



# WWF GEF PROJECT DOCUMENT

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Project Title:	Land Degradation Neutrality Fund Technical Assistance Facility
GEF Project ID:	9900
WWF-US Project ID:	G0016
Countries:	Global
Project Duration:	60 months
Project Type:	MSP
GEF Trust Fund(s):	GEF Trust Fund
GEF Focal Area(s):	Land Degradation
GEF Focal Area Objective(s):	LD-4 Program 5 Outcome 4.2 Innovative Mechanisms for multi-stakeholder planning and investments in SLM at scale
GEF Agency:	World Wildlife Fund, Inc.
Executing Agency:	IDH

GEF Project Cost:	2,000,000 USD
GEF Agency Fee:	180,000 USD
Project Co-financing:	5,042,310 USD
Total Project Cost:	7,222,310 USD

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## Glossary and Key Acronyms

<b>Term</b>	<b>Meaning</b>
<b>AFD</b>	French Development Agency (Agence Française de Développement)
<b>BUZA</b>	Dutch Ministry of Foreign Affairs (Buitenlandse Zaken)
<b>CBD</b>	The Convention on Biological Diversity
<b>CSO</b>	Civil Society Organisation
<b>DANIDA</b>	Danish Development Cooperation Agency
<b>FMO</b>	The Netherlands Development Finance Company
<b>GCP</b>	Global Coffee Platform
<b>IDH</b>	The Sustainable Trade Initiative
<b>IPLCs</b>	Indigenous Peoples and Local Communities
<b>Investee</b>	An organization that receives investment from the LDN Fund
<b>Investor-ready project</b>	A project that has an investment proposal which will meet the basic requirements of an investor, thereby allowing the investor to make a positive decision to invest in the project
<b>Land Degradation Neutrality</b>	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 within specified temporal and spatial scales and ecosystems <sup>1</sup>
<b>Land Restoration</b>	Land restoration is considered to be the process of building soil carbon, improving soil fertility, above and below ground biodiversity and land productivity. <sup>2</sup>
<b>LDN Fund</b>	The Land Degradation Neutrality Fund
<b>LDCs</b>	Least Developed Countries
<b>LPD</b>	Land Productivity Dynamics
<b>M&amp;E</b>	Monitoring and Evaluation
<b>NDCs</b>	Nationally Determined Contributions under the UNFCCC
<b>PMU</b>	Project Management Unit
<b>Post-Investment Project</b>	A project that has already received a positive investment decision from the LDN Fund
<b>Pre-Investment Project</b>	A project that has not yet received a positive investment decision from the LDN Fund
<b>Project Developer</b>	Envisaged by the LDN Fund to be small and medium-sized enterprises (SMEs), larger private companies, social enterprises and local banks.
<b>RFPs</b>	Request for Proposals
<b>SECO</b>	Switzerland's State Secretariat for Economic Affairs
<b>SIDS</b>	Small Island Developing States
<b>SLM</b>	The United Nations defines sustainable land management (SLM) as "the use of land resources, including soils, water, animals and plants, for the production of goods to meet changing human needs, while simultaneously ensuring the long-term productive potential

<sup>1</sup> UNCCD (2017). *The scientific conceptual framework for land degradation neutrality: overview*

<sup>2</sup> Ibid

	of these resources and the maintenance of their environmental functions.”
<b>SMEs</b>	Small Medium Enterprises
<b>SFF</b>	The Smallholder Finance Facility
<b>SOC</b>	Soil Organic Carbon
<b>TA</b>	Technical Assistance is non- financial assistance provided by local or international specialists. It can take the form of sharing information and expertise, instruction, skills training, transmission of working knowledge, and consulting services and may also involve the transfer of technical data .
<b>TA provider</b>	A Technical Assistance (TA) provider is an organization or individual that delivers TA to project developers as part of a contract it signs with the LDN Fund Technical Assistance Facility (TAF)
<b>TAF</b>	LDN Fund Technical Assistance Facility
<b>TSP</b>	The LDN Target-Setting Programme
<b>UNCCD</b>	The United Nations Convention to Combat Desertification
<b>UNFCCC</b>	The United Nations Framework Convention on Climate Change

## Executive Summary

Land degradation has already negatively affected 30% of the world's land area, with an annual global economic cost estimated at approximately \$300 billion USD.<sup>3</sup> There is a vital need to move towards 'Land Degradation Neutrality (LDN)' which is defined by the United Nations Convention to Combat Desertification (UNCCD) as: "a state whereby the amount and quality of land resources necessary to support ecosystem functions and services and enhance food security remains stable or increases". LDN is needed to prevent further losses in social, ecological and economic capital caused by land degradation, and it can be achieved through approaches such as land restoration<sup>4</sup> and sustainable land management (SLM)<sup>5</sup>.

To achieve the target of a land degradation neutral world (SDG target 15.3) by 2030, large amounts of financial resources must be mobilized. Public resources alone will not suffice, as acknowledged in the Addis Ababa Action Agenda. New financial instruments and intermediaries, as well as enabling conditions, are needed. For this reason, Decision 3/COP.12 requested the Global Mechanism to develop options for increasing resources for the full realization of LDN initiatives, including through the "creation of an independent LDN Fund"<sup>6</sup>.

The mission of the LDN Fund is to become a source of transformative capital bringing together public and private investors to fund triple bottom line<sup>7</sup> projects that contribute to Land Degradation Neutrality. The Land Degradation Neutrality Fund is managed by Mirova, a subsidiary of Natixis Asset Management.

While investees of the Fund will be project developers (envisaged to be small and medium-sized enterprises (SMEs), cooperatives, larger private companies, social enterprises and local banks) these project developers will actively engage farmers, producers, land-owners and users and agriculture/forestry workers in developing countries to participate in sustainable land management and restoration projects that preserve vital ecosystems, create outgrower schemes and new decent jobs<sup>8</sup>.

Projects targeted by the LDN Fund have great potential to produce positive development impacts while delivering appropriate risk-adjusted returns, but they will often require significant innovation

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<sup>3</sup> IFPRI (2016) *Economics of land degradation and improvement: A global assessment for sustainable development*.

