

**Pippa Howard**

Director, Business & Biodiversity  
Fauna & Flora International

**LND Fund's Environmental and Social Safeguards**

Land Degradation Neutrality Fund (Impact Investment Fund for Land Degradation Neutrality)

1. The LND ESS defines the framework upon which all projects that will be financed by the Fund must adhere to.
  - Part of the project investment cycle – HOW and how often ARE THE POSITIVE IMPACTS MEASURES AND QUANTIFIED? (independent, Private sector leveraged funds and not the same as GEF, so investment decision making and project selection will come down to the private sector investors but UNCCD will promote projects that fit the minimum ESS and selection criteria; there is also a need to focus on the positive impacts of the projects, and the criteria for monitoring impact and the KPIs are going to be used as in line with what is being developed at the international level... biodiversity and ES)
    - SLM
    - Mitigation for restoration of lands
    - Rehabilitation for severely degraded lands
    - Looking at the provision of ES (all four ES) and the enhancement of ES against baseline status as qualitative assessment
  - KPIs selected are ha/tn/ etc. for quantitative assessment
    - Landcover and land cover change
    - Land productivity
    - Carbon stock
    - Biodiversity? What metrics can be used for this? What are the baseline scenarios and what counterfactual will be used/ they will look at how the environmental aspects can be pragmatically achieved and whether these can still generate the returns wanted for the projects? (UNCCD – suggests that the fund cannot be expected to achieve more than the UN can achieve and that pragmatism is sensible as these will be difficult to actualise – so is sympathetic with the approach of Mirova and the containment of ambition of the projects -
  - Social impact will be measured relative to poverty alleviation etc.
2. Integrated into Investment Policy of LDN Fund
  - Fund Manager will be responsible for applying the ESS – HOW WILL THEY BE TRAINED?
  - Overseen by governance committee who will act as internal consultants – WHO WILL GOVERN THEM?
  - Fund Managers are notoriously unsympathetic to ESS in many banks – there is a real tension between the ESS practitioners and the Fund Managers – how will this be different in the LDN Fund?
3. What about the EXCLUSION LIST??? Very short but can catch out others through the due diligence and ESS application process which are complement by the eligibility criteria

- E.g biofuel projects should avoid conflict with food security
  - For projects related to forestry, primary forest clearance should avoided
4. Modular approach interesting, however how will this be triggered and who will recommend these changes? What will the benchmark be and how will this be put in place in practice?
    - Exchange from other financial institutions... which ones are seen to be best practice and how is this measured?
  5. IFC yes, but what else is available? Actually, FFI have done a comparator against others e.g. EIB, EBRD, ADB, IADB and AfDB – there are strengths and weaknesses across them all
    - Who is the stakeholder group influencing this kind of decision?
  6. Focus on land tenure and land use
    - EIB and UNDP (what is the African Agriculture and Trade Investment Fund?)
    - Voluntary Guidance on the Responsible Governance of Tenure (VGGT)
  7. Not included in ESS but in overall Policy – should these be Standards?
    - Human Rights
    - Gender Equality
    - Resilience to Climate Change
  8. Have taken a strange approach to the order of the standards, but useful to avoid prioritisation issues
  9. Procedures are useful in a separate document – focuses on the standard
10. Preamble for the ESS:
- What is the scope of the ESS and the timeframes to be applied (for greenfield projects and all projects considered for investment) are the investments time-bound as per IFC and therefore how long are the ESS effective for implementation? They are aiming at projects that will have benefits far into the future beyond the life of the investment and into the sustainability of the project – so positive legacy impacts
  - What about co-funders and subsequent funding? Can we look beyond the intervention and have rebound benefits that will benefit beyond the life of the investment but into the long term life of the project...
  - What are the definitions of degradation?
  - What about guidance notes?
  - The investment should look at the leakage or indirect impacts and landuse change of the project in the landscape
  - Can the Cancun Safeguards for REDD+ implementation be used in these ESS? Need to aim for the highest standard applicable for the topic of interest.(Response from UNCCD is that the depth of the ESS needs to be managed with some pragmatism for the private sector or else the fund will never materialise nor mobilise funds into the LDN programme).
  - What about the process of enforcement of the ESS
11. Standard 1: Biodiversity and Sustainable Management of Living Natural Resources
- “Biodiversity ecosystems” or biodiversity, ecosystems and ecosystem services?
  - Degradation – does this mean loss of ecological function, condition, structure and composition? If so – this should be articulated clearly so that there is clear understanding of the implications of the loss or disruption of any aspects of this and the implications on the continued sustainability and/or provision of ecosystem services

- Interesting term “biodiversity counterbalances” – where does this come from and what does it imply? Are these ecological equivalent compensations? Actions or aspects that can counterbalance the impacts in one place to offset impacts elsewhere? As biodiversity offsets have been accepted in the IUCN Motion #064, why not use the term? It is mainstream, familiar, used by IFC and others, and is becoming a defensible and explored area of science.... Controversial, yes, but more than counterbalance. Or is this done intentionally to enable the ecological scale intervention needed for SLM, and to enable out-of-kind offsets rather than ecological equivalent ones? Be careful what words are chosen and what the unintended consequences of this might be.
- No clear objectives towards no net loss or net gain within the MH references and wording around “may where appropriate” – this is lowest common denominator
- SLM and sustainable management are two different things – SLM is cost benefit driven, not about ecological restoration and rehabilitation
- LDN needs to focus on the ecological restoration and Standard 1 is the heart of the ESS
- Include indirect and direct impacts
- Use and management of natural resources

