



Dialogue between CSOs, LDN FUND and TAF

17 MAY. 15:00 CET

*Sharing experiences, lessons learned and
recommendations on land restoration and
Sustainable Land Management*



DIALOGUE BETWEEN CSOs, LDN FUND and TAF

Webinar

May 17th, 2021

Strictly confidential



Presentation of the LDN Fund

Strictly confidential

Context for the LDN Fund creation

Limited financial resources available to address land degradation

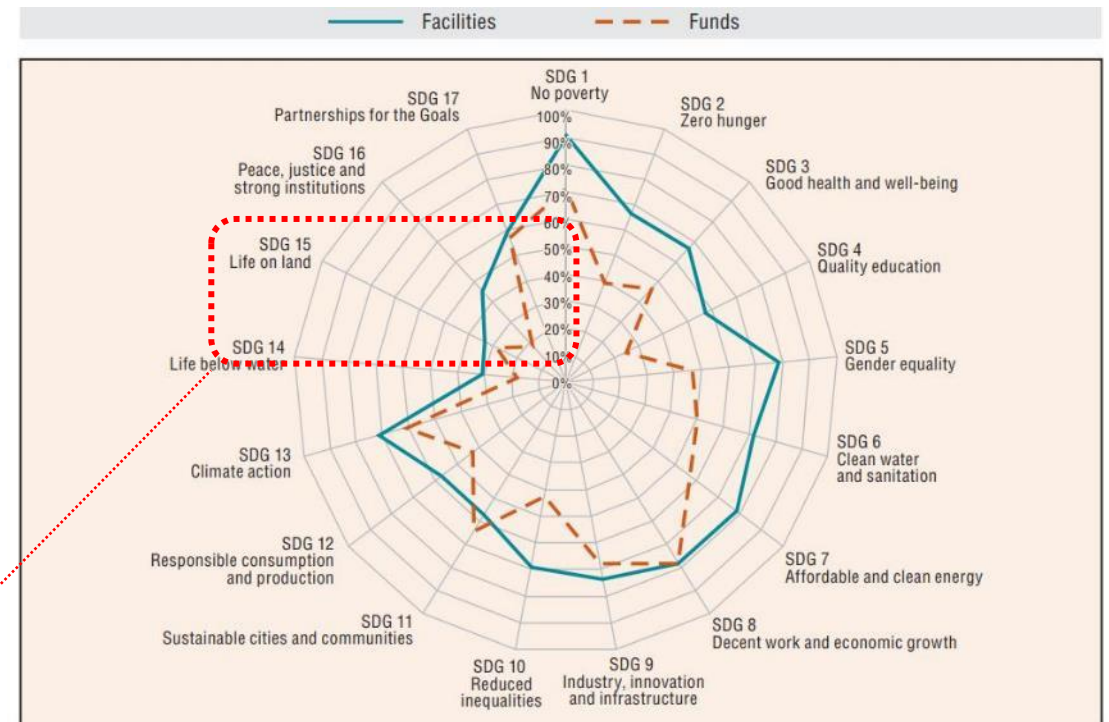
- Achieving Sustainable Development Goals **requires 4.5 trillion dollars** per year, *UNCTAD 2015*

However:

- Annual **funding gap** for reaching all 17 SDGs by 2030 totals about **\$2.5 trillion**, *World Bank 2018*
- Only **166 billion dollars** of **official development finance** flowed on average annually to developing countries in 12-16, *OECD 2017*

Furthermore:

- As compared to other SDGs, **SDG 15** suffers more from **dearth of resources** available.



Source: 'Making Blended Finance Work for the Sustainable Development Goals,' OECD 2018

Overview of LDN Financing

Multiple sources of funding are needed

Against this backdrop:

- Attaining Land Degradation Neutrality (LDN) (SDG target 15.3) and Restoring Ecosystem requires a **broad range of financing options**
- Harnessing the **pre-existing land-use and ecosystem restoration finance** continues to play a pivotal role
- Important is that innovative hybrid vehicles bring together private sector investors and firms to finance restoration projects

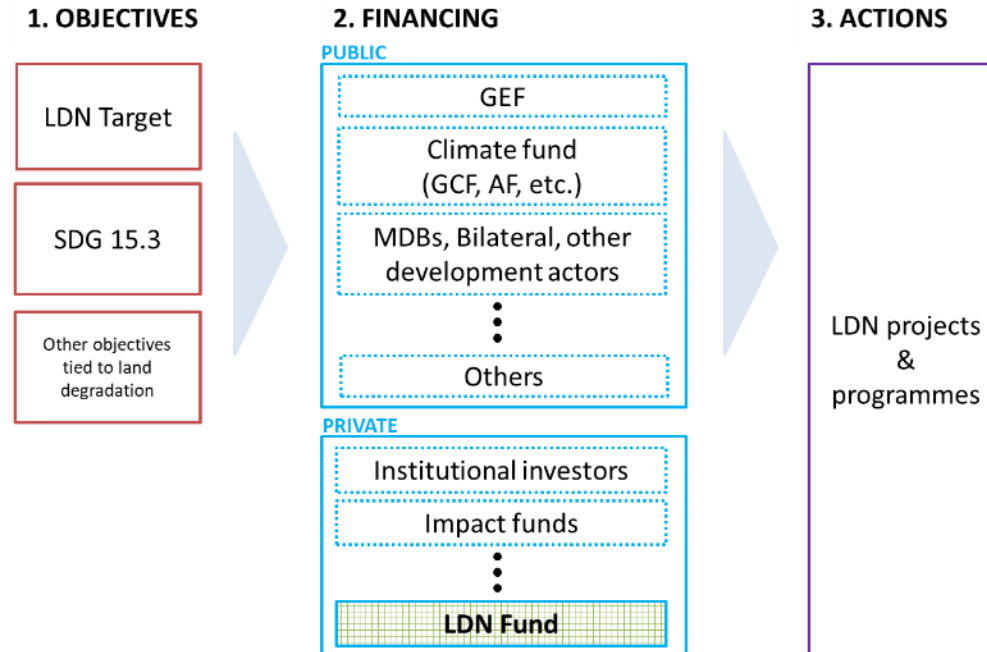
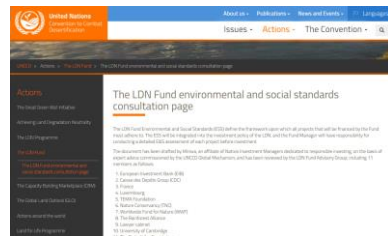


Figure 1: LDN Fund potential financing structure

Timeline



Dec 2015

MoU between UNCCD and Mirova

Oct-Nov 2016

Public consultation on E&S standards

Dec 2017

LDN Fund selected at the One Planet Summit

Jan 2019

Inaugural Strategic Board with Exec. Sec. of the 3 Rio Conventions and CSOs
Participation to CRIC in Guyana