<sup>4</sup> Land restoration is considered to be the process of building soil carbon, improving soil fertility, above and below ground biodiversity and land productivity. This can occur on croplands, grazing lands, forests or 'other' lands (mine spoils, deserts etc) and generally involves revegetation by species used for productive use and/or species introduced for the sole purpose of ecological restoration (UNCCD (2017) *Scientific Conceptual Framework for Land Degradation Neutrality: A Report of the Science-Policy Interface* and IPCC (n.d) *Land Use, Land-Use Change and Forestry* [http://www.ipcc.ch/ipccreports/sres/land\\_use/index.php?idp=199](http://www.ipcc.ch/ipccreports/sres/land_use/index.php?idp=199)).

<sup>5</sup> SLM is defined as the use of land resources, including soils, water, animals and plants, for the production of goods to meet changing human needs, while simultaneously ensuring the long-term productive potential of these resources and the maintenance of their environmental functions (WOCAT, n.d from UNCCD (2017) *Scientific Conceptual Framework for Land Degradation Neutrality: A Report of the Science-Policy Interface*.)

<sup>6</sup> UNCCD (2017). An Impact Investment Fund for Land Degradation Neutrality.

<sup>7</sup> The triple bottom line (TBL) thus consists of three Ps: profit, people and planet. It aims to measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a TBL is taking account of the full cost involved in doing business (<https://www.economist.com/news/2009/11/17/triple-bottom-line>).

<sup>8</sup> According to the International Labour Organization (ILO) decent work involves opportunities for work that are productive and deliver a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men (<http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>).

and complexity. Developing projects which make a meaningful contribution to LDN, whilst maintaining strong environmental and social standards and generating a commercial return on investment is a relatively new area. As a result, it is difficult for project developers to achieve, particularly those operating in challenging country circumstances (e.g. in Least Developed Countries (LDCs), Small Island Developing States (SIDS) and Africa), to design and implement these projects with no technical assistance.

The experience to date of the LDN Fund and in consultations with investors and investees indicate that project developers face the following barriers to bringing forward 'investor-ready' project proposals to the Fund, particularly in these more challenging enabling environments:

- They often lack the technical capacity to design SLM and land restoration-focused projects;
- Managing the implementation of SLM and land restoration projects is generally not their core business;
- They can find rigorous monitoring and evaluation challenging;
- Effective knowledge management requires significant time and resource investments, beyond those typically available to them; and
- There is a lack of publicly available knowledge on effective models for investable SLM and restoration projects.

In the baseline scenario, the LDN Fund will be able to start making investments in a limited selection of the investment opportunities identified to date, focused on supporting projects that are already investor-ready and of sufficient technical quality to make a significant contribution to LDN while producing appropriate risk-adjusted returns. Without the provision of TA in this area many promising LDN project proposals will not reach 'investor-ready' stage and go un-funded, foregoing a potential major contribution to global and national LDN goals. This would be more likely to impact the projects with the greatest development impact, e.g. projects in risky countries (LDCs, SIDS), and complex projects with smallholder farmers.

Other aspects of the LDN Fund's performance and impacts which could be adversely affected without the provision of TA to projects include:

- Projects that do go ahead may not be able to maximize their potential for broader positive environmental and social impacts;
- Projects that go ahead may have more commercial risks associated with them and potentially reduced financial returns, reducing the resources available for further investment in other projects;
- Projects may face delays in applying for investment and moving to implementation as they seek technical assistance from elsewhere;
- The ability to monitor project progress would be diminished as project developers' ability to monitor their activities to the standards required by international donors and investors is relatively limited; and
- As a result of this reduced project developer monitoring capacity the LDN Fund's ability to share project learning more broadly would be limited.

To address these issues the GEF 6 LDN Fund Technical Assistance Facility project seeks to establish a Technical Assistance Facility (TAF), managed by IDH – The Sustainable Trade Initiative, to provide project preparation and technical assistance services to project developers build a balanced portfolio of effective projects for the LDN Fund. It also seeks to increase awareness and knowledge of models for LDN investment across the investor and project developer community. IDH were selected by Mirova via a competitive process, based on their in depth experience of managing and delivering TA programs in sustainable land use and commodity value chains (see Section 2.8 for further detail).

Over the five-year period the proposed project will address this challenge and enhance the impact of the LDN Fund via two Project Components:

**1. Improving technical, operational and financial processes and the SLM and land restoration impact of (potential or approved) LDN Fund projects**

This Component focuses on the provision of TA to project developers both in the project development (*pre-LDN Fund investment* – before an investment agreement has been signed between the LDN Fund and the project developer) and implementation (*post-LDN Fund investment* – after an investment agreement has been signed between the LDN Fund and the project developer) stages.

*For pre-investment projects* this TA will focus on enhancing the technical, operational and financial design and structures of these projects to avoid or reduce new degradation via SLM and reverse past degradation via restoration, in line with the LDN Scientific Framework, along with enhancing broader social and environmental impacts.

*For post-investment projects* this TA will focus on increasing the technical and operational capacities of project developers in the implementation process to avoid or reduce new degradation via SLM and reverse past degradation via restoration and rehabilitation, in line with the LDN Scientific Framework. It will also include assistance to increase their capacity to enhance the social and environmental impacts of projects and to improve co-benefits.

*For projects at both stages* TA will be provided to project developers on baseline and impact measurement systems, especially on measuring LDN impacts. This includes developing an LDN impact measurement and tracking tool to be used by project developers and the LDN Fund to track long-term measurements on the LDN impact of projects.

This is intended to result in the following outcomes:

- *Outcome 1.1* Project proposals of higher technical quality are submitted to the LDN Fund, and with greater potential for SLM and restoration impacts and broader environmental and socio-economic co-benefits;
- *Outcome 1.2* Project developers have greater capacity to implement projects with higher potential for SLM and restoration impact, and broader positive social and environmental co-benefits; and
- *Outcome 1.3* Project developers and the LDN Fund have greater capacity to monitor their impacts and practice adaptive management more effectively.

**2. Effective knowledge management and project monitoring and evaluation.**

This component focuses on the monitoring and evaluation process across TAF and the establishment of an active knowledge management process, with knowledge being shared via the creation of a learning network of LDN project developers and investors.

This is intended to result in the following outcomes:

- *Outcome 2.1* Monitoring & evaluation across TAF is carried out effectively and is used for adaptive management; and
- *Outcome 2.2* Increased awareness and knowledge of successful models for SLM and land restoration investment and LDN impact across the wider project developer and investor community.

The TAF will be managed by a Project Management Unit (PMU) established within IDH, overseen by a Donor Committee and guided by the LDN Fund and TAF Strategic Board (composed of the Executive Secretaries of the UNCCD, UNFCCC, CBD, a CSO representative, and representatives from a developed and developing country party to the UNCCD). There will also be a Project Selection Committee composed of IDH thematic specialists outside of the TAF project, responsible for reviewing and selecting project applications for TAF support.

