



United Nations
Convention to Combat
Desertification

Evaluation Report: Support to the development of the LDN Fund

February 2017

This evaluation provides an independent assessment of the relevance, efficiency and effectiveness of activities carried out by the Global Mechanism of the UNCCD in the development of the Land Degradation Neutrality Fund (LDN Fund), with particular attention to three work streams that were financed by a grant from the Rockefeller Foundation. These work streams are about (1) pipeline development, (2) monitoring, reporting and verification, and (3) communication, marketing and outreach. The evaluation report identifies lessons learned through these activities and makes recommendations that may be used for further development of the LDN Fund, or for other similar activities, in the future.

This evaluation was commissioned by the UNCCD Evaluation Office and authored by Ronnie MacPherson/Greenstate in January-February 2017. The views expressed are of the author and do not necessarily reflect those of the UNCCD secretariat or the Global Mechanism.

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Executive Summary

The Impact Investment Fund for Land Degradation Neutrality (LDN Fund) was conceived by the UNCCD's Global Mechanism (GM) as a vehicle for drawing a transformative level of investment into the LDN sector. The Fund is based on an assumption that public finance alone will not be sufficient to achieve a land-degradation neutral world, and that significant levels of private investment will also be required. Consequently, the Fund aims to bring together public and private finance, investing in bankable projects that will support the delivery of LDN *and* will provide investors with a sufficiently attractive financial return.

The Rockefeller Foundation provided a seed grant of \$440,000 to support the initial development and operationalization of the Fund. This independent, light-touch evaluation was commissioned to assess progress against the three development phase work-streams supported by the Rockefeller Foundation grant, namely (i) project pipeline development, (ii) monitoring, reporting and verification (MRV) development (including preparation of the Fund's operational guidance), and (iii) communications, marketing and outreach.

The evaluation found that the development phase of the LDN Fund was well planned and executed, placing the Fund in a strong position to attract the necessary levels of investment. Most importantly, a robust, diverse project portfolio has been constructed, which in itself is a considerable achievement given the immaturity of the LDN market. The initial phase also enabled the development of the Fund's operational systems and processes, including a high-quality piece of market research, strong environmental and social standards, and a promising MRV strategy.

A less tangible but highly notable achievement has been the example that the LDN Fund has provided of a substantive, practical partnership between the UN system and the private sector. It is clear that the GM and Mirova (the Fund's manager) have developed a close, effective working relationship. Mirova have been given sufficient freedom to take the project forward, due in very large part to the GM's willingness to 'let go' of day-to-day development and management. Already – and even before its formal launch – the LDN Fund provides a rare case study of how the UN system can undertake meaningful, deep engagement with the private sector.

The Rockefeller Foundation's support was central to the progress achieved during the Fund's development phase. The grant financed essential groundwork, and – just as significantly – the support also helped to leverage significant additional resources for the Fund's development. Moreover, project partners felt that the Rockefeller Foundation's reputation and its 'stamp of approval' of the LDN Fund were – and will continue to be – important for the ongoing fundraising efforts. Rockefeller's support was seen to provide the LDN fund with a greater degree of credibility – amongst private investors at least – than would have been possible had the Fund been backed solely through 'traditional' bilateral and multilateral funding channels.

Despite the strong coordination and the progress achieved, the LDN Fund's development is well behind the originally planned schedule, partly as a consequence of an overly ambitious work-plan and timeframe. Of course, project implementation delays are common (even normal), regardless of sectoral focus or institutional lead. But in this instance delays were exacerbated due to the innovative nature of both the investment approach, and of the overarching LDN concept, which – after all – is still in its relative infancy. It took considerably more time and resources than originally anticipated to both identify sufficiently promising, viable investments, and to structure an investment vehicle for what is essentially a completely new market.

Even taking into account the delayed implementation, the overall assessment of progress was very positive. However, this evaluation was also tasked with identifying recommendations for strengthening current and future LDN Fund activity.

One of the primary difficulties faced during the initial pipeline development was that of identifying good quality projects that were also commercially focussed and of a sufficient size to warrant private investment. Several evaluation correspondents asserted that the LDN Fund's main challenge isn't going to be finding *investors*, it's going to be finding *investments*. Closely related to this, there was some concern that the Fund is not 'casting its net' wide enough in the search for future projects.

Recommendation 1

The GM and Mirova should develop a more institutionally and geographically diverse portfolio of sourcing partners. This should include partners that are in a position to identify very early stage projects.