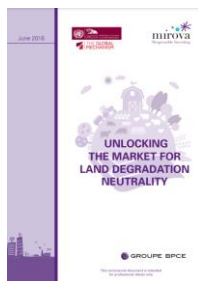
2020

Adaptation to Covid-19 context, specific webinars, fundraising and deployment



June 2016

Publication of the feasibility study of the fund (inc. on strategy)



Sept 2017

Legal vehicle created, selection of IDH as TAF manager and formal launch at COP13 Ordos



Dec 2018

LDN Fund and TAF become fully operational



Sept-Nov 2019

Participation to COP14
First Knowledge sharing publication

March 2021

Second Knowledge sharing publication
[Ldninsights.org](https://ldninsights.org)
Final close at US\$200m



Overview of the LDN Fund and TAF

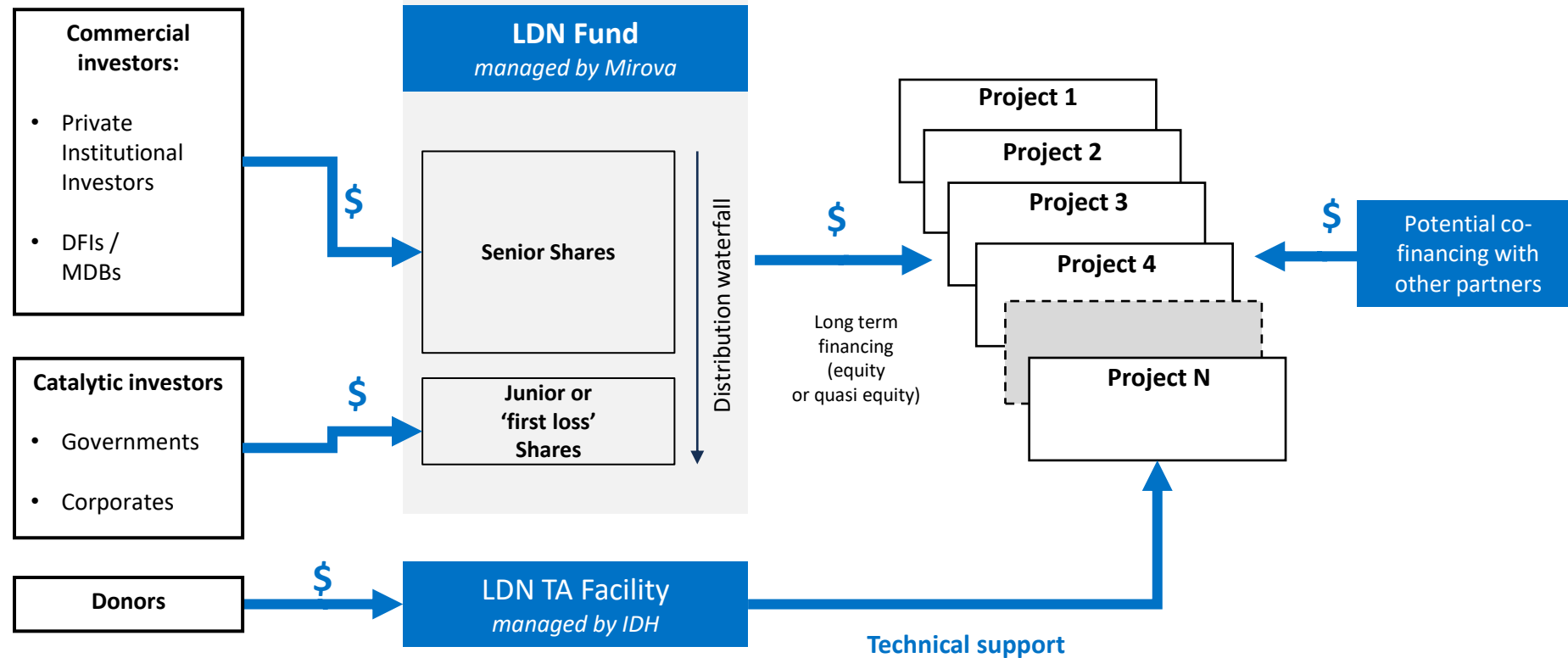
Main features of the Fund and TAF

- The LDN Fund project was initiated by the Global Mechanism in 2015. After an international selection process, the fund is **independently managed** by Mirova, a private impact fund management company.
- It is an **innovative structure**, managed by private sector entity, which invests in commercially viable **sustainable land management (SLM) and land restoration projects** in developing countries. The LDN Fund aims to support **entrepreneurs and project developers to scale-up** their activities by providing **long-term financing**.
- It targets positive impacts in terms of land degradation neutrality, climate, biodiversity, fight against poverty and promotion of gender equality. It operates according to **robust environmental and social standards**.
- The Fund is a **blended finance vehicle to attract private sector investors**. Mirova has been able to attract **both public and private investors** (with a majority of private sector funding).
- In addition to long term financing, technical assistance is provided to projects by an associated donor-funded **Technical Assistance Facility** managed by IDH, increasing positive development impacts, reducing ESG risks, and facilitating knowledge sharing.

LAND DEGRADATION NEUTRALITY FUND is a Luxembourg Special Limited Partnership operating under the law of Luxembourg, open to subscription to eligible investors as defined by the fund's regulation. Mirova is the management company. The supervisory authority approval is not required for this fund.

Overview of the LDN Fund and TAF

Overall structure



LAND DEGRADATION NEUTRALITY FUND is a Luxembourg Special Limited Partnership operating under the law of Luxembourg, open to subscription to eligible investors as defined by the fund's regulation. Mirova is the management company. The supervisory authority approval is not required for this fund.

Presentation of Mirova

The LDN Fund is managed by Mirova



A dedicated natural capital investment platform

- Mirova is an asset manager, affiliate of Natixis Investment Managers, 100% dedicated to sustainable development. Mirova is a French “Société à mission” and is B-Corp labelled
- Based on the successful experience of investing in sustainable activities (including renewable energy, green bonds, and “économie sociale et solidaire”), Mirova has established a **platform dedicated to Natural Capital investments**
- It manages several funds, with teams of experts based in Paris, London, Lima, Sao Paulo and Singapore.



Environmental and Social Integrity

- **Environmental and social assessment** and monitoring of investments, based on two pillars: (i) risk management and (ii) positive impact
- Commitment to comply with the **highest standards of sustainability** in terms of funded projects



Financial Innovation

- Technical expertise in the **structuring of financing instruments adapted to natural capital**
- **Public-private financing approach** (blended finance) with risk mitigation mechanisms (in the form of first loss facility or partial guarantees)



Operational Robustness

- Investment platform dedicated to the management of real assets which provides its **middle office, risk management, legal and compliance know-how**
- Investment practices incorporating the best standards for **project financing and equity investments**

Mirova Natural Capital Limited is wholly owned by Mirova. The services of Mirova Natural Capital Limited are only available to professional clients and eligible counterparties. They are not available to retail clients. Mirova Natural Capital Limited is wholly owned by Mirova.