Stakeholder consultations to inform the design of the TAF and this ProDoc have been carried out with Mirova, potential investees of the LDN Fund, the UNCCD Global Mechanism, the LDN Fund Advisory Group (WWF, The Nature Conservancy, Rainforest Alliance and the European Investment Bank (EIB)), Agence Française de Développement (AFD), the GEF CSO Network and the UNCCD CSO Network.

During implementation at a global level ongoing stakeholder engagement will be achieved via the governance structure described above, and through the TAF Learning Network. At the local project level this will be achieved via the requirement of applicants to the TAF to demonstrate that there has been meaningful engagement and consultation with local stakeholders and that their input has been considered in their proposal design, and via information sharing and learning in project landscapes facilitated by the TAF Learning Network.

The total budget requested from the GEF is USD 2,000,000 to be disbursed over the course of five years. The Agence Française de Développement Board approved a USD 3,528,430 contribution as co-financing to the TAF, for a total of \$5,042,310 in co-financing.



## Section 1: Project Background and Situation Analysis

### 1.1 Background and Context

This section provides a brief introduction to the Land Degradation Neutrality (LDN) concept, the LDN Fund (LDN Fund) and the role of the Technical Assistance Facility (TAF) in relation to the Fund.

#### **The LDN concept<sup>9</sup>**

Acknowledged by the international community since the United Nations Conference on Sustainable Development (Rio+20) in 2012, “LDN is defined by the UNCCD as: “a state whereby the amount and quality of land resources necessary to support ecosystem functions and services and enhance food security remains stable or increases”. LDN is the state the world needs to move towards if we are to prevent further losses in social, ecological and economic capital caused by land degradation, and it can be achieved through approaches such as land restoration<sup>10</sup> and sustainable land management (SLM)<sup>11</sup>. The objectives of LDN are to:

- maintain or improve the sustainable delivery of ecosystem services;
- maintain or improve productivity, in order to enhance food security;
- increase resilience of the land and populations dependent on the land;
- seek synergies with other social, economic and environmental objectives; and
- reinforce responsible and inclusive governance of land.

There is also an agreed scientific conceptual framework for LDN, which serves as a common point of reference for the emerging LDN discourse and various LDN initiatives. The LDN conceptual framework is intended to assist countries in implementing strategies to address land degradation and achieve LDN. Figure 1 below summarizes the key modules of the scientific conceptual framework for LDN.






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<sup>9</sup> The Global Mechanism and Mirova (2017). *The Land Degradation Neutrality Fund*. Available online: <https://www2.unccd.int/sites/default/files/inline-files/LDN%20Fund%20brochure%202017.pdf>

<sup>10</sup> Land restoration is considered to be the process of building soil carbon, improving soil fertility, above and below ground biodiversity and land productivity. This can occur on croplands, grazing lands, forests or ‘other’ lands (mine spoils, deserts etc) and generally involves revegetation by species used for productive use and/or species introduced for the sole purpose of ecological restoration (UNCCD (2017) *Scientific Conceptual Framework for Land Degradation Neutrality: A Report of the Science-Policy Interface* and IPCC (n.d) *Land Use, Land-Use Change and Forestry* [http://www.ipcc.ch/ipccreports/sres/land\\_use/index.php?idp=199](http://www.ipcc.ch/ipccreports/sres/land_use/index.php?idp=199)

<sup>11</sup> SLM is defined as the use of land resources, including soils, water, animals and plants, for the production of goods to meet changing human needs, while simultaneously ensuring the long-term productive potential of these resources and the maintenance of their environmental functions (WOCAT, n.d from UNCCD (2017) *Scientific Conceptual Framework for Land Degradation Neutrality: A Report of the Science-Policy Interface*.)

**Figure 1: The key modules of the scientific conceptual framework for LDN**

	 <b>Vision</b>	 <b>Frame of Reference</b>	 <b>Mechanism for Neutrality</b>	 <b>Achieving Neutrality</b>	 <b>Monitoring Neutrality</b>
<b>Guiding Question</b>	What is the goal of LDN?	Neutrality compared with what state?	How does counterbalancing work?	How can the goal of neutrality be achieved?	How is success at maintaining or exceeding neutrality determined?
<b>Purpose</b>	Determine what it is that must be maintained or improved.	Determine the state to which every future state will be compared.	Ensure that anticipated degradation is counterbalanced through planned positive actions elsewhere.	Provide guidance on <ol style="list-style-type: none"> <li>Establishing an enabling environment</li> <li>Assessment in support of planning</li> <li>Pathways to avoid, reduce or reverse land degradation.</li> </ol>	Provide guidance on assessing progress towards neutrality.
<b>LDN Approach</b>	Ecosystem services and ecological functions provided by land-based natural capital	Baseline state is the (minimum) target state.	Integrated land use planning approach to tracking and balancing anticipated new losses with gains, based on principles designed to limit unintended outcomes.	<ul style="list-style-type: none"> <li>Enabling environment</li> <li>Land potential, degradation status, resilience, socio-economic assessments in support of integrated land-use planning</li> <li>Interventions based on the LDN response hierarchy</li> </ul>	Monitor relative to a fixed baseline value for each metric of the ecosystem services <ul style="list-style-type: none"> <li>Land cover</li> <li>NPP</li> <li>SOC</li> <li>Others as needed</li> </ul> (Integration of metrics based on a principle of "one-out, all-out")

LD = land degradation | NPP = net primary productivity | SOC = soil organic carbon  
 NB = Learning is a cross-cutting theme relevant to all modules (chapter 6.3.8)

To date, more than 100 countries have committed to one or more LDN-related initiatives, creating an enabling environment for LDN investments.

To achieve the target of a land degradation neutral world (SDG target 15.3) by 2030, large amounts of financial resources must be mobilized - Public resources alone will not suffice, as acknowledged in the Addis Ababa Action Agenda.

New financial instruments and intermediaries, as well as enabling conditions, are needed to catalyze private capital around SDG implementation. For this reason, Decision 3/COP.12 requested the Global Mechanism to develop options for increasing resources for the full realization of LDN initiatives, including through the "creation of an independent LDN Fund"<sup>12</sup>.

<sup>12</sup> UNCCD (2017). An Impact Investment Fund for Land Degradation Neutrality.