The Fund's MRV development is progressing well, but there are opportunities for strengthening the overall approach to impact measurement. Firstly, the Fund needs to ensure that its impacts are fully and accurately reflected in global SDG monitoring and reporting processes. Given that countries (rather than the UN system) have lead responsibility for SDG monitoring and reporting, the Fund's project-level monitoring will need to be closely aligned with – and feed in to – the national statistical systems of every country that the LDN Fund invests in. Secondly, impact measurement could be extended beyond aggregation of project-level results, and should also aim to measure the broader influence of the Fund on LDN and the associated investment environment.

Recommendation 2

The GM and Mirova should develop a strategy for ensuring that project-level monitoring data is aligned with and formally fed in to the relevant national statistical systems. This strategy will need to be supported by clear guidance for project teams.

Recommendation 3

The GM and Mirova should develop additional, portfolio-level KPIs and/or commission periodic evaluations to support measurement of the LDN Fund's broader influence on the LDN investment environment.

The Fund's originally envisaged, publicly-orientated communications strategy was justifiably superseded by an early decision to minimise outreach activities until a robust project pipeline had been established. However, with the project pipeline in place and the Fund nearing its formal launch, marketing and outreach are now very much 'back on the agenda'. Some communications material is already in place to support the Fund's outreach efforts, but the pitch and language of this material is often quite introspective and UN-centric. Consequently – and given the importance of marketing and outreach in the immediate future – there could be value in reappraising the communications approach, including the current portfolio of material.

Recommendation 4

The GM and Mirova should consider redeveloping the original communications strategy, focussing specifically on the immediate demands of the next 12 months. This may benefit from the support of external communications expertise.

1 Introduction

1.1 Context

In recent years the United Nations Convention to Combat Desertification (UNCCD) has led development of the ‘land degradation neutrality’ (LDN) concept, currently defined as “*a state whereby the amount and quality of land resources necessary to support ecosystem functions and services and enhance food security remain stable or increase*”¹. LDN is enshrined in the Sustainable Development Goals (SDGs), with target 15.3 committing UN Member States to “*strive to achieve a land degradation-neutral world*” by the year 2030. For this SDG target to be achieved, it is likely that a significant amount of financial resources will have to be allocated towards LDN-focussed programmes.

To address these resource requirements, the Impact Investment Fund for Land Degradation Neutrality (LDN Fund) was conceived by the UNCCD’s Global Mechanism (GM) as a vehicle for drawing a transformative level of investment into the LDN sector. The LDN Fund is based on an assumption that public finance alone will not be sufficient to deliver SDG 15.3, and that significant levels of private investment will also be required. Consequently, the LDN Fund aims to bring together public and private finance, investing in potentially transformative, bankable projects that will support the delivery of LDN *and* will provide investors with a sufficiently attractive financial return. Ultimately, the LDN Fund aims to secure \$1,000m of investment within the next 10 years.

In 2015 the GM received a \$440,000 grant from the Rockefeller Foundation to support development of the LDN Fund. The grant financed three specific project work-streams:

1. **Pipeline development**, whereby a portfolio of viable projects would be identified for the first round of LDN Fund investment;
2. **Monitoring, reporting and verification (MRV) development**, including the development of impact metrics; environmental, social and sustainability standards; and LDN Fund operational documentation;
3. **Communications, marketing and outreach**, including a communications strategy and associated communications outputs.

Based on these work-streams, the grant agreement established a series of outcomes, objectives and outputs to be delivered through the project:

| Outcomes | Objectives | Outputs |
|--|---|--|
| Pipeline Development: Establishment of a minimum of 5 pilot investment projects. | To generate the deal flow and develop pilot projects demonstrating the viability of scaling up the identified business models in restoration and sustainable management/use. | <ul style="list-style-type: none"> • Complete preliminary pipeline of 13-18 LDN projects • A detailed assessment of 6-10 identified investment projects based on existing technical, financial and environmental project documentation • Full analysis of technical, financial, and environmental project structuring for at least 4-6 identified investment projects |
| MRV Development: The development of LDN Fund operational documents | To develop the operational framework of the LDN fund that is to be used by the Fund manager(s) when selecting, measuring and verifying the results achieved through the projects. | <ul style="list-style-type: none"> • Manuals for the screening and selection of projects, including sustainability standards • Manuals for the monitoring of results and impacts, including impact metrics |
| Communication, Marketing | To produce communication material | <ul style="list-style-type: none"> • A communications strategy document |

¹ *Land in Balance: The Scientific Conceptual Framework for Land Degradation Neutrality*, (2016), UNCCD

| | | |
|--|--|--|
| <p>and Outreach: Target audience is informed about the LDN Fund</p> | <p>designed to present its vision and expected impacts and make the case for the LDN Fund to target audiences, ranging from impact investors, businesses exposed to land materiality risk, public and private landowners, governments, donors, civil society and the general public.</p> | <ul style="list-style-type: none"> • A blueprint report on the Land Degradation Neutrality Fund vision and business model |
|--|--|--|

Shortly after receiving the Rockefeller grant, the GM procured the primary LDN Fund management and implementation partner, Mirova, the responsible investment division of Natixis Global Asset Management. Given the nature of the three Rockefeller-funded workstreams, Mirova played a central role in the delivery of the project and the associated outcomes, objectives and outputs.

