Mobilize implementation units, finalize procurement, and begin project operations; donor conducts periodic reviews	National implementing agency with multilateral supervision	Project Implementation Plan, supervision reports

Tool: Processing Steps for Soliciting Multilateral Financing



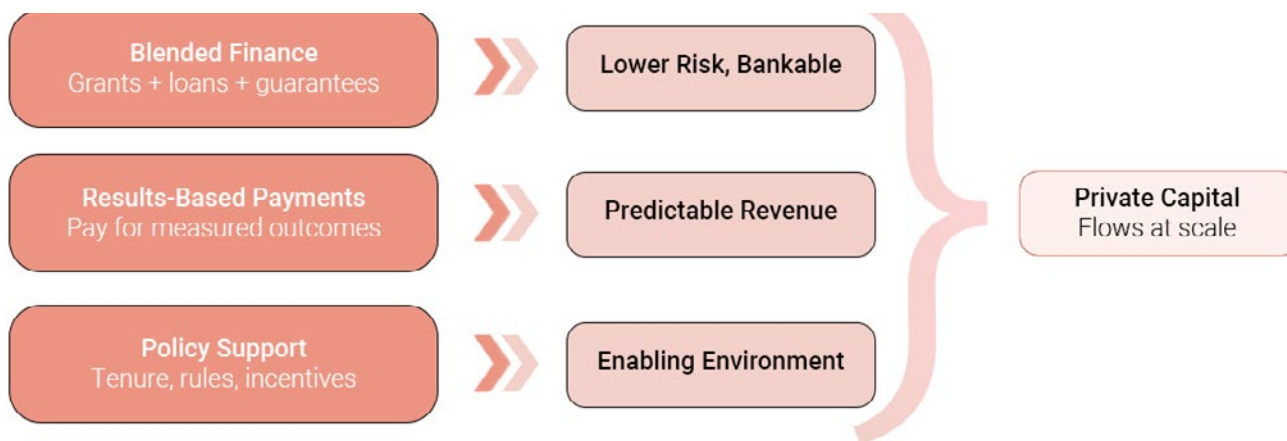


Fig 7: Three-step approach to crowding in private capital

Focus on the Private Sector: Crowding in private capital through multilateral financing (see Fig 7)

Mobilizing private sector investment for land restoration in developing countries requires structuring multilateral loans and grants to reduce risks, improve bankability, and create clear financial incentives.

Multilateral development banks and global climate funds can use blended finance to combine concessional loans, guarantees, and grants with private capital. Grants help fund early-stage project preparation, technical assistance, and community engagement — activities that are essential but not attractive to commercial investors. Concessional loans and first loss guarantees will lower perceived risk and improve creditworthiness, enabling private lenders and impact investors to participate at scale.

Performance based grants or results-based payments from MDBs can reward measurable improvements in land productivity, carbon sequestration, and watershed services. This creates predictable revenue streams that can be securitized or integrated into public private partnerships. MDBs can also anchor green bonds or sustainability linked loans that finance large scale restoration programs, reducing financing costs for private participants.

Policy support is equally important. Multilateral institutions can work with governments to clarify land tenure, strengthen environmental regulations, and introduce incentives such as tax benefits or payment for ecosystem services schemes. Together, these mechanisms create a de-risked, revenue generating environment capable of attracting private capital into long term land restoration efforts.

Part E: Relationship Management

Section 9: Soliciting Support within the Government

9.1 Making the case for national land investment

What are practical steps towards building governmental support for land investment and the associated financial approach?

Securing government support for a land restoration project and its proposed financing approach requires a strategic blend of **technical justification, stakeholder alignment, policy integration, and funding viability** (see Fig 8). Below is a structured overview of key considerations and step-wise best practices to mobilize support within the national government.

Not all steps listed here will have to be followed systematically in every country's context. Users of this guidance should select those elements that are most appropriate, given their own national circumstances.



Fig 8: Key considerations to mobilize support within the national government

Policy and Strategic Alignment

Goal: Ensure the project aligns with government priorities and legal frameworks.

Key actions:

- **Link the project to national and local policies**, such as land use, environmental management, biodiversity restoration, or climate adaptation strategies.
- Demonstrate how the project supports the **SDGs, particularly SDG 15 (Life on Land)** and national commitments, such as Nationally Determined Contributions in support of the Paris Agreement, carbon neutrality, and poverty reduction.
- Reference existing **national master plans**, such as agricultural, watershed, and regional development plans, to show synergy and avoid duplication.
- Seek early input from **planning authorities and environmental agencies** to align with strategic directions.

Institutional and Stakeholder Engagement

Goal: Build political and operational ownership across key government units and partners.

Key actions:

- Identify **lead and supporting agencies**, such as the ministries responsible for environment, agriculture, land, finance, and local government.
- Engage bureaucrats **early during concept development**, rather than after the project has been designed.
- Map the relevant national **stakeholders**, including ministries, NGOs, local communities, and traditional authorities, and define their potential roles.
- Organize **consultation workshops** to build consensus and secure letters of support or sign Memoranda of Understanding.
- Demonstrate how the project creates **co-benefits**, such as employment, food security, and disaster risk reduction.

Technical and Environmental Justification

Goal: Demonstrate the necessity, feasibility, and sustainability of the planned intervention.

Key actions:

- Present current **baseline data**, including the extent of land degradation, soil fertility, forest cover, and socio-economic impacts.
- Use **GIS maps, remote sensing data, and scientific studies** to visualize the existing land-related issues.
- Propose **evidence-based techniques** to address the identified issues, such as afforestation, soil stabilization, water harvesting, and erosion control.
- Include **cost-benefit and impact assessments** to justify long-term returns on planned investment.
- Highlight climate adaptation and resilience outcomes.

Financial Strategy and Investment Justification

Goal: Present a credible and diversified financing mechanism.

Key actions:

- Prepare a **financial model** showing capital needs, sources, timelines, and sustainability.
- Identify potential **funding mechanisms**:
 - Government budget allocation
 - International donors, such as GEF, GCF, and World Bank
 - Public-Private Partnerships (PPPs)
 - Blended finance and carbon credits
 - Other financial sources and financial instruments
- Emphasize the **economic benefits of the project**, such as improved productivity, reduced losses from natural disasters, and the creation of green jobs.
- Present **risk mitigation measures** for financial, technical, and environmental risks.

Legal, Regulatory, and Land Tenure Issues

Goal: Address institutional and regulatory enablers or barriers at an early stage.

Key actions:

- Clarify **land ownership and usage rights** to prevent disputes.
- Include mechanisms for **community benefit-sharing** or co-management.
- Comply with **Environmental Impact Assessment requirements** and other permitting processes.
- Ensure the framework supports **gender equity** and **indigenous rights** where applicable.

Communication and Advocacy

Goal: Influence decision-makers and generate political momentum.

Key actions:

- Prepare **policy briefs** or **executive summaries** that present the project's value in simple, persuasive terms.
- Highlight **success stories** or pilot models to demonstrate credibility.
- Leverage **media and public engagement** to demonstrate broad support.
- Identify **champions** in parliament, ministries, or local government to advocate for the initiative.

Implementation and Monitoring Framework

Goal: Demonstrate the capacity for effective delivery and accountability.

Key actions:

- Define a **clear results framework** with indicators and timelines.
- Integrate **monitoring, evaluation, and reporting** systems aligned with government protocols.
- Outline capacity-building measures for local institutions.
- Include a long-term **maintenance and sustainability plan** that extends beyond the funding period.

9.2 Reforms in the policy environment

Which reforms of legislation, regulations and institutions may be part of a planned national land restoration project?

Successful land restoration programmes typically require more than technical interventions at the project level. They will also need an enabling policy, legal, and institutional environment that supports sustainable land use, investment, and community participation.

The actual reforms needed will depend on the national context. The broad range of possible reforms that may be considered under a national land restoration project can be grouped under three categories: **legislative, regulatory, and institutional reforms**. (see Fig 9)

Users of this guidance should realize that not all the reform measures outlined below will be relevant or feasible in every country setting. The purpose of this section is to provide a comprehensive listing to empower national authorities to select those elements of reform that are most appropriate and necessary in their specific country setting.

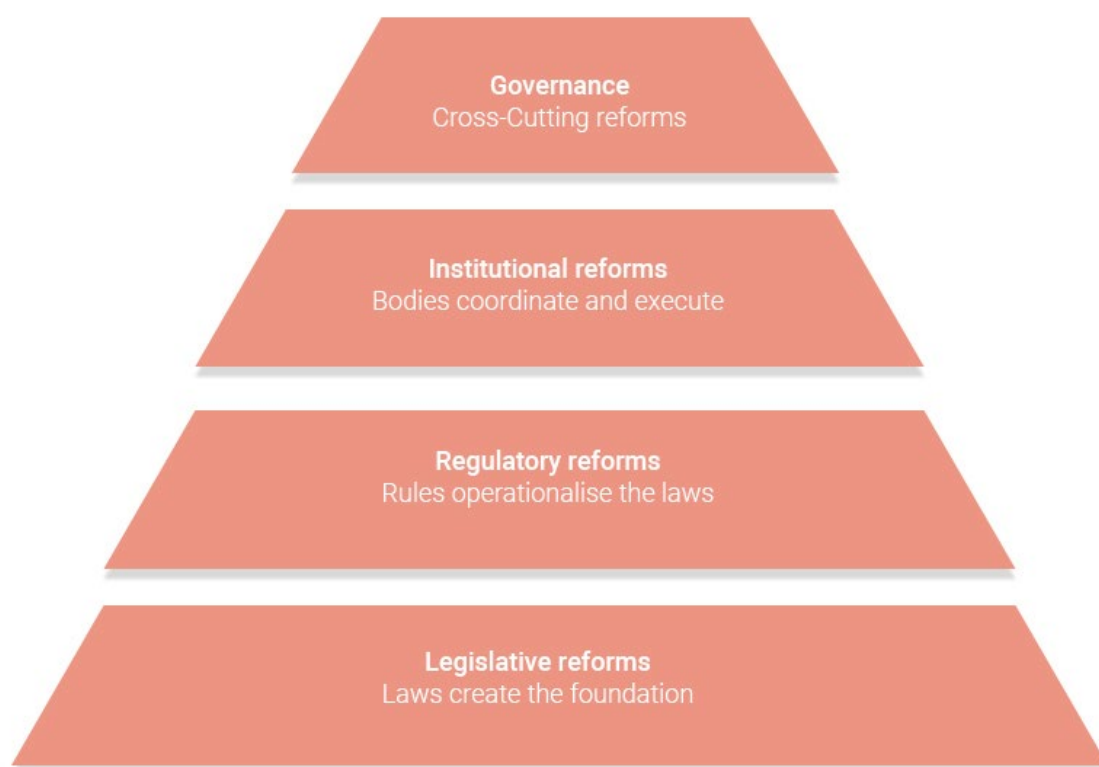


Fig 9: Reforms in the policy environment

Legislative Reforms

Legislative reforms focus on improving the laws governing land use, tenure, and environmental management. The goal is to create a legal foundation that secures land access and land user rights, promotes restoration, and ensures accountability.