## The LDN Fund<sup>13</sup>

The mission of the LDN Fund project is to become a source of transformative capital bringing together public and private investors to fund triple bottom line<sup>14</sup> projects that contribute to Land Degradation Neutrality. The Land Degradation Neutrality Fund is managed by Mirova, a subsidiary of Natixis Asset Management.

By tackling land degradation, the LDN Fund project is expected to have multiple co-benefits:

### *Socio-economic benefits*

- Decent job creation
- Increased resilience of local communities
- Timber and non-timber forest by-products
- Cultural/recreational benefits
- Better public health

### *Environmental benefits*

- Climate change mitigation and adaptation
- Restoration of degraded land/ecosystems
- Reduced deforestation
- Soil conservation
- Improved habitats and biodiversity

While investees of the Fund will be project developers (envisaged to be small and medium-sized enterprises (SMEs), larger private companies, social enterprises, farmer/producer cooperatives and local banks), these enterprises will actively engage smallholder farmers, and agriculture/forestry workers in developing countries to participate in sustainable land management projects that preserve vital ecosystems, create outgrower schemes and new decent jobs<sup>15</sup>.

Access to finance for farmers and SMEs in most land use sectors in the LDN's target countries is a significant challenge. This prevents them from being able to invest in their farms to raise productivity and adopt more sustainable land management practices. The LDN Fund will also channel capital through local financial institutions and intermediaries who commit to promote the growth of SMEs and support small- and mid-sized responsible producers in several land use sectors.

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<sup>13</sup> Information from: The Global Mechanism and Mirova (2017). *The Land Degradation Neutrality Fund*. Available online: <https://www2.unccd.int/sites/default/files/inline-files/LDN%20Fund%20brochure%202017.pdf>

<sup>14</sup> The triple bottom line (TBL) thus consists of three Ps: profit, people and planet. It aims to measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a TBL is taking account of the full cost involved in doing business (<https://www.economist.com/news/2009/11/17/triple-bottom-line>).

<sup>15</sup> According to the International Labour Organisation (ILO) decent work involves opportunities for work that are productive and deliver a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men (<http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>).

## Eligibility criteria

This is a short summary of the eligibility criteria for the LDN Fund. More detailed information on the criteria specifically used for TAF is provided in Section 2.2.

To be considered by the LDN Fund, investment opportunities must be land-based projects that fulfil and demonstrate the following eligibility criteria. As the fund is an impact investment fund with the mission of making profitable investments that reduce and reverse land degradation, projects must be able to meet both impact criteria and financial criteria.

During the initial screening process the LDN Fund assesses new potential projects against all of these criteria. This represents a preliminary assessment, and as selected projects move forward in the investment process they are subjected to much more rigorous analyses and due diligence to refine this preliminary rating.

### Financial criteria

- *Risk-return profile*: the ability to generate attractive financial returns with an appropriate risk profile, is essential for LDN investments. This initial assessment can be divided into a consideration of financial returns, and the associated risk of achieving these returns. An initial rating will be based on an assessment considering both aspects together. A key aspect that the LDN Fund looks for is investment readiness, as some projects may look attractive but lack the business models, financial/operational robustness, management capability, appropriate governance/structure etc. to be ready to accept investment and scale up.
- *Financial return*: the Fund considers the project's overall intended return, and the return for the LDN Fund's participation. This will include some initial analysis of underlying project financial models, and the yields and market prices quoted by project developers.
- *Risk*: the Fund will consider how risky the operations and business model appear to be, as well as the wider aspects such as political and currency risk.

### Impact criteria

- *Contribution to Land Degradation Neutrality*: projects have to demonstrate clear benefits of land rehabilitation and/or degradation avoidance. This will be assessed through consideration of three main sub-criteria related to land degradation<sup>16</sup>:
  - Land cover and land cover change
  - Land productivity dynamics (LPD)
  - Soil organic carbon (SOC)

For actual investments, the LDN Fund will co-ordinate the on-site assessments and satellite imaging analysis (for land cover and land productivity) needed for quantitative monitoring and

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<sup>16</sup> UNCCD (2016). [Land in Balance: Scientific Conceptual Framework for Land Degradation Neutrality](#). Science-Policy Brief

reporting. For preliminary assessments of potential projects it will be necessary to make qualitative judgments of their potential to meet the land degradation criteria.

- *Social benefits*: because land-use is closely linked to social conditions, projects should clearly benefit local communities in the areas outlined under the socio-economic benefits of the Fund above. Projects degrading social conditions will be excluded.
- *Environmental & Social (E&S) risk management*: robust ESG Standards are an integral part of the Fund's overall risk management and due diligence approach and ensure the responsible handling of social and environmental risk. The the LDN Fund E&S safeguards are integrated into all aspects of the LDN Fund's project investment cycle. For the initial screening of projects, projects will be analyzed for their ESG risk potential.
- *Additionality*: this is a key aspect for the Fund. The Fund should not invest in projects that can easily obtain financing, but will rather be additional and complementary to what is available from traditional development and commercial funders. The initial rating for additionality will be based on an assessment of whether a project could get appropriate financing from other sources. Typically, there is a limit to the amount of DFI money available, while commercial banks either don't provide suitable financing, or only offer it at very high rates.
- *Scale*: the Fund is designed to support large-scale land degradation reduction/reversal in order to contribute to LDN, so projects that will positively impact a significant area are desirable. As well as the current project area itself, the Fund looks for potential for scalability and/or replicability, to increase future impact.

## Fund structure

Figure 2 shows how the LDN Fund will be structured as a layered fund with three classes of instruments. This capital structure can offer appropriate risk-return profiles for different investors. Junior shares de-risk more senior tranches, encouraging investment from private investors.

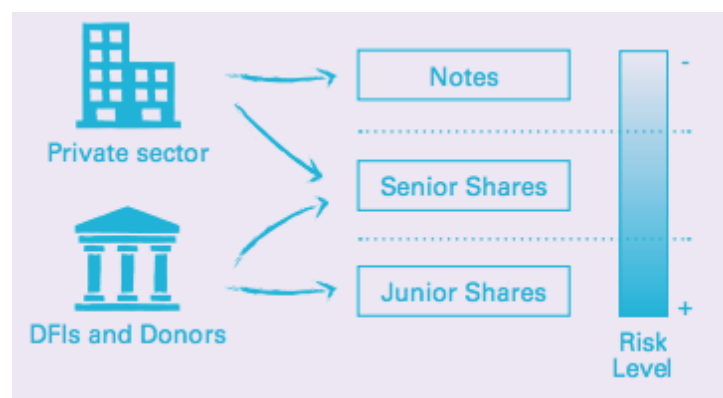


Figure 2: Overview of the financial structure of the LDN Fund

## **The LDN Fund’s Technical Assistance Facility (TAF)**

The objective of TAF is to provide project preparation and technical assistance services to project developers to build a balanced<sup>17</sup> portfolio of effective projects for the LDN Fund. It also aims to increase knowledge and awareness of models for LDN investment across the investor and project developer community.