Environmental and Social standards

Environmental and social management system

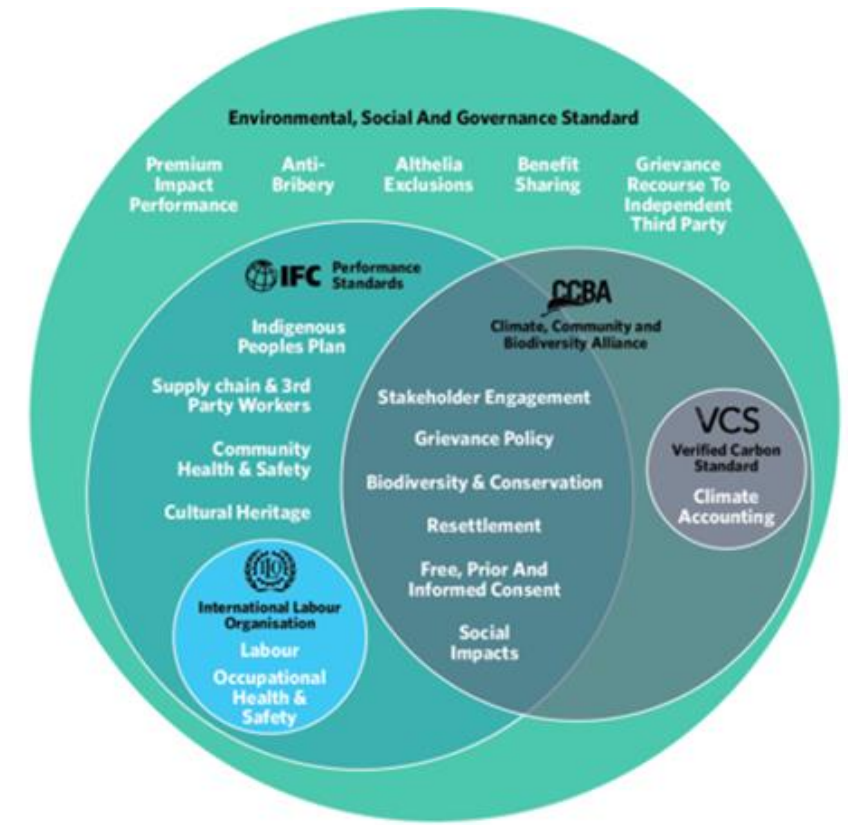
- Global system to assess and monitor investments, based on two pillars: (i) positive impact required ('do good') and (ii) risk management ('avoid doing harm')
- Projects need to comply with robust E&S standards, developed with an independent expert and benefited from a public consultation
- Combined with a Complaint and Compliance Mechanism to ensure that project-affected populations have formal ways to voice their concerns

Content of the E&S Standards

requires that projects abide by the **IFC Performance Standards**, **ILO's core conventions** and **Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT)**

They also include:

- Comply with national laws and legislation
- Aim for internationally recognized sustainability certification e.g. Fairtrade, Organic, Rainforest Alliance
- Develop and implement an ESMS based on an assessment of their social, health & safety and environmental risks and impacts
- Ensure there is no net loss of income or livelihoods
- Have a comprehensive stakeholder engagement process including FPIC where required under IFC PS 7
- Drive conservation of natural habitats and wild species of local and international importance
- Provide employment that pays a living wage
- Have a grievance mechanism with recourse to independent mediation
- Operate with transparency and good governance



Examples of certifications targeted:



Alignment with SDG 15.3

A parallel action / initiative

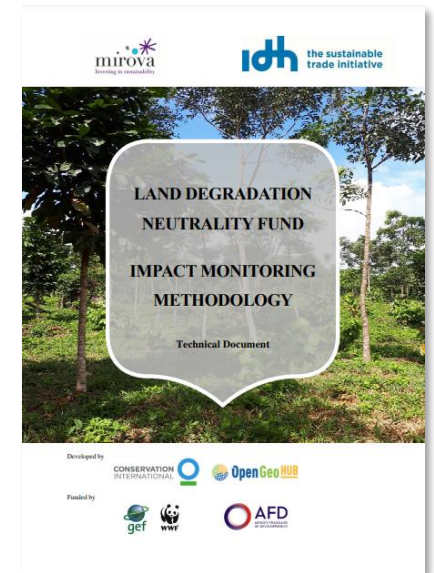
- The Fund project started before the LDN conceptual framework, the LDN Target Setting program and the LDN Transformative Projects and Programs were finalized
- Continuous interactions and synergies are sought (the Fund remains independent from the GM)

Contributing to SDG 15.3, via the LDN target and other restoration initiatives:

- LDN Fund aims at contributing to the achievement of **LDN targets**
- **Other related national commitments**, such as Nationally Determined Contributions (NDCs) under the UNFCCC and restoration targets (WRI 20x20, AFR100, etc.)

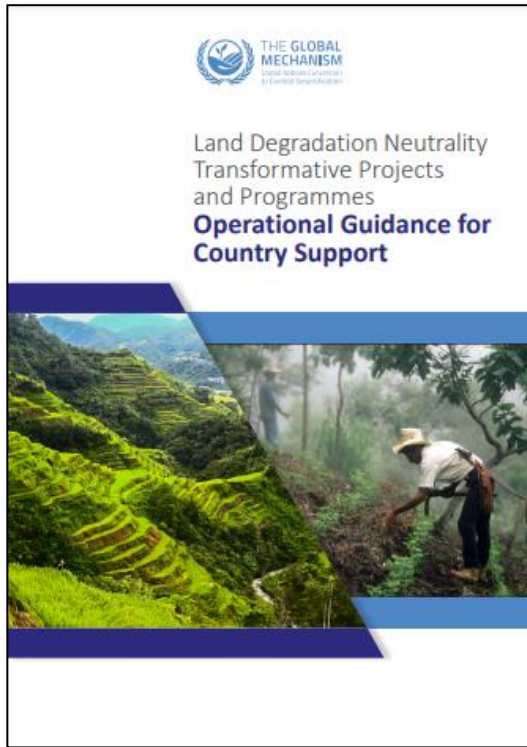
Translating the LDN conceptual framework into practice:

- The LDN Fund aims at translating the principles of the **LDN Scientific Conceptual Framework**, developed by the UNCCD Science and Policy Interface into practice,
- **LDN Impact Monitoring Methodology** has been finalized: IDH and Mirova, in partnership with Conservation International, OpenGeoHub, developed a monitoring tool to measure the impact of the LDN Fund projects – please see the link [here](#)



What types of activities are targeted?