1.2 Evaluation objectives

This independent, external evaluation assessed progress against the three LDN Fund work-streams, as supported through the Rockefeller Foundation grant. Two objectives were established during the evaluation's inception phase²:

Accountability / results objective:

- Assess progress against the originally agreed outcomes, objectives and outputs for project components 1-3.

Learning / improvement objective:

- Identify recommendations and lessons for strengthening current and future LDN Fund activity relating to the specific work streams covered by this project.

1.3 Evaluation methodology

The evaluation applied the standard OECD-DAC criteria³ of **relevance**, **efficiency** and **effectiveness** (given the light-touch nature of the evaluation and the early stage of the LDN Fund's development, it was decided that the criteria of **impact** and **sustainability** would not be appropriate at this point in time). Based on these criteria, an **evaluation framework** was developed (see Annex 1), which identified **key evaluation questions**, supported by more detailed **sub-questions** and an overview of **potential sources** for addressing each question.

Two primary data collection tools were used: remotely conducted **interviews** with a limited set of stakeholders, and a **detailed desk review** of all relevant project documentation.

The remainder of this report is structured against the three key evaluation questions, followed by conclusions and recommendations for the future development of the LDN Fund.

² *Project Evaluation: Support to the Development of the LDN Fund – Inception Report*, (2017), Greenstate

³ <http://www.oecd.org/dac/evaluation/dacriteriaforevaluatingdevelopmentassistance.htm>

2 Findings

2.1 Relevance

EVALUATION QUESTION 1:

To what extent was the project relevant to – and useful for – the Fund's development?

The evaluation found that the majority of work funded by the Rockefeller Foundation was highly relevant and appropriate for supporting the LDN Fund's development. The first two work-streams in particular (pipeline development and MRV development) have been crucial building blocks for the Fund. The third work-stream – communications – was not as relevant or important as originally envisaged, but some valuable work was nevertheless also delivered through this component. In retrospect, it could have been more relevant and beneficial to place more emphasis on – and direct more of the initial Fund resources towards – development of the Technical Assistance (TA) facility.

High relevance of main work-streams

The LDN Fund development project was focussed primarily on the first two, closely linked work-streams of (i) pipeline development and (ii) monitoring, reporting and verification (MRV) development. These project components were highly relevant – indeed *essential* – to the initial development of the Fund. The work on the project pipeline was clearly required in order to identify the first viable LDN Fund investments. However, this component also had an important secondary benefit, as it allowed the Fund manager (Mirova) to test and refine the operational guidance, including assessment procedures and the draft environmental and social standards (ESS). While much of this operational guidance was based on Mirova's existing documentation and processes, the support provided through the development project allowed Mirova to tailor their systems towards the 'new' market of LDN.

Limited relevance of communications work-stream

The third project component aimed to support promotion of the Fund through development of a communications strategy and associated marketing materials. The originally envisaged approach was to follow a relatively standard, publicly-orientated communications model, as is typically applied by UN-led initiatives: multiple roadshows and conference-based promotion, extensive press releases, and a broad range of materials targeted at a broad range of audiences.

However, following the appointment of Mirova, project partners agreed that an overly public-focused communications strategy would be inappropriate given the early stage of the Fund's development. While limited, very general publicity would continue, it was agreed that substantive promotion – *particularly* to potential investors – would be completely inappropriate until a credible investment portfolio had been developed. Consequently, the level of communications and promotional activity was considerably less than originally anticipated.

While the relevance of this project work-stream was therefore very limited, the reduced emphasis on communications was well-justified. Moreover, the change in plans was largely a result of Mirova's input and experience of fund development and promotion: given that Mirova were not involved in the original grant proposal, it is understandable and appropriate that the approach to promotion was revised accordingly. It is also important to note that only 11% of the Rockefeller budget was allocated towards communications, so this third work-stream was – in any case – always planned as the least substantial component of work.

