The main objective behind the Land Degradation Neutrality (LDN) Fund is to channel large scale private capital to achieve the LDN target (SDG 15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world). It is an investment fund that is designed to finance projects largely in the fields of sustainable agriculture, forestry and green infrastructure.

By attracting private capital, the objective is to bring a shift from a public investment-driven conservation model to a more "pragmatic and market-driven" model to speed up progress towards the 2030 target. The new model is expected to generate viable financial returns while contributing to food, water and energy security.

The LDN Fund will be managed by a Steering Committee formed by members of the Convention’s Global Mechanism (GM) and its partner Mirova, a management company of Natixis S.A. In addition, an Advisory Group, including experts from non-governmental and international organizations, will assist the Committee. The Fund is expected to be launched in early 2017.

The Fund will target projects mostly in developing countries, while operating across the globe. It will support direct investments into large scale projects which will integrate smallholders. The Fund will invest in profit generation (so called bankable) projects. Other eligibility criteria include projects’ prospect of contribution to LDN, generating social co-benefits and their compliance with social and environmental standards.

There are various challenges as to how the fund will achieve its objectives in relation to large scale land renovation and avoided land degradation. Civil society organizations (CSOs) also raise various concerns about the Fund’s institutional structure and the operational standards it will follow.

How to bridge the need gap

The global map of land degradation shows that regions, ecosystems and societies that are most exposed to the impacts of desertification and that are most vulnerable are located in areas which are not naturally attractive to private investors.

Many CSOs would be concerned about the question of how to avoid a 'low-hanging fruit' effect where more 'bankable' projects in relatively safe investment areas (e.g., North America, emerging countries) will be prioritized rather than projects in difficult investment environments (e.g., remote regions in Sub-Saharan Africa) where funds are most needed. CSOs specifically working on drylands may also want to see how the Fund’s political mandate will reflect the UNCCD’s unique mandate to combat desertification.
Standards and Safeguards

The LDN Fund will follow a range of social and environmental standards in various stages of project screening and performance monitoring. It is envisaged that all projects to be financed by the Fund will comply with these standards.

The designers of the Fund are compiling a set of guidelines which largely mirror existing internationally acknowledged standards on land tenure, rights of indigenous peoples, biodiversity, health, labour and cultural heritage. There will be consultations through which CSOs will be able to provide feedback.

Standards in relation to land tenure will be at the forefront of CSOs’ attention. The Fund is likely to adopt the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forest. Some CSOs already request that an independent grievance mechanism and a compensation system must be established, with both an ombudsman and a complaint facility.

How to avoid legitimacy gap

At this design stage, the legitimacy of the Fund would be questionable if its policy targets are not set transparently and if its social and environmental standards are implemented without the participation of CSOs. It is currently envisaged that the UNCCD Secretariat, other international public institutions or CSOs are not going to be represented in the Steering Committee which will ultimately decide which LDN projects are going to be funded. It is important to note that the Advisory Panel where the Secretariat and CSOs might be represented will have a nonbinding role in the Fund’s management structure.

Hence how the Fund’s policy targets are going to be set and how its economic, social and environmental impacts and efficiency will be monitored are critical. Who is going to protect the interests of pastoralists, farmers, women, landless peasants who will be directly or indirectly affected by funded (or un-funded) projects? Participatory and transparent decision making, and credible check and balance mechanisms should be embedded in the institutional structure of the Fund’s management model.

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