- Activities contributing to the LDN objective:



Interventions to avoid and prevent land degradation: This applies to land that is not degraded and intact natural systems. Interventions are mainly SLM, sustainable forest management (SFM) and practices that conserve soil fertility (nutrients, organic matter), minimize disturbance and erosion, and avoid contamination. Practices include: wise chemical inputs, reduced/zero tillage, crop rotations, retaining residues, green manure cropping, organic amendments, sustainable biochar, pasture phase, agroforestry, intercropping, permaculture, modifying logging practices to avoid future degradation, law enforcement, awareness-raising and capacity building.

Interventions that reduce land degradation: These can be conducted on partly degraded lands with reduced productivity. Such interventions constitute mainly SLM and SFM practices with a greater intensity than for avoiding and preventing land degradation. Interventions include, inter alia, organic matter addition, pasture phase, cattle rotation, fencing management, water conservation, active measures to reduce soil erosion (e.g., contour banks, vegetated hedges, wind breaks, terraces, etc.) and correct degrading processes (such as acidification and salinization through liming and strategic reforestation, respectively).

Reverse by restoring and rehabilitating: These interventions are to be implemented on degraded and unproductive land. Interventions consist of substantial (possibly transformational) interventions to enhance productivity, such as high rates of organic amendment (compost, manure) to build nutrient levels and biological activity; amendments to address soil limitations, e.g., lime, gypsum, clay (to sandy soils), biochar, water harvesting, etc.; and interventions geared towards restoring vegetative cover through agroforestry, afforestation, reforestation or mine reclamation practices, among others.



Presentation of the LDN TAF

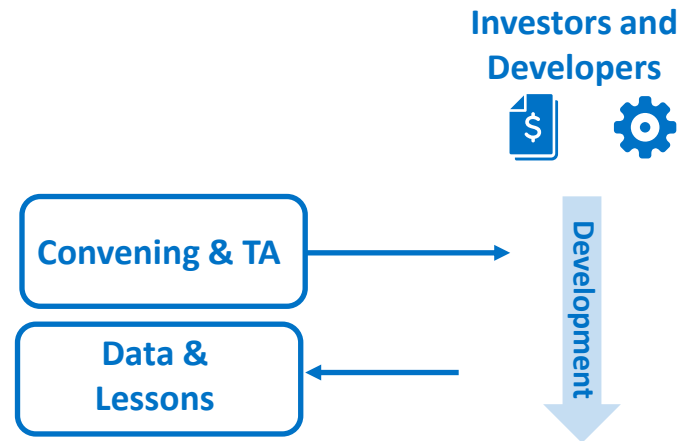
Strictly confidential

The LDN Technical Assistance Facility – 2 years

Aims





The LDN TAF supports the LDN Fund and its impacts by:

- ▶ **Investment readiness** support to projects;
- ▶ **Strengthening social and environmental impacts** and reducing risks of investment projects;
- ▶ **Data for KPI monitoring**, in line with SDG (15.3)
- ▶ **Sharing learnings and knowledge** with wider community



Multiple mandates

- ▶ Cross-learning, efficiency, effectiveness

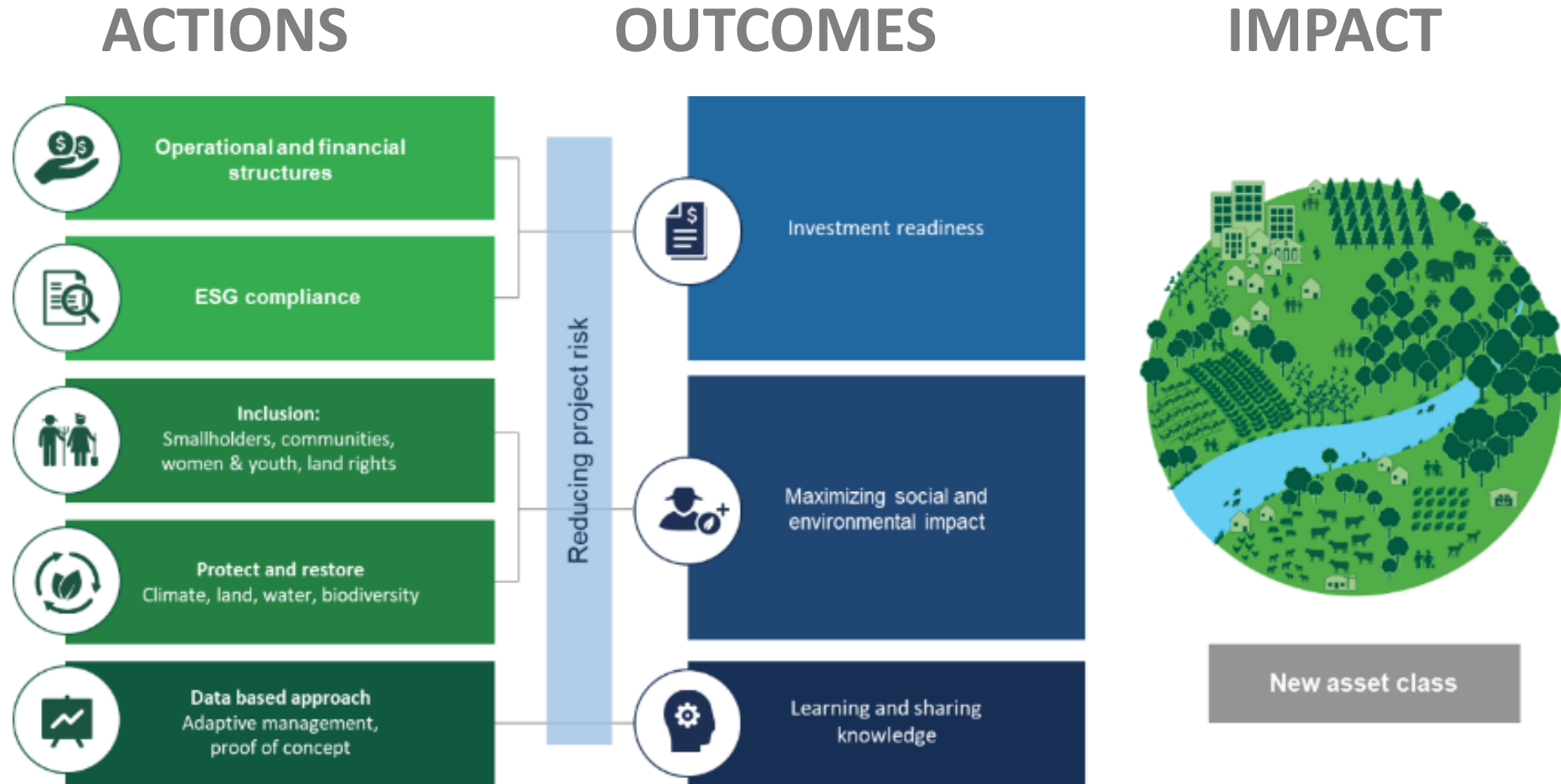
Fund and Technical Assistance Facilities		Impact targets
 Farmfit Fund Farmfit Business Support and Intelligence Center		Improve the lives and incomes of 3m smallholder farmers
 Land Degradation Neutrality (LDN) Fund Land Degradation Neutrality Fund Technical Assistance Facility (€5M)		<div>35 million tons of carbon sequestered</div> <div>500,000 hectares converted to SLM</div> <div>100,000 decent jobs created/supported</div>
 AGRI3 FUND AGRI3 Fund Technical Assistance Facility (€5M)		<div>1 Forest protection and reforestation</div> <div>2 Sustainable agriculture</div> <div>3 Improved rural livelihoods</div>
 &Green Fund &Green Fund Technical Assistance Facility (€2M)		<div>5 million hectares of tropical forest protected, conserved or restored</div> <div>500,000 households benefitting from the Fund through enhanced yields and incomes, creation of jobs and/or other income-generating opportunities</div>