Alternative approaches for supporting Fund development

Once launched, the LDN Fund will include a Technical Assistance (TA) facility, which will provide tailored support to potential investments that – although clearly promising – are not yet sufficiently developed to risk full-fledged investment. TA may eventually be provided to strengthen – for example – institutional structures, business models, or ESS compliance. As the LDN Fund development project proceeded, it became clear to most project stakeholders that this TA facility was going to be an extremely important element of the Fund. The LDN market is new and largely characterised by small, often NGO-led projects with limited or no commercial focus or experience. In many instances, upscaling and commercialising these promising initiatives is going to take considerable technical input before they are investment-ready. While full development of the TA facility is now underway, the facility will not be in a position to support potential investments until later in 2017.

In retrospect, it would have been more relevant and beneficial for Rockefeller Foundation money to be allocated towards design and development of the TA facility, rather than towards communications activity. Arguably, TA facility development would also have been more complimentary to the first two work-streams, focused as they were on development of a robust project pipeline and its underlying assessment processes. This observation is of course based on the benefit of hindsight, and should not detract from the main finding that the first two work-streams were highly relevant. However, the likely need for extensive TA within ‘new’ markets does represent an important learning point for future impact investment fund projects,

2.2 Efficiency

EVALUATION QUESTION 2: How well planned and coordinated was the project?

The evaluation found that the project was well planned and coordinated, although the timescale was overly ambitious. Delivery was cost-efficient, and there is evidence to suggest that the Rockefeller Foundation’s support helped to not only leverage additional development phase money, but also to increase the LDN Fund’s credibility amongst potential long-term investors.

Strong project coordination

General project coordination was strong, and evaluation correspondents were complimentary about the development process and the progress achieved. There is general consensus that the project pipeline now offers an attractive investment portfolio, and that this is a result of a rigorous, well-planned and executed development phase.

Two related factors contributed significantly to the project’s strong coordination:

- **The detailed groundwork undertaken by the GM in advance of Mirova’s appointment:** Even though the GM had no in-depth technical experience of investment funds, their preliminary work on fund structure was assessed by correspondents – including those with an impact investment background – as being of very high quality.
- **The GM’s willingness to cede / outsource day-to-day control of the Fund’s development to Mirova:** While the GM’s preliminary work established a strong foundation for the Fund’s development, Mirova’s appointment – and in particular their detailed, technical investment experience – was timely. Importantly, Mirova were given sufficient freedom to take the project forward: even though the Fund was the GM’s ‘baby’, there was a smooth transition of roles and responsibilities. To paraphrase one evaluation correspondent, *“the GM should be given considerable credit for letting go of day-to-day management”*, and for quickly settling in to a less hands-on, advisory role.

Some correspondents voiced concerns about the limited depth of Mirova's LDN technical expertise, and the implications this has for ongoing project coordination. Mirova themselves acknowledge that the work has represented a steep learning curve, and that external expertise has been essential at critical points in the process (for example, supporting the LDN Market Study, and development of LDN-focussed ESS). However, it is not clear that *any* Fund Manager would have deep LDN technical expertise, given the novelty of the market and the LDN concept itself. In any case, Mirova were selected for their responsible investment and asset management expertise, with technical expertise to come from the GM, along with the project's Steering Committee and Advisory Group.

Implementation delays

Despite the strong coordination and the progress achieved, the LDN Fund's development is well behind the originally planned schedule. The original grant proposal indicated that the Fund would be operationalized by mid-2016, but current projections suggest that formal launch and operationalization will not be achieved until later in 2017. Moreover, the original grant proposal explicitly stated that *"failure [of the project] would be constituted by the inability to announce the launch of the LDN Fund [in December 2015], or to operationalize it in 2016 as planned"*. However, it would be highly unfair to assess project progress solely against that assertion: it cannot be said that the schedule slippage has resulted in the project's "failure".

Some of the delays – in particular the formal launch of the Fund – can be attributed to the above-noted (and well-justified) reorientation of the communication strategy. However, the broader delays to pipeline development and Fund operationalization were more a consequence of an overly ambitious work-plan and schedule. Of course, project implementation delays are common (even normal), regardless of sectoral focus or institutional lead. But in this instance delays were exacerbated due to the innovative nature of both the investment approach, and of the overarching LDN concept, which – after all – is still in its relative infancy. It took considerably more time and resources than originally anticipated to both identify sufficiently promising, viable investments, and to structure an investment vehicle for what is essentially a completely new market.

Resource mobilization

An unintended positive consequence of the prolonged project timeframe has been the interest that has subsequently built around the Fund, particularly amongst donors. Following the Rockefeller Foundation's investment, funding of around \$210,000 was received from Luxembourg's Ministry of Foreign Affairs, and around \$420,000 from the French government. Clearly, these grants have strengthened the Fund's development phase, and have also resolved any financial concerns relating to the project's delayed delivery schedule.