Land Tenure and Property Rights

- **Clarify land ownership and user rights**, especially in degraded or communal lands, to provide incentives for sustainable land restoration.
- Enact or update **Land Acts** to:
 - Recognize **customary and community land rights**.
 - Facilitate **long-term leases or stewardship agreements** for restoration areas.
 - Provide mechanisms for resolving land disputes to avoid investment delays.

Environmental and Land Restoration Laws

- Introduce a **Land Degradation and Restoration Law** (if none exists) specifying:
 - Legal responsibility for restoring degraded land.
 - Standards and best practices for restoration measures, such as soil stabilization, afforestation, and the establishment of riparian buffer zones.
 - **Restoration bonds or penalties** for parties responsible for land degradation.
- Amend existing **Environmental Management or Forestry Acts** to integrate land restoration targets and standards.

Water and Watershed Legislation

- Update **Water Acts** to include:
 - Catchment-level management requirements.
 - Prioritization of water allocation for ecosystem restoration.
 - Legal recognition of **Watershed Management Committees**.

Climate and Natural Resource Integration

- Align environmental and land laws with **climate change adaptation and carbon sequestration goals**.
- Enable **carbon rights legislation** to allow communities or the state to benefit from carbon markets or payments for ecosystem services.

Regulatory Reforms

These reforms involve rules, standards, and enforcement mechanisms that operationalize the laws, making them actionable and practical for implementation.

Land Use and Zoning Regulations

- Develop or revise **land use zoning maps** identifying degraded, high-risk, agricultural, protected, and restoration priority areas.
- Set **minimum standards for sustainable land management** and soil conservation in agriculture, mining, and urban expansion.

Environmental Impact Assessment Regulations

- Strengthen regulations to:
 - Mandate **land restoration plans** for mining, infrastructure, and urban development projects.
 - Require **bonded restoration funds** prior to project approval.
- Introduce **Strategic Environmental Assessments** for land-use plans.

Incentive-Based Regulations

- Create **tax rebates or subsidies** for land users engaging in restoration activities, such as terracing, reforestation, and agroforestry.
- Establish **penalty and compensation schemes** for land degradation and unsustainable practices.
- Encourage **public-private partnerships** in restoration through legal frameworks for concession agreements with private investors and land users.

Monitoring, Compliance, and Data Transparency

- Mandate periodic **land and soil health assessments** using national GIS and remote sensing systems.
- Require **public disclosure of ecosystem condition data** and restoration progress to promote accountability.

Institutional Reforms

Institutional changes address how government bodies, local authorities, and communities coordinate and execute land restoration mandates.

Coordination and Integration Mechanisms

- Establish or strengthen a **National Land Restoration Authority** or **Task Force** with a multisectoral mandate, drawing members from environment, agriculture, water, forestry, and local government ministries.
- Create **inter-ministerial committees** or **one-stop technical units** to streamline planning, financing, and reporting.

Decentralization and Community Empowerment

Legally **devolve land restoration functions** to local governments or community-based organizations.

Institutionalize **Watershed Management Committees, Land Care Councils**, or similar structures with legal recognition and dedicated budget lines.

Build **local capacity** for land use planning, monitoring, and enforcement.

Public Finance and Investment Reform

- Integrate land restoration into the **national public investment programme** and **Medium-Term Expenditure Framework**.
- Establish a dedicated **National Land Restoration Fund**, financed through:
 - Environmental levies
 - Carbon credit proceeds
 - International climate finance
 - Private sector contributions
- Introduce mechanisms for **performance-based budgeting**, linking fund disbursement to verified restoration outcomes.

Knowledge, Research, and Extension Systems

- Institutionalize **national soil and water health monitoring systems**.
- Strengthen **agricultural extension** and **forest restoration services** to support the delivery of sustainable land management practices at the grassroots level.
- Strengthen links between **research institutions**, universities, and communities to promote applied innovation.

Cross-Cutting Governance and Transparency Reforms

To ensure reforms are effective and credible:

- Introduce clear **accountability frameworks** for land use decision-making.
- Ensure **gender equity** in land rights and representation in decision-making committees.
- Promote **digital land administration systems** to support transparent titling and the monitoring of restoration efforts.
- Develop **open data portals** to monitor progress and engage with the public.

The Annex provides a sample governmental memo, making an illustrative case for land restoration investment within the government.

9.3 Land-related targets in national strategies

Which national targets and success indicators could be established as part of a land restoration investment?

As part of the process of justifying the need for a comprehensive land investment and making the associated case within the government for mobilizing the necessary financing, responsible ministries will want to establish land-related targets within national strategies. **Defining clear national targets and success indicators** is important for guiding implementation, tracking progress, and demonstrating accountability for investment outcomes.

A strong indicator framework will often combine **biophysical, socioeconomic, institutional, and financial dimensions** to reflect both the extent

of restoration and its lasting impact. Below is a structured outline of national targets and suggested indicators for a land restoration investment programme, aligned with international standards such as the UNCCD Land Degradation Neutrality (LDN) framework, SDGs 13 and 15, and GEF impact indicators.

The purpose of this section is to provide a broad range of possible targets and indicators. Users of this guidance are invited to consider this universe of options and select the most appropriate elements for their national circumstances.

Land and Ecosystem Restoration Targets

Purpose: To restore degraded land, improve ecosystem functioning, and enhance resilience.

Target Area	Illustrative National Target (10–15 years)	Sample Indicators	Measurement Tools / Sources
<i>Land area restored</i>	Rehabilitate 2 million hectares of degraded land (equivalent to 10 per cent of total degraded land)	- Hectares of land under sustainable management - percentage reduction in degraded land area	Remote sensing (NDVI, land cover maps), field surveys
<i>Soil fertility improvement</i>	Improve soil organic carbon by 15–25 per cent in target areas	- Mean soil organic carbon concentration (t/ha) - Soil pH and nutrient balance trends	Soil sampling, LDN data models
<i>Vegetative cover</i>	Increase national vegetative cover by 10–15 per cent across critical watersheds	- NDVI increase over baseline - percentage of area under permanent vegetation	Satellite imagery, vegetation inventories
<i>Biodiversity recovery</i>	Restore or protect 30 key habitats or threatened ecosystems	- Area of rehabilitated forest or rangeland - Species diversity index	Biodiversity monitoring, field counts
<i>Water resource function</i>	Rehabilitate 50 priority watersheds	- River base flow increase (per cent over baseline) - Groundwater recharge rate	Hydrological surveys, watershed models

Agricultural Productivity and Livelihood Targets

Purpose: To link land restoration to poverty reduction, food security, and local resilience.

Target Area	National Target	Indicators	Measurement Tools
<i>Farm productivity</i>	Increase average crop yield by 20 per cent on rehabilitated land	- Yield per hectare (tons/ha) - Land productivity index	Agricultural surveys, FAO data
<i>Agroforestry and sustainable agriculture adoption</i>	500,000 households adopting SLM or agroforestry practices	- per cent of farmers adopting SLM techniques - Area under agroforestry	Extension reporting, household surveys
<i>Income and livelihoods</i>	Raise land-users' income by 30 per cent from green enterprises and ecosystem services	- per cent increase in household income - Number of new green jobs	Socioeconomic surveys, project records
<i>Food security</i>	Reduce seasonal food insecurity by 10 per cent in project districts	- Household Food Insecurity Access Scale (HFIAS)	Community surveys, national statistics

Institutional and Governance Targets

Purpose: Strengthen policy and institutional capacity for sustainable land management (SLM).

Target Area	National Target	Indicators	Measurement Tools
<i>Policy integration</i>	Land restoration integrated into all sectoral plans by year 5	- Number of ministries adopting LDN/SLM targets - Annual budget allocation for restoration	Policy reviews, expenditure analysis
<i>Community participation</i>	Establish and empower 100 local watershed or land restoration committees	- per cent of project sites with functioning local management structures - per cent of women/youth represented	Administrative records, participatory evaluations
<i>Institutional coordination</i>	Functional national land restoration platform established and operational	- Regular inter-agency meetings - Shared data systems in operation	Institutional audits, reports
<i>Legal and reform outcomes</i>	Enactment of land restoration and land-use regulations	- Number of enacted or amended laws - Enforcement actions taken	Government gazettes, regulatory reports

Financial and Economic Impact Targets

Purpose: Ensure sustained investment and demonstrate economic justification.