Partners



Overview of the LDN TAF

Technical Assistance Facilities' Services: what do our TAF services support

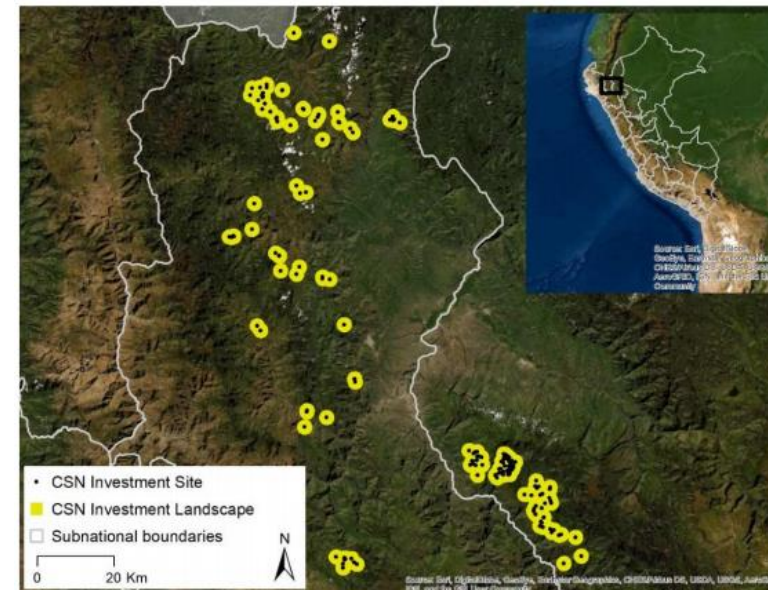
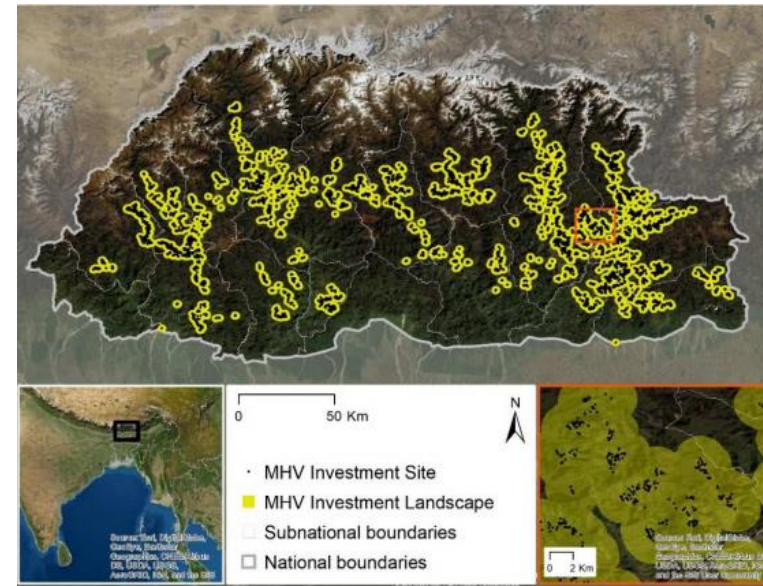


Innovative business models

Highlighting the diversity

Diversity in

- *Crops* – range, often focus on primary cash crop as part of (agroforestry/ combined conservation) system
- *Inclusion business model* – range from smallholders to aggregated cooperatives to plantations with outgrower schemes
- *Link with public priorities* - range from no-objection to contribution to building case for more public private partnership in priority region
- *Land use and contribution to LDN*; wide range from nationwide to municipality to plantation