Just as significant as the immediate financial benefits, the donations are arguably an indicator of momentum building around LDN in general, and the LDN Fund concept in particular. Evaluation correspondents identified the Rockefeller Foundation seed money as having played a central role in generating this interest. Firstly, correspondents asserted that the initial Rockefeller grant was critical for 'crowding in' the additional inputs from both Luxembourg and France. Perhaps more significantly though, evaluation correspondents (and particularly those from an investment background) believed that – when compared to traditional bilateral funding – the Rockefeller Foundation's support was a more valuable 'signal' when it came to approaching and promoting the LDN Fund amongst potential private investors. Rockefeller's badge of support provides the LDN Fund with more credibility – amongst private investors at least – than would have been possible through traditional bilateral / multilateral public funding alone.

Also relevant here, a number of correspondents commended the GM's efforts and willingness to engage meaningfully with the private sector. Some felt that the LDN Fund – and particularly Mirova's leading management role – provided a rare (possibly unique) example of a focussed, substantive, practical partnership between the UN system and the private sector.

2.3 Effectiveness

EVALUATION QUESTION 3:

To what extent did the project deliver the agreed outcomes, objectives and outputs?

The project is well on track to achieving the originally agreed outcomes, objectives and outputs, but the delayed implementation has meant that the Fund is not yet fully developed, with some Rockefeller-supported activities still in progress. Nevertheless, the general trajectory is positive, and – overall – the grant has been an effective, essential source of support during the Fund’s initial development phase.

The following section assesses progress against each work-stream, taking into consideration each of the outcomes, objectives and outputs as defined in the original grant agreement.

Work-stream 1: Pipeline Development

| Outcomes | Objectives | Outputs |
|--|---|--|
| <p>Pipeline Development: Establishment of a minimum of 5 pilot investment projects.</p> | <p>To generate the deal flow and develop pilot projects demonstrating the viability of scaling up the identified business models in restoration and sustainable management/use.</p> | <ul style="list-style-type: none"> • Complete preliminary pipeline of 13-18 LDN projects • A detailed assessment of 6-10 identified investment projects based on existing technical, financial and environmental project documentation • Full analysis of technical, financial, and environmental project structuring for at least 4-6 identified investment projects |

The great majority of grant-related resources and effort were allocated towards building the project pipeline. Consequently, a portfolio of 10 potential investments has been identified (along with a broader pipeline of around 70 potential opportunities), and **the originally agreed outcomes, objectives and outputs have been delivered**. However, the experience of developing this pipeline has generated important learning that is already influencing the ongoing development of the LDN Fund, and that could be informative for the development of analogous impact investment funds in the future.

Based partly on the experience of the pipeline development process, a common assertion made by evaluation correspondents was that securing private investment wasn’t necessarily going to be the main challenge for the LDN Fund. Instead, it was felt that a more significant barrier will be the identification of projects that are sufficiently large and commercially orientated. As noted above, the present LDN sector is characterised by smaller projects that are typically promoted or managed by NGOs with limited or no commercial experience. While the Fund’s TA facility aims to support the upscaling and commercialisation of promising projects, it is not clear that the TA facility will – on its own – be sufficient to generate the quality and magnitude of ‘deal flow’ that the LDN Fund is aiming for over the next 10 years.

The very existence of the LDN Fund may help to address the current fragmentation within the sector. Indeed, a core underlying assumption of all this work is that – once launched – the LDN Fund will drive the development of appropriate, large-scale projects and/or the consolidation of smaller projects. However, this kind of transformative impact is certainly not a given, and it is likely that in the near-term – and as with the development phase – considerable resources will need to be allocated towards the identification of new projects and investment opportunities. In this regard, some evaluation correspondents were concerned that the LDN Fund’s project sourcing approach is not sufficiently broad, and that more sourcing

partners will need to be involved if an adequate deal flow is to be maintained during the Fund's initial years.

Work-stream 2: MRV Development

| Outcomes | Objectives | Outputs |
|--|---|--|
| MRV Development: The development of LDN Fund operational documents | To develop the operational framework of the LDN fund that is to be used by the Fund manager(s) when selecting, measuring and verifying the results achieved through the projects. | <ul style="list-style-type: none"> Manuals for the screening and selection of projects, including sustainability standards Manuals for the monitoring of results and impacts, including impact metrics |

While the Fund's operational framework is relatively well developed overall, **the two outputs associated with the Rockefeller Foundation grant are still to be completed.** The ESS manual and approach are near-complete but are awaiting final amendments following a recent public consultation on the standards. However, the MRV systems and documentation are still a few months from being finalised.