Target Area	National Target	Indicators	Measurement Tools
<i>Public investment leverage</i>	Mobilize USD 100 million in grants and concessional resources	- Total co-financing secured - Share of private investment in restoration	Finance tracking systems
<i>Cost-effectiveness</i>	Maintain cost per hectare under a set threshold while achieving biophysical results	- Cost/ha restored - Benefit-cost ratio	Financial audit, M&E records
<i>Ecosystem services valuation</i>	Quantify and monetize ecosystem service gains	- Value of water regulation, carbon storage, biodiversity benefits (USD/year)	Environmental economic valuation studies

Climate and Environmental Co-benefits

Purpose: Integrate restoration outcomes with national climate and biodiversity commitments.

Target Area	National Target	Indicators	Measurement Tools
<i>Carbon sequestration</i>	Achieve 25 million tons CO ₂ -e sequestered by 2035	- Annual net GHG reductions	IPCC-based carbon accounting tools
<i>Climate resilience</i>	Reduce climate vulnerability in target districts by 30 per cent	- Climate Resilience Index - Post-disaster recovery time	Climate vulnerability assessments
<i>Land degradation neutrality (LDN)</i>	Reach LDN by 2030 in all major agro-ecological zones	- LDN composite index (productivity, land cover, SOC)	UNCCD/LDN indicators and baseline data

Monitoring and Reporting Framework

To ensure credibility and synergy with global systems:

Adopt **LDN baseline and monitoring standards** (UNCCD indicators: productivity, land cover, soil organic carbon).

Integrate with **national environmental statistics** and **SDG reporting frameworks**.

Establish a **National Land Restoration Monitoring Hub** for GIS, remote sensing, and ground-truth validation.

Create **annual performance scorecards** for ministries and districts.

Summary of High-Level 2035 Targets (Illustrative Example)

Dimension	National Target by 2035
Land Restored	2 million hectares rehabilitated
Soil Carbon	+20 per cent increase in average soil organic carbon content
Vegetative Cover	+15 per cent increase in national forest and woodland cover
Water Security	60 critical watersheds restored and functioning
Beneficiaries	2.5 million people with improved livelihoods
Policy Reform	All 10 relevant sectoral ministries with LDN-aligned programmes
Carbon Sequestration	25 million tons CO ₂ e captured
Investment Mobilized	USD 250 million in cumulative public and private financing

9.4 Fundraising canvas

How can the case for land investment within the government be integrated into an overall fundraising strategy?

Sustainable fundraising is a critical challenge for many governmental departments and agencies, especially if the benefits of investment are less immediate and tangible, as is often the case with land-related investments.

Many non-governmental organizations pursuing environmental and social objectives face similar challenges in their fundraising efforts. Without a solid resource mobilization and fundraising strategy, such organizations struggle to maintain operations, expand impact, and achieve long-term sustainability.

One tool frequently used by non-governmental

organizations is the Fundraising Canvas. A **fundraising canvas is a concise logical framework**, inspired by the Business Model Canvas, that helps **map out, structure, and validate fundraising strategies**. It defines key components such as target donors, value propositions, and financial goals in a collaborative format.

Making the case with the national government for land-related investments and the associated financing needed can be assisted through, and integrated into, a **National Land Restoration Fundraising Canvas**. An illustrative example is presented below. It can be adapted to a specific country case so as to support the national fundraising effort.

National Land Restoration Fundraising Canvas (2025–2035) – Illustrative

SECTION	CONTENT
WHY	Why do we fundraise? We fundraise to restore degraded lands and watersheds, enhance ecosystem services, and secure livelihoods for current and future generations. Our Purpose To achieve <i>Land Degradation Neutrality (LDN)</i> by 2035, improve soil fertility, and increase climate resilience through large-scale ecological restoration, sustainable land management, and community empowerment.
HOW	What makes us unique? - Nationally led and community-driven approach with measurable environmental and socio-economic outcomes. - Integration of science, local knowledge, and technology (GIS monitoring, carbon accounting). - Alignment with UNCCD, SDG 15, and national climate priorities. Our Values and Culture - Environmental stewardship - Transparency and accountability - Collaboration across sectors - Inclusivity and gender equity
WHAT	Products, Services, and Solutions Offered - Implementation of watershed restoration and land restoration projects. - Capacity building for communities in agroforestry, soil management, and sustainable land use. - Development of policy frameworks and advisory services for sustainable land management. - Public-private partnerships for eco-restoration. - Monitoring and evaluation using GIS and field-based systems. - Knowledge-sharing and awareness campaigns.
PARTNERS	Current and Potential Collaborators <i>Government:</i> Ministries of Environment, Agriculture, Water, and Finance. <i>Communities:</i> Local governments, cooperatives, and traditional authorities. <i>Development Partners:</i> GEF, World Bank, IFAD, UNEP, and UNDP. <i>NGOs/INGOs:</i> ICRAF, WWF, CIAT, and CARE International. <i>Private Sector:</i> Agribusinesses, carbon investors, and green tech firms. <i>Academia:</i> Universities and Research Institutions.

SECTION	CONTENT
STRATEGIES	Key Fundraising and Mobilization Strategies • Develop a National Land Restoration Investment Framework for coordinated financing. • Submit GEF concessional loan and co-financing proposals. • Establish a public-private restoration fund and green bonds. • Organize donor roundtables and investment forums. • Build partnerships for results-based financing and carbon credit monetization. • Conduct awareness campaigns under a national slogan ("Restore Our Land").
TARGET AUDIENCE	Who We Want to Mobilize • National, regional, and local governmental agencies. • International financial institutions such as World Bank, GEF, GCF, and IFAD. • Corporates with CSR and green portfolios. • NGOs, INGOs, and foundations. • High Net-Worth Individuals and philanthropists. • Local communities, youth, and volunteers.
VALUE PROPOSITIONS	Specific Benefits to Stakeholders • <i>Environmental:</i> Reforestation, improved soil & water cycles, and reduced erosion. • <i>Economic:</i> Increased productivity, jobs, and income diversification. • <i>Social:</i> Empowered local institutions, gender inclusion, and food security. • <i>Climate:</i> Enhanced resilience, reduced emissions, and carbon sequestration. • <i>Reputational:</i> Alignment with SDGs and national sustainability goals.
CHANNELS	How We Engage with Stakeholders • Official project website and newsletters. • Social media (#Land4Life campaign). • Policy dialogues and annual land restoration conferences. • Traditional media coverage and community events. • Donor roundtables and partnership meetings.
	Tactics & Key Messages <i>Main message: "Restoring Land, Empowering People, Securing Our Future."</i> • Storytelling with community success stories and visuals. • Data dashboards highlighting hectares restored, carbon sequestered, and livelihoods improved. • Impact reports and testimonial videos of beneficiaries. • Transparent communication through periodic progress reports.
RESOURCES	Resources Required • <i>Financial:</i> Government allocations, GEF financing, donor co-funding, private sector investment, and PES income. • <i>Human:</i> Technical staff, project managers, extension officers, community trainers, and volunteers. • <i>Material:</i> Reforestation equipment, seedlings, GIS systems, and monitoring tools.
REVENUE	Revenue Streams • National government budget allocations. • GEF/ other international concessional loans and grants. • Carbon credits and environmental service payments. • Donor and private sector co-financing. • Community eco-enterprises.
SUMMARY STATEMENT	<i>The National Land Restoration Investment Programme (2025–2035) unites government, development partners, private investors, and communities to restore degraded lands and watersheds. It delivers measurable environmental, social, and economic returns, creating resilient landscapes and sustainable livelihoods for generations to come.</i>

Tool: National Land Restoration Fundraising Canvas

Focus on the Private Sector: Arguments for governmental engagement with private investors

There are many important arguments (see Fig 10) for governments in developing countries to engage with private investors in land restoration projects. These centre on scale, efficiency, innovation, and long-term sustainability, as outlined below.

First, private investment brings capital at a scale that public budgets alone cannot meet, helping close the significant financing gap for restoring degraded land. Mobilizing private funds accelerates project implementation, expands geographic coverage, and supports larger, more impactful restoration.

Second, private investors contribute technical expertise, managerial efficiency, and innovative business models. Their involvement improves project design, monitoring, and long-term viability by introducing advanced technologies such as precision agriculture, digital mapping, and climateresilient practices.

Third, partnerships with private actors reduce fiscal pressure on governments, allowing limited public resources to be directed toward social services while still advancing environmental goals. Public-private collaboration can also attract blended finance with modest public funds and much larger private flows.

Fourth, private-sector participation at scale helps create more jobs, strengthen value chains, and stimulate rural economies. Restored land improves agricultural productivity, water security, and climate resilience, supporting national development goals.

Finally, engaging private investors aligns national policies with global climate and biodiversity commitments. By integrating restoration into profitable and sustainable economic activity, governments can ensure long-term stewardship of rehabilitated land.