This will be achieved through the following components:

- 1) Improving technical and operational processes, advising on agronomy, forestry, sustainable land management services and enhancing financial structures of LDN-eligible projects for improved production practices and increased land productivity, profitability, and/or sustainability; and
- 2) Knowledge management and effective project monitoring and evaluation.

Through a competitive bidding process, IDH has been selected as the partner to the LDN Fund to develop and manage the Technical Assistance Facility (TAF).

This project document relates to GEF support for the TAF.

### **1.2 Environmental problem, Threats, and Root Causes**

#### **Environmental Problem**

According to the convention text of the UNCCD (United Nations, 1994), Land Degradation means:

“reduction or loss, in arid, semi-arid and dry sub-humid areas, of the biological or economic productivity and complexity of rainfed cropland, irrigated cropland, or range, pasture, forest and woodlands resulting from land uses or from a process or combination of processes, including processes arising from human activities and habitation patterns, such as soil erosion caused by wind and/or water”.

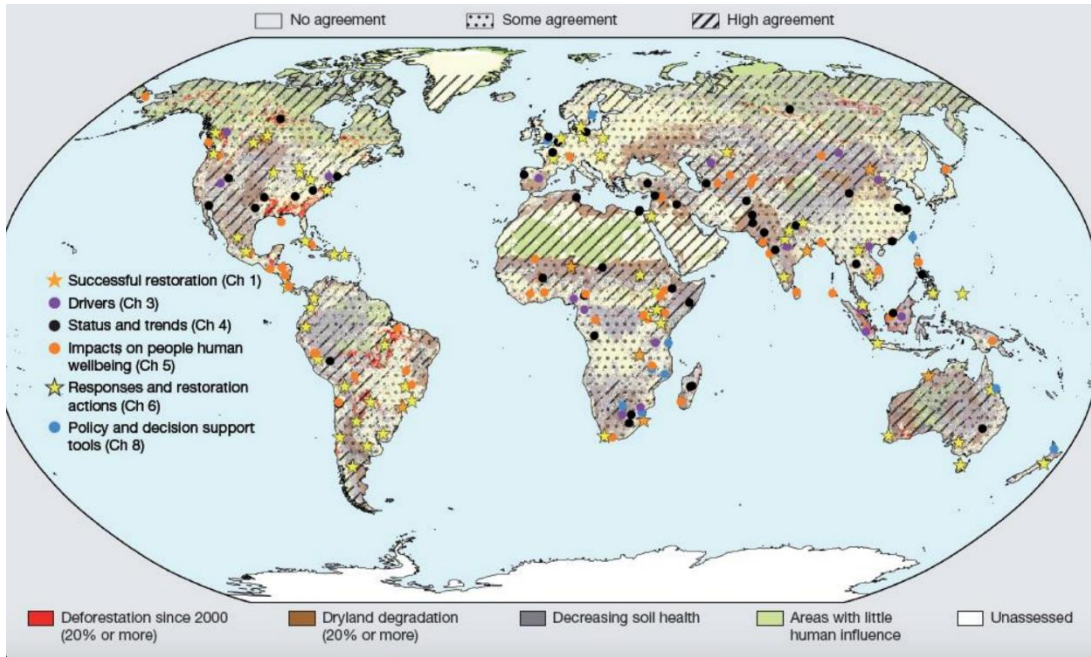
It is estimated that two billion hectares of land are currently degraded worldwide, with another 12 million hectares of productive land degraded every year. According to an extensive study conducted in 2016 by the International Food Policy Research Institute (IFPRI), land degradation has already negatively affected 30% of the global land area.

Figure 3 below from IPBES (2018)<sup>18</sup> provides a geographic overview of land degradation and combines a deforestation map, a drylands map and a wilderness map and is overlaid by a map of agreement and disagreement between different data sources within a degradation type.

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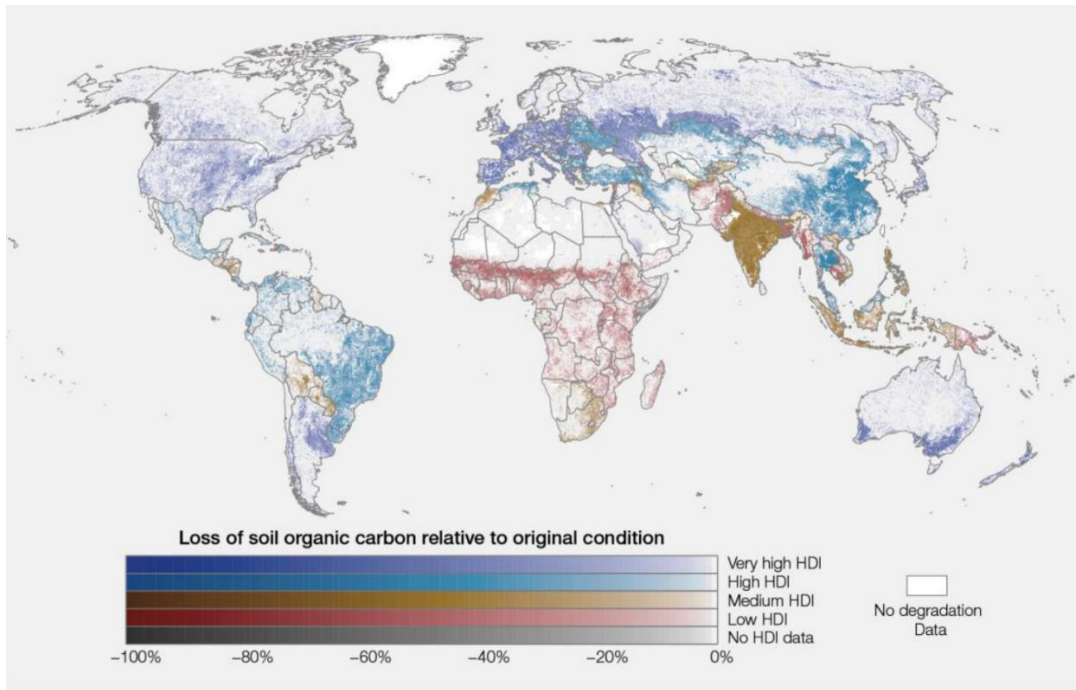
<sup>17</sup> See Box 1 in Section 2.2 for further information on what is meant by a balanced portfolio.