The ESS development process has been robust, guided by a leading, global authority on ESS, and supported by substantive inputs from the Fund's Advisory Group. The resulting framework is primarily based on the International Finance Corporation's (IFC) environmental and social sustainability performance standards, with an additional performance standard focused on land tenure. Mirova have developed corresponding assessment processes and guidance to support delivery and monitoring of the ESS. While still not formally finalised, the ESS is essentially complete and already well-integrated within the pipeline development process.

The delayed MRV development is largely a consequence of the broader project delays: pipeline development understandably took priority over MRV throughout 2016. However, the delay can also be partly attributed to the immaturity of LDN measurement more generally. In particular, measurement methodologies for SDG 15.3's sub-indicators are still under development, with this work being led by the UNCCD's Committee on Science and Technology (CST). The GM and Mirova have rightly decided that it is *essential* for the LDN Fund's core metrics to be focused on SDG 15.3; consequently, the complete finalisation of the Fund's MRV approach will continue to be dependent on the SDG-focused efforts.

Despite this important bottleneck, the broader MRV development has been progressing, particularly in recent months. Projects will be able to select from a basket of Key Performance Indicators (KPIs), depending on the focus and anticipated impacts of the work. This approach will support project-level monitoring, but will also allow for portfolio-level aggregation and impact measurement. All this work still needs to be codified within formal MRV guidance and manuals, but it is clear that – through their other responsible investment funds – Mirova have the requisite experience and are well-positioned to eventually deliver the originally agreed output.

The anticipated scale of LDN Fund investments means that – where projects are successful – they will have a strong chance of driving positive, significant and *attributable* impacts against SDG indicators. However, it is not clear that the LDN Fund's MRV system is sufficiently aligned to the global SDG monitoring and reporting process. While the MDGs were primarily monitored and reported on by the UN system, responsibilities have fundamentally changed for the SDGs. SDGs are now to be primarily measured and reported by *countries*, typically through their national statistical systems and offices. Given the likelihood that the LDN Fund will deliver attributable impacts to country-level SDG indicators, it is therefore vital that LDN Fund monitoring is aligned with – and directly feeds into – each country's national statistical system and SDG monitoring process. This will help to ensure that the influence and impact of the LDN Fund is not missed or under-reported within the global SDG reporting process.

On a related note, the current basket of KPIs will clearly be useful for measuring and demonstrating the aggregated, portfolio-level impact of investments. However, these KPIs are not geared towards measuring the *sectoral* influence of the Fund. For example, it is noted above that an underlying assumption is that the Fund will drive development of new LDN-focussed projects that have transformative potential. The theory is that the Fund will, in turn, have a transformative impact on LDN, and on the LDN investment environment. While it will still be vital to measure tangible, quantitative impacts (e.g. area of land cover change, CO₂e sequestered etc.), it will be *equally* vital to measure the ‘softer’, broader influence of the LDN Fund on the sector and the investment environment.

Work-stream 3: Communication, Marketing and Outreach

| Outcomes | Objectives | Outputs |
|---|--|--|
| <p>Communication, Marketing and Outreach: Target audience is informed about the LDN Fund</p> | <p>To produce communication material designed to present its vision and expected impacts and make the case for the LDN Fund to target audiences, ranging from impact investors, businesses exposed to land materiality risk, public and private landowners, governments, donors, civil society and the general public.</p> | <ul style="list-style-type: none"> • A communications strategy document • A blueprint report on the Land Degradation Neutrality Fund vision and business model |

As discussed above, the project’s whole approach to communication was significantly altered once Mirova was appointed as the Fund manager: and to reiterate, the rationale for shifting away from the originally planned, publicly-orientated strategy was well-justified.

Despite these alterations, **the originally agreed outputs were delivered**. Firstly, a communications strategy was produced in the early stages of the project: however, this document was essentially superseded by the deliberate curtailing of outreach activities. Of considerably more significance, the second ‘blueprint’ output was produced in the form of the *‘Unlocking the Market for Land Degradation Neutrality’* study. This document provides a detailed analysis of the LDN market, including potential investment entry points, and an overview of the LDN Fund’s proposed business model. The report is foundational, representing the first substantive analysis of LDN from a private investment perspective: it is a detailed, high-quality piece of work that stands out from the other communications material produced so far.