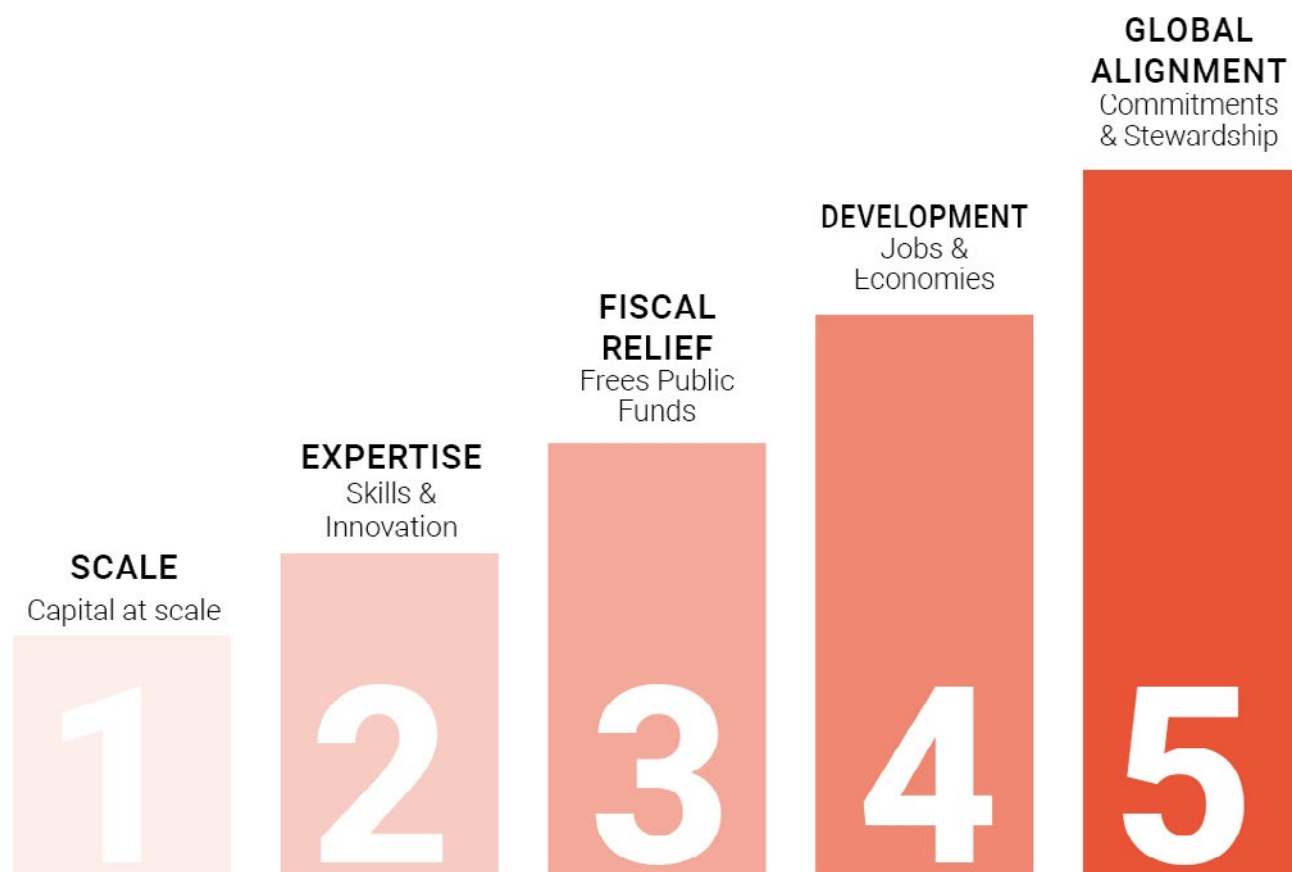


Fig 10: Arguments for governmental engagement with private investors

Section 10: Engaging with External Funders

10.1 Outreach with international financial institutions

How should staff from a Ministry of Environment approach an international organization for land-related financial support?

International financial institutions are a major source of external financing for land-related investment in low- and middle-income countries. However, sector experts working in ministries responsible for environment, agriculture or other sectors may have limited experience in interacting with international organizations. In many countries, the Ministry of Finance takes the lead in engaging with international financial institutions.

Below is a summary of the main possible touch points and roles that a Ministry of Environment may have in mobilizing project funding for land restoration from major international financial organizations. There are notable differences in engagement between the major organizations considered. These examples illustrate the importance of securing the support and involvement of the Ministry of Finance to mobilize financing from international financial institutions.

World Bank Group (IBRD loans, IDA soft-loan and grants; grants from donor Trust Funds)

- Relevant thematic areas of cooperation
- Sustainable land management
- Watershed restoration
- Climate-smart agriculture
- Forest landscape restoration

Engagement touch points for a Ministry of Environment

Stage	Mechanism	Typical Ministry Role
<i>Strategic Alignment</i>	Input into Country Climate and Development Report (CCDR) ¹⁵ or Country Partnership Framework (CPF) ¹⁶	Identify degraded land priorities and align national policies
<i>Project Identification</i>	Concept proposal submitted through the Ministry of Finance to World Bank country office	Lead concept preparation and provide technical justification
<i>Appraisal and Design</i>	Missions with World Bank specialists	Co-lead field appraisals, provide data, and draft safeguards
<i>Implementation</i>	Executing agency (or co-executor)	Manage project execution, procurement, monitoring and evaluation
<i>Funding Instruments</i>	IDA/ IBRD loans, GEF co-financing, trust funds (e.g., PROGREN, FCPF, GEF Trust Fund)	Access blended finance and coordinate co-financiers

Example: Ethiopia's "Resilient Landscapes and Livelihoods Project", co-financed by IDA and GEF, implemented by the Ministry of Environment, Forest and Climate Change.

¹⁵ The World Bank Group's Country Climate and Development Reports (CCDRs) are core diagnostics integrating climate change with economic development, helping countries prioritize actions to reduce greenhouse gas emissions and build resilience. These reports provide evidence-based, country-specific roadmaps for a low-carbon, sustainable future.

¹⁶ The Country Partnership Framework (CPF) is the World Bank Group's central 4-to-6-year strategy guiding its support to member countries, aiming to reduce extreme poverty and boost shared prosperity. It aligns World Bank Group operations with national development goals, informed by a Systematic Country Diagnostic (SCD) and key sectors for engagement, such as jobs, climate resilience, or digital transformation.

Global Environment Facility (GEF)

Relevant thematic areas of cooperation

- Land degradation neutrality
- Desertification and ecosystem-based adaptation
- Biodiversity conservation in landscapes

Engagement touch points for a national Ministry of Environment

Stage	Mechanism	Ministry Role
<i>Strategic Coordination</i>	Through National GEF Focal Point (often in the Ministry)	Set national priorities for GEF funding cycles (STAR allocations) ¹⁷
<i>Project Preparation</i>	Partner with a GEF Agency (for example, UNEP, UNDP, FAO, and World Bank)	Develop concept note and full project document ¹⁸
<i>Approval & Supervision</i>	Interaction mainly through the chosen GEF Agency	Provide clearances, and participate in supervision missions
<i>Implementation</i>	National Executing Agency	Lead reporting, safeguard implementation, and stakeholder engagement

Example: Niger's "Integrated Ecosystem Management" project supported by GEF/ UNDP for dryland restoration.

Green Climate Fund (GCF)

Relevant thematic areas of cooperation

- Climate-resilient land and water systems
- Low-carbon agriculture and forestry
- Ecosystem-based adaptation for degraded lands

Engagement touch points for a national Ministry of Environment

Stage	Mechanism	Ministry Role
<i>Country Coordination</i>	Through National Designated Authority (NDA) (often Ministry of Environment)	Serve as NDA or cooperate closely to review and endorse proposals
<i>Concept Development</i>	Partner with an Accredited Entity (for example, FAO, IFAD, UNDP, Development Bank)	Lead identification, co-design project with implementing agencies
<i>Proposal Submission</i>	Accredited Entity submits a Concept Note to GCF Secretariat ¹⁹	Provide technical and policy justification
<i>Implementation</i>	Executing Entity or beneficiary	Oversee implementation and national co-financing arrangements

Example: GCF-supported "Restoring Degraded Lands in Northern Nigeria" project with FAO as Accredited Entity.

¹⁷ Setting national priorities for the GEF System for Transparent Allocation of Resources (STAR) involves aligning country-driven environmental needs with GEF focal areas (biodiversity, climate change, land degradation) to maximize global benefits. Priorities are established through National Portfolio Formulation Exercises (NPFE) and consultations, allowing flexible, strategic allocation of funds within the 4-year GEF replenishment period.

¹⁸ Developing a Global Environment Facility (GEF) project follows a specific two-step cycle for Full-Sized Projects (FSP), moving from a concept note (PIF - Project Identification Form) to a detailed final document (ProDoc - Project Document).

¹⁹ A Green Climate Fund (GCF) Concept Note is a concise (typically 12-15 page) summary of a proposed climate change project or program, submitted by Accredited Entities to receive early feedback from the GCF Secretariat. It serves as a voluntary, high-level outline used to evaluate alignment with GCF investment criteria, policies, and country priorities before full, detailed proposal development.

International Fund for Agricultural Development (IFAD)

Relevant thematic areas of cooperation

- Smallholder-focused land restoration
- Agroecological restoration and soil improvement
- Community-based rangeland management

Engagement touch points for a national Ministry of Environment

Stage	Mechanism	Ministry Role
<i>Country Strategy</i>	Input into COSOP (Country Strategic Opportunities Programme) ²⁰	Integrate land degradation goals
<i>Project Design</i>	Direct engagement with IFAD technical missions	Provide leadership and national data on degraded landscapes
<i>Negotiation</i>	Through Ministry of Finance	Support justification and readiness for implementation
<i>Implementation</i>	Often shared between Agriculture and Environment ministries	Coordinate field interventions, community mobilization, monitoring and evaluation

Example: IFAD-supported “Sustainable Land Management and Climate Resilient Rural Economy Programme” in Lesotho.

Regional Development Banks (such as AfDB, ADB, IDB)

Relevant thematic areas of cooperation

Landscape restoration infrastructure, including watersheds, irrigation, and reforestation

Climate-smart land use and green growth corridors

Engagement touch points for a national Ministry of Environment

Stage	Mechanism	Ministry Role
<i>Country Programming Papers</i>	Ministry of Finance and line ministries define project pipeline	Identify land degradation priorities aligned to bank's regional strategy
<i>Project Development</i>	Joint feasibility and environmental assessments	Provide sector inputs, safeguard data, and regulatory framework
<i>Approval</i>	Endorsement through national loan approval structures	Technical backing, and environmental safeguard clearance
<i>Implementation</i>	Co-financing and multi-sector coordination	Project supervision, and co-chairing steering committees

Example: AfDB's “Desert to Power” programme includes land restoration through natural resource management.