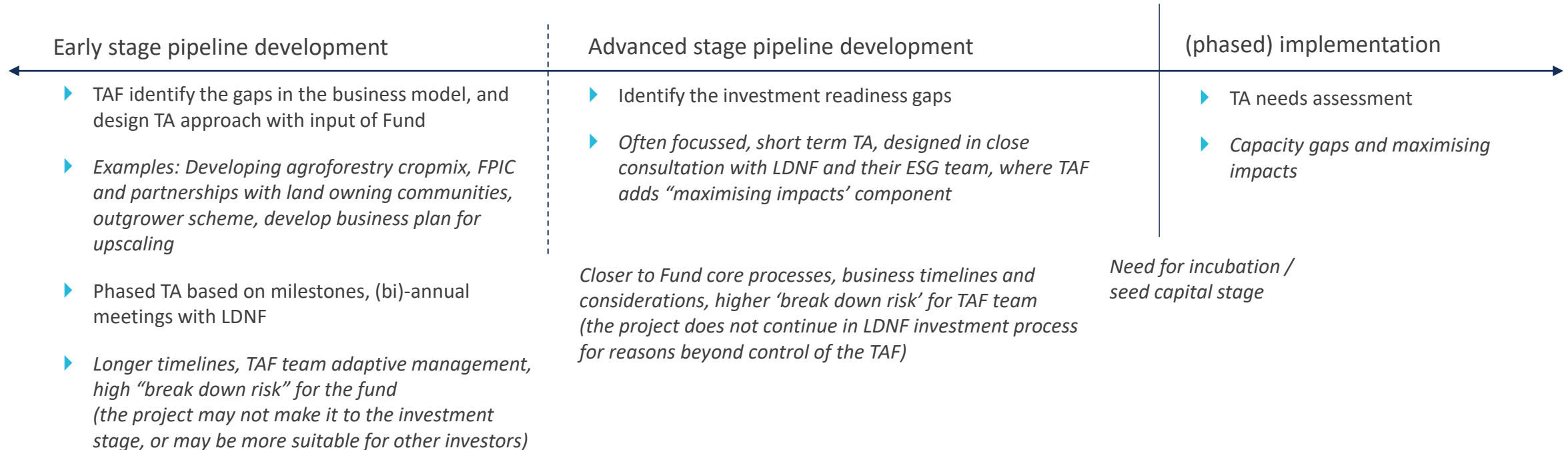


Some reflections on TA and project development stages

- ▶ Mix of grants and repayable grants
- ▶ Cost-sharing required

Pre-investment

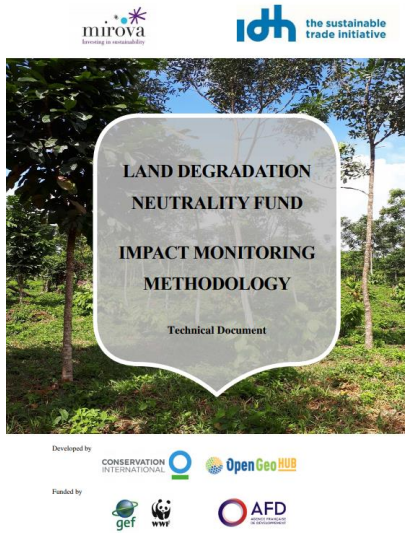
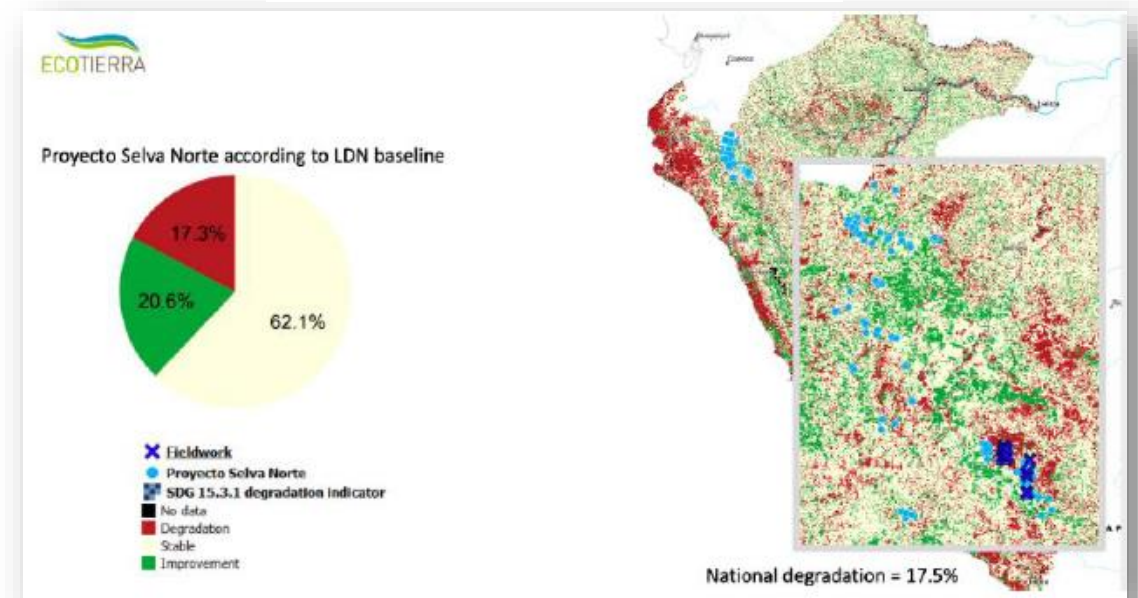
Post-investment



Link with LDN target setting and LDN indicator

Each project in which the Fund invests sets baseline and reports on achievement of LDN

TAF supports in informing and linking with national government



<https://www.idhsustainabletrade.com/publication/land-degradation-neutrality-impact-monitoring-methodology/>



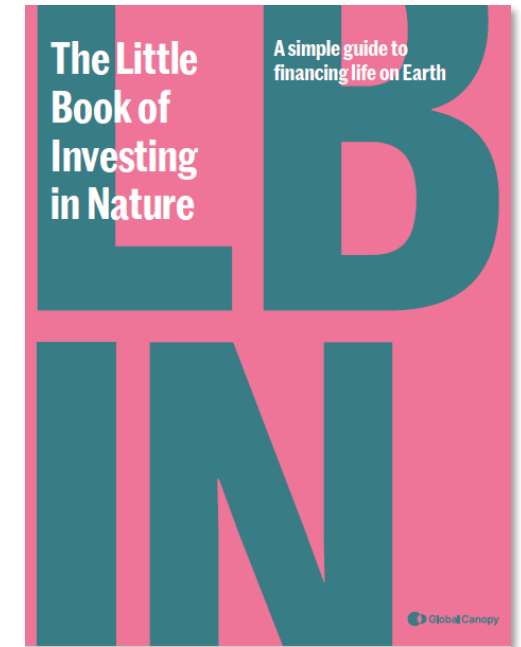
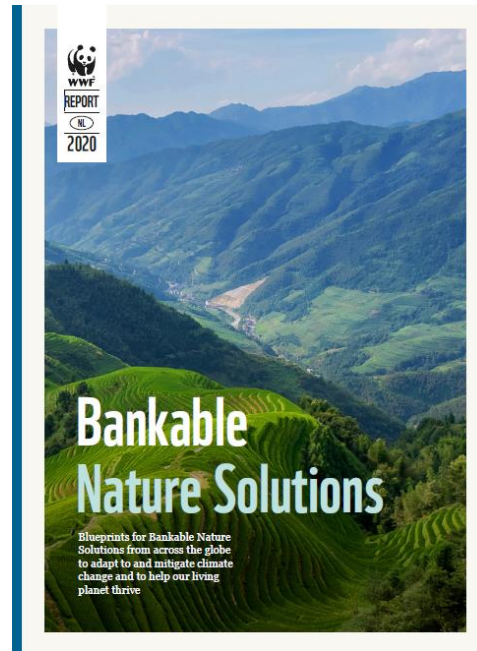
Examples of projects supported

Strictly confidential

What types of operators are targeted?

A new generation of entrepreneurs is emerging

- Proven business models needing to be scaled-up
- New restoration economy being developed with entrepreneurs attracting talents
- Strong market demand for sustainable products and carbon neutrality creates opportunities for land project operators



LDN Fund's investment criteria

Land-based projects targeted by the LDN Fund

Impact criteria

- **Contribution to Land Degradation Neutrality:** Projects should demonstrate how they avoid/reduce/reverse land degradation. (e.g. sustainable agriculture and forestry practices, such as agroecology, agroforestry, etc.)
- **Environmental & social benefits:** Projects should benefit local communities and ecosystems.
- **Environmental & social (E&S) risk management:** Projects will have to comply with robust E&S standards.
- **Additionality:** The fund will support projects that traditional funders or banks do not provide suitable financing for.
- **Scale:** Projects should positively impact a large area and/or have a significant replicability potential.

Financial/Risk criteria

Projects must demonstrate the ability to be **commercially viable and** generate economic/financial returns starting within around 5 to 7 years, with an appropriate risk profile and management:

- There should already be a track record and a detailed business model showing the revenues and costs for the project, with a clear link to value chains. Agronomy as well as operations and governance aspects are also critical.
- The LDN initiative is not designed to finance pilot-projects; potential projects should have completed a successful pilot/feasibility phase and be looking to scale up

Detailed investment criteria and process can be found on the following link:

<https://www.mirova.com/sites/default/files/2020-08/Guidance%20for%20project%20developers.pdf> .