While the focus on communications has been limited to date, several correspondents noted that communications will be far more critical during the next 12 months: the Fund’s formal launch, the need to identify further projects, and the drive to secure private investors will all require a significantly increased outreach effort. However, it is not clear that the current (relatively ad-hoc) strategy or portfolio of communications material is adequate for addressing the various needs of the different target audiences. Even material that is targeted at private investors is still quite introspective and UN-centric. For example, material often assumes prior knowledge of the SDGs: although absolutely central to the UN system, only a limited segment of the broader population actually knows what the SDGs are. Consequently, there could be value in developing a new communications strategy (and associated material) that focuses specifically on the immediate demands of next 12 months, and identifies the differentiated needs of the various target audiences.

3 Conclusions and recommendations

The development phase of the LDN Fund was well planned and executed, placing the Fund in a strong position to attract the necessary levels of investment. Most importantly, a robust, diverse project portfolio has been constructed, which in itself is a considerable achievement given the immaturity of the LDN market. The initial phase has also enabled the development of the Fund's operational systems and processes, including a high-quality piece of market research, strong environmental and social standards, and a promising monitoring, reporting and verification strategy.

A less tangible but highly notable achievement has been the example that the LDN Fund has provided of a substantive, practical partnership between the UN system and the private sector. It is clear that the GM and Mirova have developed a close, effective working relationship. Mirova have been given sufficient freedom to take the project forward, due in very large part to the GM's willingness to 'let go' of day-to-day development and management. Already – and even before its formal launch – the LDN Fund provides a rare case study of how the UN system can undertake meaningful, deep engagement with the private sector.

The Rockefeller Foundation's support was central to the progress achieved during the Fund's development phase. The grant financed essential groundwork, and – just as significantly – the support also helped to leverage significant additional resources for the Fund's development. Additionally, project partners felt that the Rockefeller Foundation's reputation and its 'stamp of approval' of the LDN Fund were – and will continue to be – important for the ongoing fundraising efforts. Rockefeller's support was seen to provide the LDN fund with a greater degree of credibility – amongst private investors at least – than would have been possible had the Fund been backed solely through 'traditional' bilateral and multilateral funding channels.

The overall assessment of progress was therefore very positive. However, this evaluation was also tasked with identifying recommendations for strengthening current and future LDN Fund activity.

One of the primary difficulties faced during the initial pipeline development was that of identifying good quality projects that were also commercially focussed and of a sufficient size to private investment. Several evaluation correspondents asserted that the LDN Fund's main challenge isn't going to be finding *investors*, it's going to be finding *investments*. Closely related to this, there was some concern that the Fund is not 'casting its net' wide enough in the search for future projects.

Recommendation 1

The GM and Mirova should develop a more institutionally and geographically diverse portfolio of sourcing partners. This should include partners that are in a position to identify very early stage projects.

Development of the Fund's MRV approach and guidance is behind schedule. However, this delay could be fortuitous, as it offers an opportunity to rethink and strengthen some aspects of the Fund's impact measurement strategy.

Firstly, there is a need to ensure that the Fund's impacts are fully and accurately reflected in the global SDG monitoring and reporting process. In contrast to the (mainly UN-led) MDG monitoring processes, SDG monitoring and reporting is now driven by countries and their national statistical systems. Consequently, LDN Fund project-level monitoring systems need to be aligned with – and formally feed into – the national statistical systems of each country within which the Fund is investing.

Recommendation 2

The GM and Mirova should develop a strategy for ensuring that project-level monitoring data is aligned

with and formally fed in to the relevant national statistical systems. This strategy will need to be supported by clear guidance for project teams.

The development of KPIs and monitoring guidance is well on track, but is mainly focussed on project-level impacts. While this project-level data will be aggregated to support measurement of portfolio-level impact, the current system does not incorporate measurement of the Fund's broader, 'softer' influence on LDN and the investment environment. Such analysis will be important for understanding – for example – the extent to which the Fund is helping to draw new investment and developers into the LDN sector.

Recommendation 3

The GM and Mirova should develop additional, portfolio-level KPIs and/or commission periodic evaluations to support measurement of the LDN Fund's broader influence on the LDN investment environment.

The original communications strategy was justifiably superseded by the early decision to reduce outreach activity and pull back from a relatively high-profile, publicly-orientated approach. However, with the project pipeline in place and the Fund nearing its formal launch, marketing and outreach are now very much 'back on the agenda'. Some communications material is already in place to support the Fund's outreach efforts, but the pitch and language of this material is often quite introspective and UN-centric. Consequently – and given the importance of marketing and outreach in the immediate future – there could be value in reappraising the communications approach, including the current portfolio of material.

Recommendation 4

The GM and Mirova should consider redeveloping the original communications strategy, focussing specifically on the immediate demands of the next 12 months. This may benefit from the support of external communications expertise.