Based on the above observations, the following **recommendations** can be derived for the Ministry of Environment, or another sector ministry in charge of land restoration issues, to facilitate their outreach and engagement with international financial organizations:

1. **Integrate land restoration into national climate and development strategies**, thus ensuring eligibility under multiple financial windows, including adaptation, mitigation, and biodiversity.
2. **Maintain active focal points** for the GEF and GCF, designating technically strong officers to ensure continual engagement in project pipeline development.
3. **Build early partnerships with accredited entities** to co-develop funding proposals effectively.
4. **Strengthen data and monitoring systems** to provide baseline data required to justify funding requests to international financial organizations.

²⁰ The Country Strategic Opportunities Programme (COSOP) is the core framework guiding IFAD's investments and partnership strategy in developing countries. Designed through extensive consultation, it identifies specific rural poverty, thematic areas, and geographic sites to enhance smallholder livelihoods. Key objectives focus on sustainable agricultural productivity, food security, climate resilience, and, increasingly, empowering rural women and youth.

5. **Use blended finance** approaches such as packaging GEF and/or GCF grants with concessional loans from international financial organizations, to achieve larger-scale impact

10.2 Engagement with ODA donor countries

Which are key considerations and modalities for a Ministry of Environment when reaching out to bilateral ODA partners for land-related financial support?

Engaging with foreign countries that provide development assistance is essentially a **diplomatic undertaking**. Such outreach requires political skill, and it benefits from prior experience in dealing with the foreign institutions concerned.

There are several **essential considerations** (see Fig 11) for a ministry of environment or agriculture to take into account when preparing for such a bilateral dialogue with an ODA donor country. These considerations can be summarized as follows.



Fig 11: Key considerations for bilateral dialogue between Ministry of Environment / Agriculture and External Funding Agencies

Policy and Strategic Alignment

National Priorities: Ministry officials should be able to clearly articulate how the proposed land-related activities align with national development plans, Nationally Determined Contributions (NDCs), National Biodiversity Strategies and Action Plans (NBSAPs), and Land Degradation Neutrality (LDN) targets.

Evidence-Based Justification

Baseline Data: Ministry officials should demonstrate the scale of land degradation, land tenure insecurity, and ecosystem loss using national land cover data, GIS analysis, or reporting under UNCCD and UNFCCC frameworks. Bilateral partners may expect such information to be available before they are approached for financial support.

Impact Potential: Ministry officials should also be prepared to quantify projected outcomes of

Institutional Readiness and Coordination

Cross-ministerial Coordination: Many departments and agencies within a national government may maintain active relationships with the targeted donor country. This makes prior coordination among Ministries of Environment, Agriculture, Finance, and Planning particularly important. Also, some ODA donors seek to support integrated, multi-sectoral approaches at the country level.

Project Management Capacity: Ministry officials

Partnership and Co-financing Potential

Blended Finance Options: Ministry officials should explain to the foreign donor country how public ODA contributions for the proposed land intervention could leverage private investment resources and domestic public funding. For example, ODA funding could help de-risk investment in sustainable agriculture by agro-industrial enterprises.

Social and Environmental Safeguards

Finally, ministry officials should emphasize adherence to important safeguards that bilateral donor governments are likely to consider important. In the social arena, these may include inclusive land governance, gender equity, and benefits for local communities.

Equipped with the necessary background information on

Canada (Global Affairs Canada – GAC)

Canada's ODA supports climate adaptation, gender equality, and sustainable resource management. Ministries should engage through the Canadian High Commission or GAC country programmes to identify relevant calls under Canada's International Climate Finance or Nature-Based Solutions

Donor Priorities: Ministry officials should also understand each bilateral partner's geographic and thematic development policy focus. For example, Germany's BMZ may emphasize sustainable land management and forest protection; the UK's FCDO may focus on climate resilience and governance; and Japan's JICA may prioritize capacity development and infrastructure.

planned interventions, such as hectares of degraded land restored, carbon sequestration potential, and livelihood benefits. Bilateral partners, in particular, focus on tangible results that can be communicated to a wider audience within their own countries.

Co-benefits: Ministry officials should emphasize cross-sectoral benefits of the proposed land-related interventions, including food security, disaster risk reduction, and climate adaptation.

should demonstrate sufficient fiduciary and technical capacity to implement complex land-related programmes. They should understand how to channel foreign donor funds through existing national systems.

Policy Reform Environment: Ministry officials should be prepared to highlight enabling conditions such as land tenure reform, transparency frameworks, and participatory land-use planning processes.

Coherence with Multilateral Initiatives: Many donor governments follow a consistent approach to aid delivery and programmatic alignment. Therefore, ministry officials should link their funding proposals to the relevant World Bank, GEF, GCF, and Adaptation Fund pipelines.

these considerations, officials from a Ministry Environment or Agriculture may proceed to contact a chosen bilateral donor country, soliciting financial support for a proposed intervention in land restoration. Approaches will vary across donor countries. The following sections summarize **key engagement strategies and procedures for major ODA-providing countries.**

initiatives. Proposals should demonstrate indigenous and gender inclusion, measurable resilience impacts, and integration with broader socioeconomic development goals. Evidence-based planning and co-delivery with local institutions enhance credibility.

European Union (EU Development Cooperation/ DG INTPA)

The EU funds large-scale land restoration and climate projects under its Global Gateway and Green Deal initiatives. Ministries should coordinate through national EU delegations to identify calls under the NDICI–Global Europe instrument. The process requires strong alignment with sustainable land management,

and ecosystem restoration objectives, as well as participation of local stakeholders. Proposals should emphasize policy coherence, co-financing potential, and alignment with national climate and biodiversity strategies. Technical assistance projects may complement larger financial envelopes.

France (AFD – Agence Française de Développement)

AFD supports ecosystem restoration and sustainable land management as part of its “Climate and Biodiversity” priority areas. The Ministry should coordinate initial discussions with the AFD country office to align the project with France’s priorities on ecosystem

services, carbon sequestration, and food security. Proposals should include economic analyses, climate benefits, and long-term sustainability metrics. Engaging in joint feasibility missions and aligning with national climate policies can increase the likelihood of approval.

German Development Cooperation (GIZ/ BMZ)

Germany supports land restoration through its thematic focus on climate action, biodiversity conservation, and sustainable rural development. The Ministry should engage with the local GIZ office to assess programme alignment with ongoing regional initiatives such as the “Ecosystem-based Adaptation” or “Agroecology for

Sustainable Food Systems” programmes. Proposals should highlight inclusive approaches, gender sensitivity, and measurable carbon sequestration potential. Early-stage co-design workshops and policy dialogues ensure institutional buy-in and technical integration into GIZ’s country programme.

Japan International Cooperation Agency (JICA)

JICA prioritizes environmental sustainability, climate resilience, and community-based resource management under its sustainable development strategy. To mobilize funding, the Ministry should align project proposals with Japan’s Global Agenda on climate change adaptation and ecosystem restoration. Engagement should begin through high-

level diplomatic channels, including the embassy or the JICA country office, followed by the submission of a detailed concept note emphasizing technology transfer, capacity building, and public-private partnerships. Demonstrating clear socioeconomic benefits, measurable outcomes, and scalability greatly increases chances of approval.

Netherlands (Netherlands Development Cooperation/ RVO)

Dutch ODA focuses on water management, sustainable land use, and climate adaptation. The Ministry should engage with the Netherlands Enterprise Agency (RVO) or the Embassy of the Netherlands, aligning proposals with the Dutch Global Climate Strategy. Emphasizing integrated

water-land-food systems, innovation, and private sector involvement is of crucial importance. The Netherlands values participatory approaches and gender equality, and co-financing through public-private partnership models, such as SDG Partnership Facility, is encouraged.

Norway (Norad – Norwegian Agency for Development Cooperation)

Norad channels significant ODA toward forest, land, and climate initiatives, especially through the International Climate and Forest Initiative. The Ministry should engage with the Norwegian Embassy and Norad technical staff to co-design projects that contribute to

carbon emissions reductions, sustainable livelihoods, and ecosystem protection. Demonstrating verifiable climate benefits, transparent monitoring systems, and alignment with REDD+ frameworks can significantly enhance funding prospects.

Sweden (SIDA – Swedish International Development Cooperation Agency)

Sida prioritizes environment, climate change, and rural livelihoods under its “Environment and Climate Policy Framework.” The Ministry should coordinate with Sida’s local office to align land restoration proposals with Sweden’s focus on rights-based and gender-transformative approaches. Proposals

should underline biodiversity restoration, local participation, and transparency. Sida encourages institutional strengthening, multi-stakeholder partnerships, and integration of indigenous knowledge systems to promote long-term sustainability.

Switzerland (SDC – Swiss Agency for Development and Cooperation)

Switzerland supports sustainable land and water management, with a focus on resilience and community-based practices. Engagement should begin through SDC country coordination offices to explore synergies with ongoing rural development and climate

resilience programmes. Proposals should emphasize decentralization, governance, and inclusive participation. SDC favours results-oriented frameworks and clear sustainability mechanisms, supported through capacity building and policy alignment with national strategies.

United Kingdom Foreign, Commonwealth & Development Office (FCDO)

FCDO focuses its development aid on climate resilience, biodiversity recovery, and sustainable livelihoods under the UK's International Climate Finance framework. The Ministry should prepare a proposal consistent with the UK's commitments to land-use transformation and nature-based solutions. Engagement typically begins

with the local British High Commission, followed by the submission of a concise concept outlining cross-sectoral benefits, transparency, and expected emission reductions. Highlighting alignment with the Global Biodiversity Framework or climate adaptation goals can increase funding prospects.