<sup>18</sup> Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2018). *Report of the Plenary of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services on the work of its sixth session.*



**Figure 3 Geographic distribution of environmental issues**

Figure 4 below also provides an overview of the loss of soil organic carbon relative to its original condition, which is a useful indicator of land degradation.



**Figure 4: Data on soil organic carbon (Van der Esch et al. 2017)<sup>19</sup> and Stoorvogel et al. (2017)<sup>20</sup> .**

The extent of loss of soil organic carbon in developed countries is large, even though the rate of loss has slowed or even reversed in recent decades. In developing countries, the extent of loss is lower, but the rate of loss remains high. In the future the most loss is forecasted to occur in Central and South America, sub-Saharan Africa and Asia, which have the largest remaining amount of land suitable for agriculture (well established)<sup>21</sup>. Figure 5 provides more detailed information on the extent of land affected by different forms of land degradation and likely trends of this degradation in the future.

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<sup>19</sup> Van der Esch, S., ten Brink, B., Stehfest, E., Bakkenes, M., Sewell, A., Bouwman, A., Meijer, J., Westhoek, H., and van den Berg, M. (2017). *Exploring future changes in land use and land condition and the impacts on food, water, climate change and biodiversity: Scenarios for the UNCCD Global Land Outlook*. The Hague: PBL Netherlands Environmental Assessment Agency. Retrieved from <http://www.pbl.nl/sites/default/files/cms/publicaties/pbl-2017-exploring-future-changes-in-land-use-and-landcondition-2076.pdf>.

<sup>20</sup> Stoorvogel, J. J., Bakkenes, M., Temme, A. J., Batjes, N. H., and ten Brink, B. J. (2017). *S-World: A Global Soil Map for Environmental Modelling*. *Land Degradation and Development*, 28 (1), 22–33. DOI: 10.1002/ldr.2656.

<sup>21</sup> Ibid



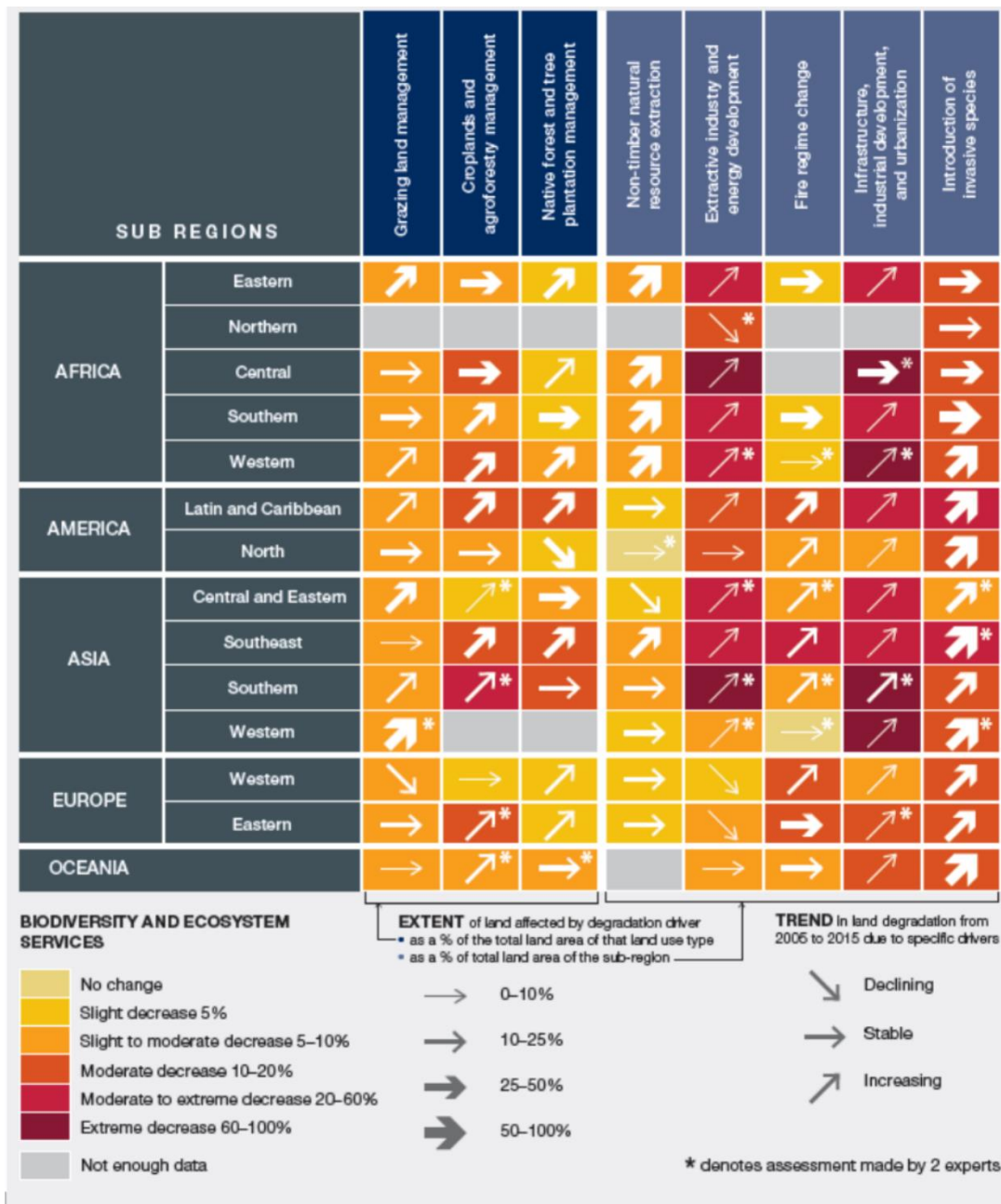


Figure 5: Status, trend and extent of direct drivers of land degradation across sub-regions globally (IPBES (2018))<sup>22</sup>

An analysis of long-term trends over 25 years by Le Quéré *et al* (2014)<sup>23</sup> using an inter-annual vegetation index as an indicator of biomass production decline or increase found that land

<sup>22</sup> Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2018). *Report of the Plenary of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services on the work of its sixth session.*

<sup>23</sup> Le Quéré C. & al. (2014). *Global carbon budget 2014. Earth System Science Data Discussion*, 7, 521-610, 2014. <http://pubman.mpdl.mpg.de/pubman/item/escidoc:2058666:4/component/escidoc:2058691/BGC2125D.pdf>

degradation hotspots cover approximately 29% of the global land area and occur in all agro-ecologies and land cover types. Anthropogenic declines in biomass productivity were found on 25% of croplands and vegetation-crop mosaics, 29% of mosaics of forests with shrub- and grasslands, 25% of shrub lands, and 33% of grasslands, as well as 23% of areas with sparse vegetation<sup>24</sup>.