Annex 1: Evaluation framework

| Key evaluation questions | Sub-questions | Potential sources |
|---|--|--|
| RELEVANCE | | |
| 1. To what extent was the project relevant to – and useful for – the Fund’s development? | 1.1 How relevant are the project’s outputs to the intended audiences? | <ul style="list-style-type: none"> – Monitoring reports – Project outputs – Interviews: main implementation partners, donor |
| | 1.2 What alternative approaches could have been taken to support the Fund’s development? | |
| EFFICIENCY | | |
| 2. How well planned and coordinated was the project? | 2.1 Was the project plan clear, appropriate and realistic? | <ul style="list-style-type: none"> – Funding proposal – Partnership agreements – Monitoring reports (narrative and financial) – Interviews: main implementation partners, Advisory Group members |
| | 2.2 Were roles, responsibilities and accountabilities sufficiently clear? | |
| | 2.3 How cost-efficient was the project? | |
| EFFECTIVENESS | | |
| 3. To what extent did the project deliver the agreed outcomes, objectives and outputs? | 3.1 Was a sufficient and appropriate project pipeline developed? Have concrete and eligible investment projects been identified and assessed? | <ul style="list-style-type: none"> – Project portfolio – Project assessments – Interviews: main implementation partners, Advisory Group members |
| | 3.2 Based on the experience of developing the initial pipeline, what are likely to be the most important factors in attracting future projects and investment? | |
| | 3.3 What operational documentation was developed? | <ul style="list-style-type: none"> – Operational guidelines – Interviews: main implementation partners, Advisory Group members |
| | 3.4 Does the operational documentation provide an adequate basis for screening and selecting projects, and for monitoring, reporting and verifying their results? | <ul style="list-style-type: none"> – Fund E&S framework – Fund results framework – Operational guidelines – Interviews: main implementation partners, external consultants, Advisory Group members, donor |
| | 3.5 Was the communications strategy – including its associated outputs – sufficient and appropriate? | <ul style="list-style-type: none"> – Communications strategy – Communications outputs – External literature – Interviews: main implementation partners |

Annex 2: Interviewees

| Name | Organisation | Role / Rationale |
|----------------------|----------------------------|---|
| Adams, Justin | The Nature Conservancy | Advisory Group Member |
| Bernasconi, Lorenzo | The Rockefeller Foundation | Donor / Advisory Group Member |
| Berg, Martin | EIB | Investment Officer, Climate & Environment |
| Knowles, Christopher | EIB | Advisory Group Member |
| Maillard, Sarah | Mirova | ESS / MRV Development |
| Quatrini, Simone | UNCCD-GM | Project Coordinator/ LDN Fund Team Leader |
| Queru, Gautier | Mirova | LDN Fund Project Coordinator |
| Repnik, Marcus | UNCCD-GM | Managing Director |

Annex 3: References

- 2016 LDN Fund Communication Strategy: Concept Note*, (2016), UNCCD-GM
- Draft manuals for the screening and selection of projects for the LDN Fund – Eligibility Criteria*, (2016), UNCCD-GM / Mirova.
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- Laid in Balance: The Scientific Conceptual Framework for Land Degradation Neutrality*, (2016), UNCCD
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- Land Degradation Neutrality Fund Project: White Paper*, (2016), UNCCD-GM / Mirova.
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- Maillard, S. and Cheung, R., *Unlocking the Market for Land Degradation Neutrality*, (2016), UNCCD-GM / Mirova.
- A Reference Framework for the Environmental and Social Safeguard System of the Land Degradation Neutrality Fund: Internal note*, (2016), UNCCD-GM / Mirova.
- Reisman, J. and Olazabal, V., *Situating the next Generation of Impact Measurement and Evaluation for Impact Investing*, (2016), The Rockefeller Foundation.
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- Update on Investment Case Studies: Internal Note*, (2016), Mirova.
- Update on LDN Fund Sourcing: Internal Note*, (2016), Mirova.

Annex 4: Acronyms

| | |
|-------|--|
| CST | The Committee on Science and Technology (UNCCD) |
| EIB | European Investment Bank |
| ESS | Environmental and social standards |
| GM | UNCCD Global Mechanism |
| IFC | International Finance Corporation (World Bank Group) |
| KPI | Key performance indicator |
| LDN | Land Degradation Neutrality |
| MDGs | Millennium Development Goals |
| MRV | Monitoring, reporting and verification |
| NGO | Non-governmental organisation |
| SDGs | Sustainable Development Goals |
| TA | Technical Assistance |
| UN | United Nations |
| UNCCD | United Nations Convention to Combat Desertification |
| UNDP | United Nations Development Programme |