10.3 Approaching NGOs and private philanthropy

Which are specific aspects to be considered when fundraising with non-governmental organizations and private philanthropy?

Mobilizing financing for land-related investments from private concessional and non-profit sources is often more complex because of the diversity of potential partners.

General considerations when engaging with non-governmental organizations (NGOs) and civil society organizations (CSOs) can be summarized as follows.

- When mobilizing financing for land restoration from NGOs and CSOs, a Ministry of Environment should first establish a compelling case for investment. This involves defining the scope and objectives of the land restoration initiative, supported by data on environmental degradation, socio-economic impacts, and the expected environmental, social, and economic co-benefits of the proposed actions. A well-developed proposal that demonstrates measurable outcomes, such as improved soil health, increased agricultural productivity, enhanced water security, and greater community resilience, will appeal to mission-driven NGOs that prioritize tangible, sustainable impact.
- Secondly, the ministry should map and understand the priorities, mandates, and thematic focus areas of potential partner organizations. International NGOs may emphasize global climate and biodiversity goals, such as land degradation neutrality or ecosystem restoration under the UN Decade on Ecosystem Restoration, while domestic CSOs may prioritize community livelihoods, local governance, or indigenous rights. Tailoring outreach and proposals to align with the priorities of potential partners, including relevant SDG linkages, can greatly enhance relevance and improve the likelihood of collaboration and funding support.
- Thirdly, the ministry must demonstrate strong institutional capacity and governance arrangements for effective project management. NGOs and CSOs often require transparency, accountability, and evidence of local participation before committing resources. Establishing clear implementation frameworks, monitoring systems, and safeguards, including environmental and social risk mitigation, builds credibility. Involving local communities in planning and execution also shows that the project promotes inclusivity and ownership, values particularly important in civil society engagement.
- Fourthly, the ministry should explore diversified funding and partnership models beyond traditional grants. NGOs and CSOs increasingly support blended finance arrangements, results-based funding, and technical assistance partnerships. The ministry could facilitate co-financing arrangements in which development partners fund technical components while domestic resources cover implementation or establish mechanisms that leverage private-sector engagement through NGO-facilitated partnerships. Such financial structuring arrangements demonstrate flexibility and a shared responsibility for sustainability.
- Finally, communication and relationship-building are critical throughout the outreach process. The ministry should engage early and maintain open, continuous dialogue with targeted organizations to understand their expectations, demonstrate alignment of goals, and continuously update them on progress. Hosting multi-stakeholder forums, pilot project showcases, and learning events can help position the ministry as a credible and proactive leader in land restoration. Over time, consistent engagement can evolve into long-term partnerships that not only finance immediate restoration investments but also build institutional and community capacity for sustainable land management.

Specific considerations when approaching private philanthropy can be summarized as follows. The focus here is on those additional, philanthropy-specific aspects that complement the preceding thoughts on engaging with non-governmental organizations.

- When engaging private philanthropy, a Ministry of Environment should emphasize the transformational and legacy potential of land restoration, rather than focusing solely on development or policy outcomes. Philanthropic donors are often motivated by the opportunity to create lasting, visible impact that aligns with their personal or institutional values, such as environmental stewardship, climate resilience, or sustainable livelihoods. The ministry's outreach should therefore highlight the broader moral and visionary dimensions of the initiative, conveying how support could help reverse degradation trends and leave a generational legacy. Tailoring narratives to resonate with philanthropic motivations, such as regeneration, equity, and innovation, may be more persuasive than purely technical or policy-focused arguments.
- The ministry should also recognize that philanthropic funding dynamics differ from those of traditional NGO or development financing. Philanthropic organizations often seek high-impact, replicable, and innovative interventions that can serve as models for broader adoption. It is therefore important to present a portfolio of initiatives at varying scales, such as pilot projects with clear monitoring frameworks and potential for replication or scaling through blended finance. Positioning the project as an opportunity for catalytic impact, where philanthropic capital can de-risk or demonstrate proof of concept to attract larger institutional financing, can appeal strongly to philanthropic donors interested in systems change.
- Finally, cultivating relationships with philanthropists requires a personalized and trust-based approach. Unlike institutional NGOs, many philanthropic entities have shorter decision chains and rely heavily on leadership credibility, transparency, and alignment of values. The ministry should invest in crafting high-quality briefing materials and success stories, complemented by direct engagement through high-level meetings, project-site visits, and tailored communication. Establishing a robust reporting and recognition mechanism, such as naming opportunities, impact dashboards, or public acknowledgments, can enhance donor satisfaction and encourage sustained commitment.

10.4 Interacting with private investors

What are key considerations in reaching out to private companies and financial investors?

When engaging private sector investors in land restoration, whether domestic or international, a Ministry of Environment should focus on demonstrating the commercial potential and risk mitigation strategies that are most relevant to business decision-making.

The first key consideration is to present investment-grade opportunities that align land restoration with market demand. This involves structuring projects around revenue-generating models, such as sustainable timber, agroforestry, regenerative agriculture, or carbon credits, and ensuring they meet market standards in quality, scalability, and transparency. The Ministry should adopt the language of private investors, emphasizing expected returns, payback periods, and exit strategies, rather than focusing exclusively on environmental impacts.

The second consideration is to incorporate de-risking mechanisms tailored to private investors' expectations. The Ministry can lower both perceived and real risks through blended finance solutions, where public or concessional finance absorbs early-stage or performance risk. Credit enhancements, political risk insurance, and long-term offtake

agreements can help make investment conditions comparable to those in other sectors. Addressing legal bottlenecks, such as unclear land titles or weak enforcement, can improve investors' confidence in asset security. Private investors will also evaluate regulatory risk, so ensuring the stability of policy incentives and compliance frameworks is particularly important.

Thirdly, the standardization and measurability of outcomes are essential for attracting institutional and corporate investors. The Ministry should promote the adoption of internationally recognized environmental, social, and governance frameworks and impact measurement standards, enabling investors to assess returns not only financially but also through sustainability metrics. Certification systems, such as the Verified Carbon Standard or Forest Stewardship Council, can enhance the marketability of products derived from rehabilitated lands. Transparent monitoring and reporting systems give investors assurance of both compliance and credibility.

The fourth consideration relates to partnership structures and investment vehicles that correspond

to private financial preferences. These may include special purpose vehicles (SPVs)²¹, green bonds, sustainability-linked loans, or equity funds focused on natural asset restoration. The Ministry can partner with development finance institutions to anchor these vehicles, thereby signaling confidence and attracting co-investors. Structuring opportunities at an investable scale, through pooled projects or landscape-level investment platforms, can appeal to larger investors that seek measurable and diversified portfolios rather than fragmented small-scale activities.

Finally, strategic engagement and alignment with corporate sustainability goals can open doors to additional private capital. Many corporations are

investing in nature-positive solutions to meet their net-zero and ESG commitments. The Ministry can act as a facilitator by identifying credible projects that meet corporate offsetting or supply chain resilience objectives. Engaging private sector champions, including agribusinesses, financial institutions, and energy companies, can generate momentum and peer influence within the business community. By demonstrating that land restoration contributes to competitive advantage and regulatory compliance, the Ministry can position it as a business opportunity rather than a philanthropic endeavour.

The above multiple considerations are summarized for easy reference in the following Engagement Roadmap with External Funders. (see Fig 12)

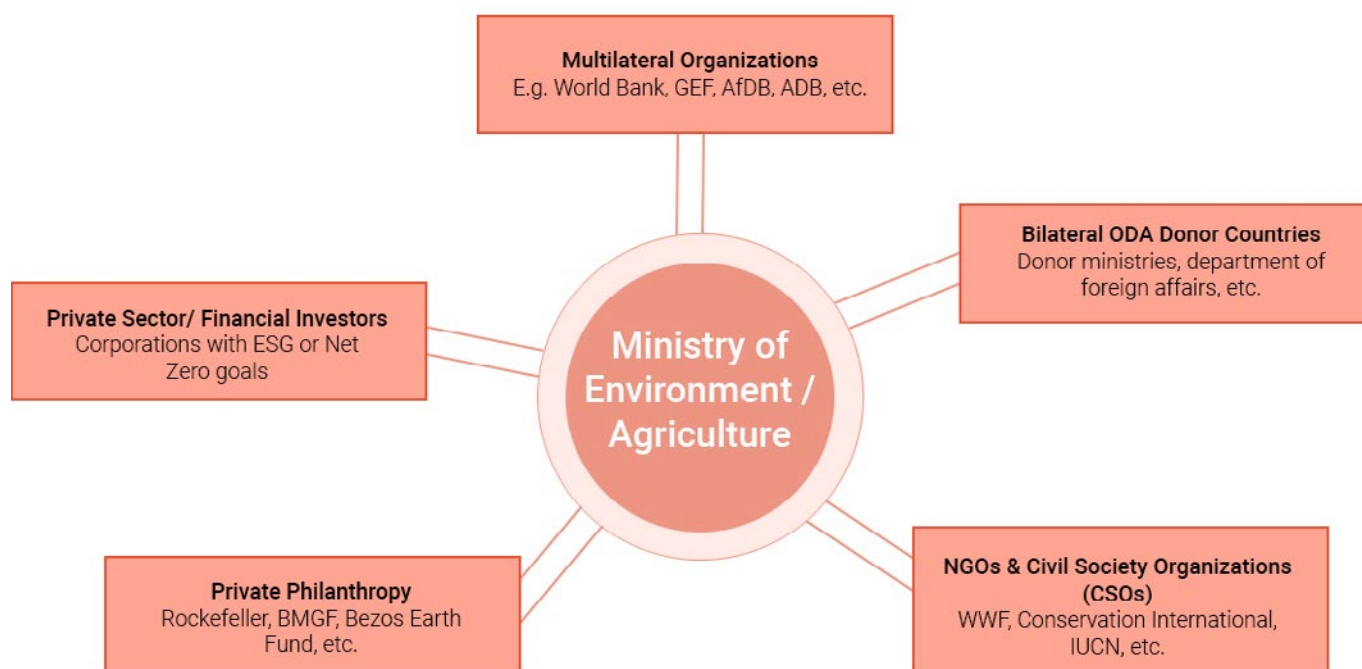


Fig 12: Engagement Roadmap with External Funders

²¹ A Special Purpose Vehicle (SPV) is a distinct, legally independent company created by a parent firm for a specific, narrow, or temporary objective. SPVs are primarily used to isolate financial risk, secure assets, or enable complex financial transactions like securitization.