LDN Fund and TAF's portfolio



LEARNING BRIEF

INCLUSIVE INVESTMENTS IN SUSTAINABLE LAND MANAGEMENT TO HELP ACHIEVE LAND DEGRADATION NEUTRALITY

New insights from the Land Degradation Neutrality Fund and Technical Assistance Facility

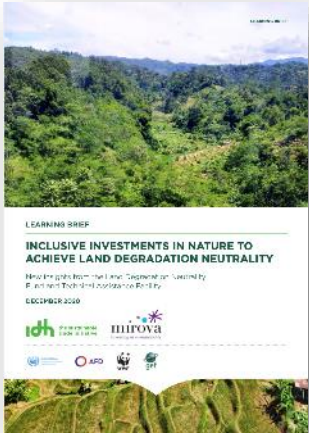
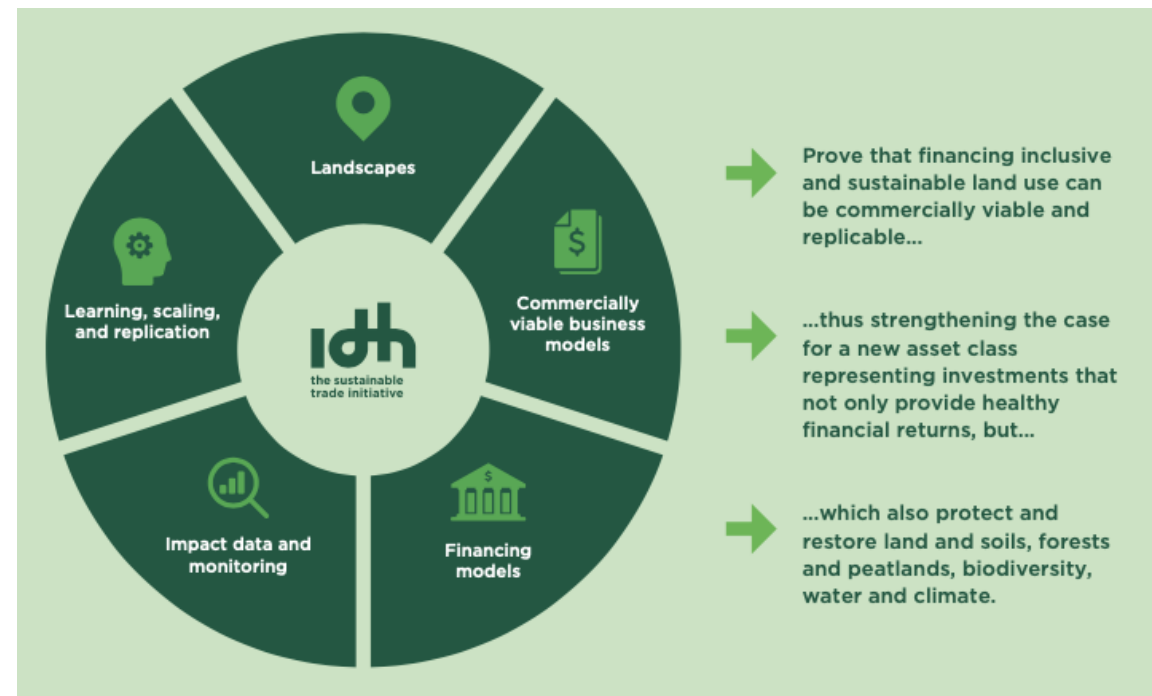
MARCH 2021



Further details on:
<http://ldninsights.com>

INCLUSIVE INVESTMENTS IN NATURE TO ACHIEVE LAND DEGRADATION NEUTRALITY

New insights from the Land Degradation Neutrality Fund and Technical Assistance Facility



February 2021 public launch



CONTENTS

Acknowledgements	3
Introduction	5
Investments in nature	5
About this publication	6
Our approach to learning	7
Insights from investments by the LDN fund and recipients of technical assistance	9
Project overview	10
Sustainable forestry landscapes in Ghana and Sierra Leone	15
Restoring land and partnering with indigenous communities through cocoa and coffee agroforestry in Nicaragua	22
Protecting land from degradation and improving rural livelihoods through hazelnut production in Bhutan	29
Reflections	35
Glossary and key acronyms	39

PROTECTING LAND FROM DEGRADATION AND IMPROVING RURAL LIVELIHOODS THROUGH HAZELNUT PRODUCTION IN BHUTAN

Mountain Hazelnuts

POST-INVESTMENT

BUSINESS MODEL:
Hazelnut production

FINANCING:
Profit-sharing loan of US \$9 million to further scale up operations

PROJECTED IMPACTS:



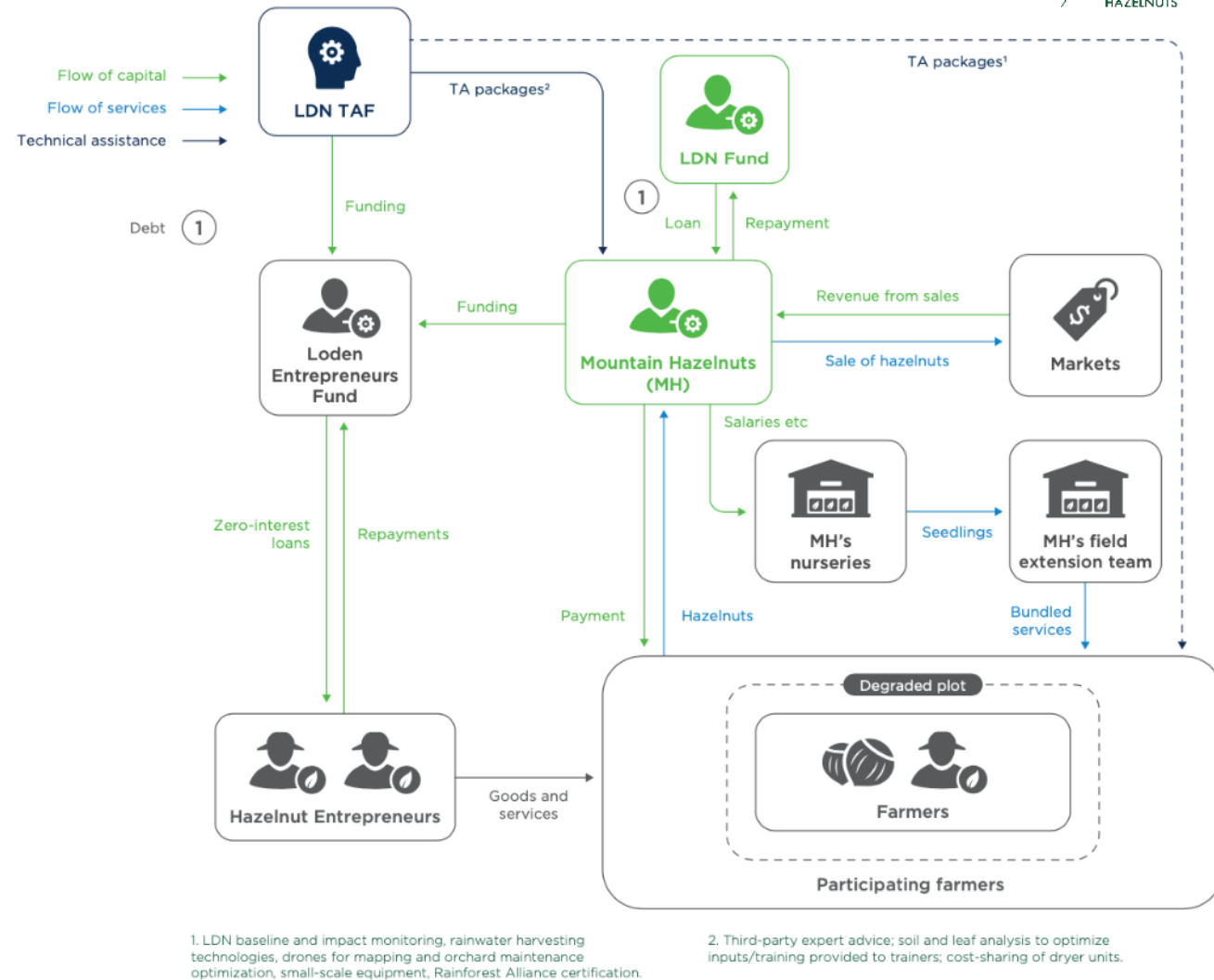
10 million hazelnut trees planted on fallow or degraded land, now projected to contribute to LDN