Land degradation threatens the future sustainability of life on earth, with severe social and environmental consequences e.g.:

- *Food security*: over the next 25 years, land degradation could reduce global food production by as much as 12%, leading to a 30% increase in world food prices and reducing food security for vulnerable people;
- *Poverty*: 40% of the world's degraded land is in areas with high poverty rates, and approximately 1.5 billion people rely directly upon underproductive degraded land for their income, according to the FAO;
- *Social instability*: degradation can contribute to migration and conflicts, with the UNCCD estimating that as many as 50 million people could be displaced in the next 10 years by desertification alone;
- *Climate change mitigation*: soil is the second largest carbon sink after the ocean, but degraded land stores significantly less carbon, making land degradation a significant contributor to climate change;
- *Climate change adaptation*: degraded land increases the vulnerability of farmers and other land users to climate change impacts; and
- *Ecosystem services and biodiversity*: land degradation negatively impacts various critical ecosystem services and reduces biodiversity.

### **Overview of threats and root causes**

Land degradation is closely connected with many factors that are directly or indirectly related to human activities. Those connections may go both ways; the most typical example is the relationship between climate change and land degradation, with the former contributing to drought, desertification or more intense precipitation and flooding (leading to land degradation), and the latter increasing greenhouse gas emissions (leading to climate change).

Land degradation occurs mainly because humans over-exploit natural systems, while under-investing in them. The primary anthropogenic causes of global soil degradation are overgrazing (35%), deforestation (30%) and agricultural activities (28%)<sup>25</sup>, which are described in greater detail below. As described in the UNCCD's Global Land Outlook urbanization, infrastructure development, energy production and mining and quarrying also play a significant role, though the LDN Fund and subsequently the TAF focuses on Agriculture and Forestry.

Anthropogenic land degradation processes occur because short-term concerns are prioritized over long-term concerns, and because people lack the knowledge, skills, tenure security or resources to

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<sup>24</sup> IUCN (2016). *GEF Project Document: Land Degradation Neutrality Target Setting Project (LDN TSP)*.

<sup>25</sup> Global Opportunity Network (2017). *Soil Depletion*. Available online: <http://www.globalopportunitynetwork.org/report-2017/soil-depletion/>

manage land properly or, in the case of governments, political will to promote SLM practices at scale and resolve land governance issues.

As the main causes of land degradation are heavily tied to land use change and unsustainable agricultural practices, reversing these trends by promoting sustainable agriculture (including livestock management) and forestry practices will be key to combating land degradation. Sustainable land management strategies can include reforestation, sustainable forest plantations, agroforestry, crop production that ensures long-term soil health, and sustainable grazing management.

The TAF will support project developers (in consistency with the LDN Fund this is envisaged to be SMEs, farmer and producer cooperatives, larger private companies, social enterprises, local banks) to design and implement more effective, scalable and financially sustainable land restoration and SLM projects which address the key drivers of land degradation described below.

### **Overgrazing**

The conversion of natural ecosystems to pasture land can lead to high rates of erosion and loss of topsoil and nutrients<sup>26</sup>. As animals graze, they remove parts of plants or whole plants. Removal is selective with the most palatable species eaten first in preference to less palatable ones. If this grazing pressure is too intensive, then the more palatable species can no longer recover and eventually die off, leaving only less-palatable species present on the land. This may reduce overall vegetation cover, or leave it dominated by a smaller number of species, which is the last stage of vegetation degradation. Furthermore, as animals move around they trample the soil with their hooves, exerting pressure and resulting in soil compaction which leads to reduction of soil infiltration rates causing higher surface water runoff<sup>27</sup>. This results in serious soil erosion.

Overgrazing is one of the most widespread land management problems globally with a number of contributing factors, some of which include the following (non-exhaustive):

- *Overstocking* – where too many animals are grazed on a given amount of space the grazing pressure can be too intense for vegetation to replenish and it is damaged or destroyed for an extended period of time. In general terms there is a worldwide trend towards increased herding density and more intensive grazing which adds to this issue, as competition for land intensifies due to population growth, increased restrictions on the movement of herding communities, urbanization, infrastructure development and other competing land uses<sup>28</sup>.
- *Improper grazing management* – in areas with poor land governance or without strong management oversight, farmers and pastoralists may allow livestock to graze on vegetation that is too young to withstand browsing pressure and should be left to regenerate. Farmers may also graze their livestock on land where the plant species community is vulnerable or too fragile to withstand significant grazing pressure. Issues such as drought (described below) or flooding can exacerbate these governance issues as farmers are forced to find alternative pastureland and competition intensifies for smaller and more fragmented pasture resources.

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<sup>26</sup> WWF (2018). *Soil Erosion and Degradation – Overview*. Available online: <https://www.worldwildlife.org/threats/soil-erosion-and-degradation>

<sup>27</sup> Kosmos (2012). *Drivers of LEDD in grazing land: Crete and Asterousia*.

<sup>28</sup> Kairis et al. (2015). *Exploring the Impact of Overgrazing on Soil Erosion and Land Degradation in a Dry Mediterranean Agro-Forest Landscape (Crete-Greece)*. *Arid Land Research and Management*, 29:3, 360-374

- *Drought* – during a drought period the extent and rate of vegetation growth may be lower, meaning that grazing pressure is intensified on the areas of vegetation which remain. This can then have a similar impact as overstocking, with the vegetation that does remain being unable to recover and regenerate.<sup>29</sup>

TAF-supported projects will help address these issues by developing and implementing livestock management business models which reduce overstocking pressure, improve rangeland management and adapt to the impacts of drought and other disruptive events in a manner that does not lead to land degradation.