#### 12. Standard 2 – Cultural Heritage

- Equitable – to whom? Which stakeholders take preference in the sharing of benefits of cultural heritage? Slippery slope!
- One of the biggest flaws in the AfDB ESS is the default to national law as these laws can be flawed or poorly governed. Be aware that in many countries requiring particular attention to cultural heritage there is an absence of will or governance to ensure such protection.
- What is the “use of cultural heritage” referring to? Use can degrade – sometime protection and conservation need to be defined clearly to ensure the desired outcome of the heritage.
- Some good examples – intangible and tangible – what about language and religious belief? And the artefacts associated with these?

#### 13. Standard 3 – Community Health, Safety and Security

- We don’t see anything about risks to the impact of the project on natural resource-derived health and safety features which links directly to ES. Perhaps this should be articulated or cross referenced in some way?
- Conflict and risks relating to disruption of services, ecosystem provisioning or threatening physical infrastructure (soil erosion, landslides, water diversion etc. etc.) need to be considered.

#### 14. Standard 4: Indigenous Peoples and Vulnerable Groups

- There is a loaded implication in the term “restricted ability” and this should be considered as “restricted desirability, willingness, propensity”, or some other more appropriate term
- Note the dependencies and relationship of IP with natural resources
- Note IP have specific internationally recognised status, so not unilateral reference with “vulnerable groups”....
- Defer to FPIC only and International Conventions and UN Declarations etc.
- Good to see the “lost collective attachment” reference
- Forest Peoples?

- Why refer to “significantly degraded” – what does this term mean and how do you define SIGNIFICANT in this context?
- What does “encroached upon” mean in this context?
- Application of the Mitigation Hierarchy should be applied both spatially and conceptually in this context. IP areas should be avoided and should potentially be no go areas unless invited by the IP

#### 15. Standard 5: Labour and Working Conditions

- This is so simple and straight forward – why can’t the rest be the same level of clarity and simplicity or without partiality? The dualism of words in the other Standards (“significant” “ability” etc.) presents paternalism and the hand of lawyers finding “out clauses” in the interpretation of the standards.
- We are sceptical of the strength of the intent behind some of the standards as the wording is not consistently clear, firm and irrefutable

#### 16. Standard 6: Land Acquisition and Involuntary Resettlement

- Ensure the inclusion of loss of assets such as natural capital – essential to incorporate natural assets and access to stocks and flows of ecosystem services – including cultural and spiritual heritage
- Be careful about how compensation is determined, and how this is governed
  - How does one measure “land-for-land” compensation? Assets and access to equivalency (water, soil quality, accessibility to market etc. etc.)
  - Corruption and how to govern the process
- As with FPIC, free, prior and informed consent needs to be followed when resettlement is likely. This includes pre-and self-determination of what the alternatives could and might be and how these are enacted in space and time
- Cultural sensitivity must apply and self-determination relating to housing style, livelihoods alternatives and other aspects of goods and services needs to be appropriately considered and aligned to local need (i.e. no paternalism!)

#### 17. Standard 7: Land Tenure

- This is a fundamental standard and needs to inform the resettlement and IP standards
- Traditional or customary land tenure needs to apply as a formal land tenure system, particularly in contexts where land grabbing is rife, land speculation is rampant (e.g. Mozambique) and local communities are disempowered and rely on communal lands of their traditional livelihoods
- Ensure the inclusion of loss of assets such as natural capital – essential to incorporate natural assets and access to stocks and flows of ecosystem services – including cultural and spiritual heritage
- Who will have voice from within the communities to ensure due process is followed etc.
- Very good to have
- What is it trying to achieve? respect for tenure rights or need to apply or provide tenure rights and promote tenure rights... projects can’t do this without the government and authorities
- Is this to raise red flag no go for project if the tenure is not clear or is disputed etc. ? what about
- Which part of the Voluntary Guidelines are being applied (VGGT)
- How will these be monitored?

- Can the current work with the private sector be leveraged to support the application of this standard? Guidelines do exist
- How does the whole aspect of rent capture get included, and the need to ensure the appropriate use of land (small holder scales and cooperatives versus large land holders etc). How can this attract impact investment funding that is sympathetic to local needs and local customs – to be reflected in the Positive Impacts of the LDN Fund overall.

18. Standard 8: (Natural resource and sustainable use – new title proposed ) - Resource Efficacy and Pollution Prevention

- Waste management and circular economy
- Polluter pays principles
- Mitigation hierarchy with no compensation tolerated
- No aspiration
  - No impact
  - Circular economy objectives
  - Water and energy use
- What is a “technically and financially feasible” measure? This sounds like another cop-out to me – there should be nothing other than best practice measures applied in terms of emissions and GHG prevention. “Where feasible” is legalese and provides a crack in the standard where it isn’t necessary.