Engagement Type	Main Institutions/ Partners	Relevant Thematic Areas	Engagement Mechanisms/ Touch Points	Typical Role of the Ministry of Environment	Key Strategic Recommendations/ Success Factors
1. <i>International Financial Institutions & Multilateral Organizations</i>	World Bank Group, GEF, GCF, IFAD, Regional Development Banks (AfDB, ADB, IDB, others)	Land restoration, sustainable land management, climate-smart agriculture, ecosystem-based adaptation, biodiversity	Alignment with national strategies, project concept and design with accredited/ partner entities, co-financing arrangements, safeguards and reporting	Identify land priorities during national strategy formulation Lead technical concept design Manage project implementation and monitoring Ensure inter-ministerial coordination (especially with Ministry of Finance)	Integrate land restoration into national climate strategies Maintain active GEF/ GCF focal points Build partnerships with accredited entities (for example, FAO, UNDP) Strengthen environmental data and monitoring systems Use blended finance to combine grants and concessional loans
2. <i>Bilateral ODA Donor Countries</i>	Donor ministries of development/ international cooperation/ foreign affairs/ finance Bilateral development agencies of donor countries	Climate resilience, sustainable agriculture, ecosystem restoration, biodiversity recovery, gender equality, governance	High-level diplomatic engagement via embassies, donor country offices, or aid delegations Submission of proposals or concept notes aligned with donor priorities	Align proposals with both national and donor strategies Prepare strong evidence (baseline data, quantifiable impacts) Demonstrate readiness and capacity for fiduciary management Co-develop concepts with donors' technical missions	Emphasize national-donor policy alignment Provide measurable, evidence-based justifications Highlight co-benefits (e.g. food security, job creation, climate impact) Show institutional readiness and cross-ministerial coordination Offer co-financing and blended finance opportunities Adhere to social and environmental safeguards
3. <i>Non-Governmental Organizations (NGOs) & Civil Society Organizations (CSOs)</i>	International and national NGOs, e.g., WWF, Conservation International, IUCN, local community-based organizations	Land degradation neutrality, community resilience, biodiversity conservation, livelihood improvement	Partnership proposals, stakeholder mapping, co-design workshops, joint monitoring and reporting	Build and communicate compelling cases for impact (data-driven) Align with NGO thematic missions and SDGs Demonstrate transparency, governance, and local participation Establish monitoring and safeguard mechanisms	Develop measurable and results-based proposals Customize outreach to NGO/ CSO priorities Emphasize inclusivity and local ownership Explore co-financing and blended investments Maintain open, continuous dialogue to build trust and long-term partnerships

4. <i>Private Philanthropy</i>	Foundations (for example, Rockefeller, BMGF, Bezos Earth Fund, ClimateWorks Foundation)		Direct personalized outreach, high-level meetings Concept portfolios, pilot showcases	Highlight moral/legacy value and transformational potential Present innovative, high-impact, scalable initiatives Demonstrate credibility and transparent management Provide strong monitoring and recognition frameworks	Focus narrative on legacy and visionary impact Offer pilot and scalable models to attract catalytic investment Maintain trust-based, personalized donor relationships Create mechanisms for visibility and recognition (for example, dashboards, events, acknowledgments)
5. <i>Private Sector/ Financial Investors</i>	Domestic and international investors, corporations with ESG/Net Zero goals, development finance institutions	Commercial land-based activities: agroforestry, carbon markets, sustainable agriculture, natural capital assets	Investment-grade project proposals, SPVs, green bonds, blended finance platforms, public-private partnerships	Identify revenue-generating models Present risk–return analysis Provide regulatory stability and policy incentives Facilitate partnerships and guarantee mechanisms	Frame proposals in business terms (return on investment, risk mitigation) Offer blended finance and de-risking instruments Use standardized ESG/ impact measurement systems Create scalable investment vehicles (SPVs, thematic investment funds) Align projects with corporate sustainability goals and carbon offsetting objectives

Tool: Engagement Roadmap with External Funders

Focus on the Private Sector: Do's and Don'ts in governmental engagement with private investors

Do's

- Clearly define national restoration priorities, targets, and expected outcomes for investors to understand the project's scope and opportunities.
- Establish transparent, predictable regulatory frameworks that reduce investment risk and build private sector confidence.
- Offer appropriate incentives such as tax benefits, concessional loans, or risk sharing mechanisms to attract long-term capital.
- Develop strong institutional coordination among ministries, ensuring streamlined procedures and a single point of contact for investors.
- Promote blended finance structures that use public funds to leverage larger private contributions.
- Engage local communities early to secure land rights, social acceptance, and long-term project stability.
- Prioritize credible monitoring and reporting systems to demonstrate environmental and financial performance, strengthening investor trust.

Don'ts

- Present a clear business case; vague or overly broad project proposals reduce interest.
- Avoid complex bureaucratic processes, unclear land tenure rules, or inconsistent policies, as these increase perceived risk.
- Do not rely solely on private capital without providing enabling public support such as cofinancing, guarantees, or technical assistance.
- Avoid overlooking community interests or environmental safeguards, which can create conflict and undermine project success.
- Do not promise unrealistic returns or timelines; misaligned expectations damage long-term partnerships.

These practices help governments attract credible private investors while ensuring sustainable, socially inclusive land restoration outcomes.



Section 11: Ongoing Communications

What are proven ways of keeping in contact with funders to maintain their future support?

This guidance concludes with advice on how governmental institutions can maintain productive, long-lasting relationships with their funding partners. Below is a **summary of best practices** to this effect, with a focus on relations with multilateral agencies, bilateral donors, and international foundations supporting land restoration and sustainable land management projects.

The following practices help ensure transparency, trust, and long-term collaboration built on shared results and mutual accountability.

Maintain Continuous and Transparent Communication

Consistent, proactive communication is the foundation of healthy donor relationships. Project teams should **establish regular contact points**, through structured updates, quarterly progress calls, or periodic newsletters, to keep funders informed of achievements, challenges, and contextual changes.

Transparency builds trust and credibility; therefore, both progress and setbacks should be communicated in a timely manner, with credible action plans for resolving implementation bottlenecks. This helps foster a dynamic partnership rather than a transactional relationship.

Align Objectives and Messaging with Donor Priorities

Funders appreciate it when project teams demonstrate a clear understanding of their strategic goals. In land restoration, this might mean **linking project outcomes to funder priorities** such as climate adaptation, biodiversity conservation, and

community resilience. Regularly referencing donor frameworks, such as SDGs, UNCCD targets, or climate co-benefit indicators, in progress reports and communications reinforces alignment and secures continued donor confidence.

Deliver High-Quality, Evidence-Based Reporting

Funders rely on timely, well-structured reports that demonstrate progress, value for money, and measurable results. Best practice includes **reporting on both outputs**, such as activities completed, **and outcomes**, such as impact on land productivity, vegetation cover, and

livelihoods. The use of geospatial monitoring tools, photos, and data visualizations enhances reporting credibility. Independent evaluations, learning briefs, and case studies further strengthen donor confidence by demonstrating transparency and evidence-based learning.

Institutionalize Relationship Management Roles

Assigning a **dedicated donor liaison or partnership manager** within the implementing institution helps maintain continuity in communications and prevents relationship gaps caused by staff turnover. This role serves as the central point for correspondence,

reporting, and coordination of donor missions. In complex, multi-donor land restoration programmes, a structured partnership coordination platform or secretariat can further harmonize messaging and technical engagement.

Engage Funders in Field Monitoring and Learning

Inviting funder representatives to **site visits, learning events, or community demonstrations** helps them witness tangible project results. For land restoration projects, showcasing visible recovery of degraded landscapes, the adoption of soil conservation

structures, and livelihood impacts for local communities generate shared ownership and provide positive visibility. Joint reviews and participatory evaluations also enhance credibility and deepen the technical partnership.

Foster Adaptive Management and Co-Learning

Strong relationships are built on flexibility and shared learning. Donors value implementing partners that can **adapt effectively to emerging challenges**, such as climate shocks, policy changes, or community dynamics, without losing focus on project objectives.

Maintaining a learning agenda, documenting what works, and sharing both successes and challenges with funders positions the project as a learning platform rather than a one-off intervention.

Ensure Financial Accountability and Compliance

Strict adherence to funder reporting standards, procurement procedures, and audit requirements is essential. Implementing a robust **financial management system**, conducting **periodic internal audits**, and responding promptly to audit findings helps build donor

confidence. Presenting clear financial dashboards that track disbursements and associated results also signal strong fiduciary discipline, which is particularly important for organizations managing multiple externally funded projects.

Recognize and Leverage Funder Contributions

Appreciation and visibility are vital in sustaining donor engagement. This includes **acknowledging funders in project communications, publications, and public events**. Joint press releases, co-branded knowledge

materials, and joint participation in international forums help reinforce partnership recognition and highlight donor commitments to environmental sustainability and community resilience.