1.5 MtCO₂e_q sequestered



15,000 households with doubled incomes, and at least half of which are women-led households.

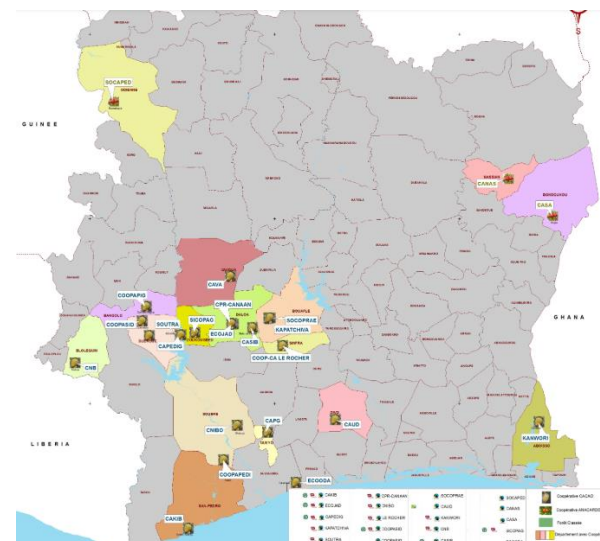


Pre-investment TA example | Ecookim, Côte d'Ivoire

Business model

Ecookim Coop-Ca

Ecookim Coop-Ca, a cross-country Union of Cooperatives operating in Côte d'Ivoire, aims to support income-generating opportunities for their cooperative members and restoration of degraded lands through large-scale transition towards fit-for-purpose cocoa agroforestry systems. Links to REDD+ are being explored to potentially add revenue options.



Technical Assistance

- Establish the business model and feasibility for Ecookim cocoa producing members to transition to an agroforestry system, and determine the investment needed to facilitate this transition at scale
- Analysis of the most suitable structure for Ecookim to receive and manage the investment, including assessment of local bank partnership options



Disclaimer

Mirova / LDN Fund

- The information included in this presentation is intended exclusively for entities to whom this presentation has been addressed (the Recipients). This presentation is not meant to be distributed to, or to fall into the possession of anyone other than the Recipients. If this is not the case and you receive this presentation and/or any attached document by mistake, please make sure you destroy them and inform Mirova immediately. This presentation is not, and nothing in it shall be, construed as a proposal, an offer or any other kind of invitation to buy any share of the fund in any jurisdiction.
- LAND DEGRADATION NEUTRALITY FUND is a Special Limited Partnership (Société en Commandite Spéciale), closed to subscription. Mirova is the management company. The supervisory authority approval is not required for this fund.
- The regulatory documentation of the fund represents the source of information on these funds. It contains important information on the investment objectives of these funds, the strategy for achieving those objectives, as well as the main risks relating to any investment in these funds. It also contains information about commissions, fees and historical performance of the funds.
- This fund is exposed to risk of capital loss.
- Past performance is no guarantee or reliable indicator of current or future performance. Performance figures are calculated net management and running fees, included safekeeping fees and commissions.
- This document is a non-contractual document for information purposes only.
- This document does not constitute or form part of any offer, or solicitation, or recommendation to subscribe for, or buy, or concede any shares issued or to be issued by the funds managed by Mirova investment management company. The presented services do not take into account any investment objective, financial situation or specific need of a particular recipient. Mirova shall not be held liable for any financial loss or for any decision taken on the basis of the information contained in this document, and shall not provide any consulting service, notably in the area of investment services.
- The information contained in this document is based on present circumstances, intentions and guidelines, and may require subsequent modifications. Although Mirova has taken all reasonable precautions to verify that the information contained in this document comes from reliable sources, a significant amount of this information comes from publicly available sources and/or has been provided or prepared by third parties. Mirova bears no responsibility for the descriptions and summaries contained in this document. No reliance may be placed for any purpose whatsoever on the validity, accuracy, durability or completeness of the information or opinion contained in this document, or any other information provided in relation to the fund.
- This presentation contains forward-looking information which may be identified by the use of the following terms: “anticipate”, “believe”, “may”, “expect”, “intend to”, “can”, “plan”, “potential”, “project”, “search”, “should”, “will”, “could”, including in their negative form, as well as any variations or similar terms. This forward-looking information reflects current opinions regarding current and future events and circumstances and is no guarantee by Mirova of the fund’s future performance. It is subject to risks, uncertainties and hypotheses, including those related to the evolution of business, markets, exchange and interest rates; economic, financial, political and legal circumstances as well as any other risk linked to the fund’s activity. On account of these several risks and uncertainties, the actual results may substantially differ from the information contained in the forward-looking statements. Any financial information regarding prices, margins or profitability is informative and subject to changes at any time and without notice, especially depending on market circumstances. Mirova makes no commitment to update or revise any forward-looking information, whether due to new information, future events or any other reason.

THANK YOU!

LDN Fund: LDN@mirova.com

LDN TAF: stam@idhtrade.org

www.idhtrade.org / www.mirova.com

Mirova

French Public Limited liability company with board of Directors

Regulated by AMF under n°GP 02-014

RCS Paris n°394 648 216

Registered Office: 59, Avenue Pierre Mendes France – 75013 – Paris

Mirova is an affiliate of Natixis Investment Managers.