Manage Expectations and Communicate Risks Early

Projects dealing with land and ecosystems often face uncertainties from biophysical and social factors. Honest discussion of these risks, together with clear **communication about corrective measures being implemented**, helps maintain funder

trust even when results are delayed. Project teams should avoid overpromising and instead focus on communicating progress supported by realistic milestones and sound evidence.

Build Long-Term Strategic Partnerships

The goal of relationship management should extend beyond a single project cycle. Maintaining relationships with donors after project completion, through the sharing of impact evaluations, participating in strategy dialogues, or co-creating follow-up programmes, helps position the implementing agency as a trusted, strategic partner. In the context of land restoration, building continuity in donor relationships facilitates the scaling-up of successful models and sustaining landscape impacts across multiple funding cycles.

The following section presents a Donor Engagement Strategy Framework tailored for a land restoration or sustainable land management programme, built on international development best practices. It is designed to help government implementing agencies to manage effective long-term relationships with external funders, such as multilateral institutions, bilateral donors, and philanthropic entities.

Purpose. This strategy provides a structured approach for maintaining strong, transparent, and productive relationships with external funders during and after project implementation.

Objectives

- Ensure continuous communication and alignment with donor priorities
- Strengthen accountability and reporting credibility
- Facilitate learning and visibility for both the donor and implementing agency
- Position the project team as a reliable, long-term partner for future collaboration

Core Engagement Principles

Principle	Description	Application Example
Transparency	Share successes and challenges	Candid updates on delays & solutions
Alignment	Link project to donor strategies	Mapping to donor's targets (SDG, etc.)
Responsiveness	Act promptly on queries	Assign internal donors' focal point
Evidence-based reporting	Support all claims with data, visuals, and field evidence	Use GIS based maps of rehabilitated land or vegetation indices
Inclusiveness	Facilitate mutual learning	Share lessons learned, joint reviews

Tools and Engagement Activities

Tool/ Activity	Purpose	Frequency/ Timing	Responsibility
Donor Outreach Plan	Schedule, channels, formats	Updated annually	Project Manager
Newsletter	Inform about milestones	Quarterly	M&E Team
Annual Results Report/ Audit Package	Present financials, results, challenges	Annually	Project Team
Joint Field Visits/ Review Missions	Strengthen collaboration through on site learning	Mid term and end of year	Implementing Agency & Donors
Learning Events	Share project lessons	Once per year	Technical Lead
Donor Visibility	Branding recognition	Ongoing, at events	Communications
Grievance and Feedback Mechanism	Inform about accountability measures taken	Continuous	Project Compliance Officer

Monitoring Relationship Health. Establish indicators for tracking donor engagement quality:

- Timeliness of project reporting, and responsiveness to donor queries
- Frequency of joint field visits and review meetings
- Donor satisfaction feedback from surveys or exit interviews

Post Project Continuity and Scaling

- Maintain communication through membership in donor-funded networks
- Share post-completion impact data periodically (2–3 years post closure).
- Submit proposals for follow-up or scale-up funding, referencing project outcomes.
- Encourage donors to integrate lessons into country strategy dialogues.

Donor Engagement Strategy Framework



Focus on the Private Sector: Maintaining ongoing relations with private investors

Governments in developing countries can maintain strong, lasting relationships with private investors in land restoration projects by fostering transparency, alignment of interests, and consistent communication.

Best practices include establishing dedicated liaison units or investment facilitation desks to provide a clear point of contact for investors. Regular communication through progress updates, joint review meetings, and transparent reporting on ecological and financial outcomes helps sustain trust and demonstrate accountability. Providing timely data—such as land use maps, project performance metrics, and policy updates—allows investors to plan effectively and manage risks.

Governments should ensure policy stability by minimizing abrupt regulatory changes and offering clear roadmaps for long term land use and restoration strategies. Maintaining predictable incentives, such as tax benefits or co financing arrangements, supports investor confidence over the project lifecycle.

Collaborative governance mechanisms, such as multi stakeholder platforms or public-private steering committees, enable both sides to address challenges, share innovations, and co design solutions. Engaging local communities and ensuring their benefits further strengthens social stability, reducing risks for investors.

Finally, governments should celebrate successes publicly, showcasing investor contributions and project impacts. This reinforces positive relationships and encourages continued engagement and reinvestment in future land restoration initiatives.



Annex: Sample governmental memo – Illustrative case for land investment

The following example explains how the case for a land-related investment and the associated financing plan could be made to build support and seek approval within the government.

The sample draft government briefing note could be suitable for presentation by a Ministry of Environment seeking a national budget allocation and external financing through a GEF concessional loan for a proposed **Watershed Management and Land Restoration Project**.

Government Briefing Note

From: Ministry of Environment

To: Cabinet Secretariat / Ministry of Finance and Economic Planning

Subject: Proposal for Funding of the National Watershed Management and Land Restoration Project (NWMLRP)

Executive Summary

The Ministry of Environment proposes the implementation of the **National Watershed Management and Land Restoration Project (NWMLRP)** aimed at restoring degraded watersheds, improving agricultural productivity, and enhancing resilience to climate change.

The total estimated project cost is **USD 45 million**, to be financed through:

- **National Budget Allocation:** USD 25 million
- **Global Environment Facility (GEF) Concessional Loan and Grant Components:** USD 20 million

The project directly supports the government's commitments under the **National Development Plan (NDP)**, the **Nationally Determined Contributions (NDCs)**, and the **Sustainable Land Management (SLM)** Policy by promoting ecosystem restoration and sustainable livelihoods.

Background and Rationale

Over **60% of national watersheds** have experienced moderate to severe degradation due to deforestation, overgrazing, unsustainable farming, and mining activities. This has led to:

Declining water availability and quality;

Reduced soil fertility and agricultural yield;

Increased flood and drought vulnerability;

Loss of biodiversity and ecosystem services.

The **NWMLRP** responds to these challenges by rehabilitating degraded catchments, enhancing land productivity, and strengthening local watershed governance structures.

The proposal supports implementation of:

National Climate Change Strategy (2021–2030)

Environmental Management Act and Land Degradation Neutrality Target (LDN 2030)

SDG 6 (Clean Water and Sanitation) and SDG 15 (Life on Land)

Project Objectives

The overall objective is to **restore and sustainably manage critical watersheds** to secure ecosystem services, water resources, and climate resilience.

Specific Objectives

- Rehabilitate **120,000 hectares** of degraded land through afforestation, soil and water conservation, and assisted natural regeneration.

- Improve **water storage and quality** across 15 priority sub-watersheds.
- Strengthen **community-based watershed management committees** in all target districts.
- Promote **climate-smart livelihood options** (for example, agroforestry, and small-scale irrigation).
- Build **institutional capacity** for integrated watershed planning and monitoring.

Project Components

Component	Description	Indicative Budget (USD million)
1. Ecosystem and Land Restoration	Restoration of degraded hillsides, forests, and farmlands	18.0
2. Water Resources Management	Construction of small dams, check dams, and water harvesting structures	9.0
3. Community Engagement and Livelihood Support	Livelihood diversification, training, and gender inclusion programs	6.0
4. Institutional Strengthening and Capacity Building	Development of watershed plans, GIS mapping, and monitoring systems	5.0
5. Project Management, M&E	Coordination, reporting, and evaluation	7.0
Total		45.0

Financing Plan

Source	Type	Amount (USD million)	% Share
National Budget	Public Investment (Grant)	25.0	56%
GEF (via co-financing and concessional loan)	Grant + Loan	20.0	44%
Total		45.0	100%

Financing Mechanism

- The Ministry of Finance will allocate national funds under the Medium-Term Expenditure Framework.
- GEF support will be sought through its **Integrated Approach for Land Degradation and Climate Resilience**, with the loan component managed by an accredited national implementing entity.

Implementation Arrangements

- **Executing Agency:** Ministry of Environment
- **Implementing Partners:** Ministry of Agriculture, Ministry of Water Resources, Forestry Department, and targeted District Assemblies.
- **Steering Committee:** Chaired by the Minister of Environment, and includes representatives from Finance, Agriculture, and Local Government.
- **Community-Level Structures:** Watershed Management Committees and local user groups.

The Ministry will establish a **Project Management Unit** for technical coordination, procurement, financial management, and reporting.

Expected Results and Benefits

- **120,000 hectares** of rehabilitated land contributing to national LDN targets.
- **Enhanced water security** for agriculture and domestic use across 1.2 million beneficiaries.
- **Increased household income** through sustainable land use and agroforestry.
- **Carbon sequestration potential** of 3.5 million tons over 15 years.
- Strengthened **institutional capacity** and data systems for watershed governance.

Sustainability and Exit Strategy

- Mainstream watershed management into district development plans and local budgets.
- Promote **public-private partnerships** for eco-enterprise development.
- Build local ownership through community benefit-sharing agreements and co-management frameworks.
- Develop a long-term **maintenance fund** supported by ecosystem service payments and national reforestation levies.

Next Steps

- Cabinet approval for project concept and financing structure.
- Formal engagement with the Ministry of Finance to include the project in the **FY2025 Public Investment Plan**.
- Submission of **GEF Project Identification Form** for endorsement.
- Preparation of a **detailed feasibility study and Environmental Impact Assessment**.

Recommendations

The Ministry of Environment requests the Cabinet to:

1. **Approve** the concept and authorize inclusion in the national investment portfolio;
2. **Endorse** engagement with GEF for concessional financing;
3. **Direct** the Ministry of Finance to include project allocations in the next Medium-Term Expenditure Framework;
4. **Mandate inter-ministerial coordination** for project implementation.



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