### **Deforestation<sup>30</sup>**

Without plant cover, soil erosion rates can increase as the remaining topsoil is exposed to the impacts of precipitation, wind, sunlight, trampling and other pressures. Soil which was previously under forest cover in the tropics can be particularly sensitive to erosion once this cover is removed, as tropical forest ecosystems generally have thinner topsoil than those in temperate areas.

The agricultural crops that often replace forests have much shallower root systems, produce less humus and mulch material, are subject to tillage and ploughing and may leave parts of the soil bare. And as land loses its fertile soil, agricultural producers may move on, clear more forest and continue the cycle of soil erosion and loss<sup>31</sup>.

### *Overview of deforestation drivers<sup>32</sup>*

Agriculture is estimated to be the proximate driver for approximately 80% of deforestation worldwide. Commercial agriculture is the most important driver of deforestation in Latin America (around two thirds of total deforested area). In Africa and (sub)-tropical Asia it accounts for around one third of deforestation and is of similar importance to subsistence agriculture. Mining, infrastructure and urban expansion are important but less prominent. Findings on global patterns of degradation indicate that (commercial) timber extraction and logging activities account for more than 70% of total *degradation* in Latin America and (sub)-tropical Asia. Fuel wood collection, charcoal production, and, to a lesser extent, livestock grazing in forests are the most important drivers of degradation in large parts of Africa.

In REDD+<sup>33</sup> readiness plans, many countries identify weak forest sector governance and institutions, lack of cross-sectoral coordination, and illegal activity (related to weak enforcement) as critical underlying drivers. Population growth, poverty and insecure tenure are also cited. International and market forces, particularly commodity markets, are also key underlying drivers. Pressures from many international drivers to clear forests are expected to increase in future due to global urbanization,

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<sup>29</sup> The Conservation Institute (2018). *What is overgrazing and how does it affect us?*

<sup>30</sup> The FAO (Food and Agriculture Organization of the U.N.) defines tropical deforestation as "change of forest with depletion of tree crown cover to less than 10%." Depletion of forest to tree crown cover greater than 10% (say from 100% to 12%) is considered forest degradation.

<sup>31</sup> WWF (2018). *Soil Erosion and Degradation – Overview*. Available online: <https://www.worldwildlife.org/threats/soil-erosion-and-degradation>

<sup>32</sup> Kissinger, G., M. Herold, V. De Sy. *Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers*. Lexeme Consulting, Vancouver Canada, August 2012.

<sup>33</sup> "Countries' efforts to reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks" (From *Forest Carbon Partnership Facility* (2012) What is REDD+?).

increasingly meat-based diets, long-term population trends, increasing developing country prosperity, growth in developing country regional markets for key commodities, and climate change adaptation factors.

TAF-supported projects will help to address drivers of deforestation within their project areas and provide sustainable economic alternatives for stakeholders living and operating in these areas.

### **Unsustainable agricultural practices (arable)**

The majority of global cropland is devoted to growing commodity crops such as corn, wheat, soy and rice, and globally demand for these crops keeps on rising<sup>34</sup>. This often leads to more intensive farming techniques being used or an expansion in the area of land under agricultural production.

When arable agricultural crops replace natural vegetation cover and are cultivated in a conventional manner they generally expose a greater portion of the topsoil to the elements. The diversity and quantity of microorganisms that help to keep the soil fertile can decrease, and nutrients may leach away. The over-application of pesticides and other agro-chemicals can change soil's chemical composition and disrupt the balance of microorganisms in the soil.

The adoption of more sustainable agricultural practices often requires a change in production methods, which a farmer or a producer company will likely only undertake if there is a clear business case for doing so and they have the means and knowledge to do so. TAF-supported projects will help develop these business cases and encourage the adoption of SLM practices by farming communities, cooperatives and producer companies.

Abandonment of agricultural areas is also often considered to be a type of degraded land and the rate of land abandonment is treated as an indicator of land degradation, although they can also offer important opportunities for ecological restoration. Abandonment can be driven by productivity loss, rural-urban migration, an aging population, conflict, increases in invasive species, changes in agricultural subsidies, or other factors that discourage agricultural activities<sup>35</sup>.

### **Further exacerbation from climate change**

The land degradation process can be further intensified by the results of climate change both directly and indirectly. A direct example is the increased frequency and intensity of drought and fire that can reduce vegetation cover and lead to intense drying and degradation of soil structures. Increased frequency, intensity of rainstorms and wind also can lead to further degradation via water and wind erosion and soil damage<sup>36</sup>.

An example of how these events can indirectly contribute to land degradation is the increased intensity of grazing or arable farming which can occur on least drought/flood affected areas, increasing the rate at which these areas also become degraded. There is a wide range of further impacts on land degradation caused by climate change though they are too numerous to cover exhaustively in this document.

As mentioned at the start of this section there is a two-way relationship between land degradation and climate change that contributes to a positive feedback loop. When land is degraded, soil carbon

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<sup>34</sup> EDF (2015). *Why unsustainable agriculture is a business risk*.

<sup>35</sup> UNCCD (2017) *The Global Land Outlook (GLO)*.

<sup>36</sup> Kumar and Dyas (2014). *Climate Change and its Impact on Land Degradation: Imperative Need to Focus*.

can be released into the atmosphere, along with nitrous oxide, making land degradation one of the biggest contributors to climate change. An estimated two-thirds of all terrestrial carbon stores from soils and vegetation have been lost since the 19<sup>th</sup> century through land degradation. Agriculture, forest and other land-use sectors generate roughly a quarter of all anthropogenic greenhouse gas emissions<sup>37</sup>.

### 1.3 Barriers

#### **SLM and land restoration within the Scientific Conceptual Framework for Land Degradation Neutrality (2017)**

Throughout the ProDoc reference is made to the SLM and land restoration impacts of TAF-supported projects. The reason these terms are referred to is that they are considered by IDH and the LDN Fund to be the ‘actionable’ elements of LDN, as per the LDN Scientific Conceptual Framework whereby LDN is achieved by avoiding or reducing new degradation via SLM and by reversing past degradation via restoration and rehabilitation<sup>38</sup>.

This section will provide an overview of barriers facing the LDN Fund, and then will describe barriers specific to each component of the TAF.

#### **Overview of barriers for the LDN Fund<sup>39</sup>**

There are many barriers to implementing projects that address the causes of current land degradation and restore lands that were degraded previously. One of the key challenges is the lack of appropriate long-term financing. For example there has been underinvestment in the agricultural sector to adopt sustainable practices in developing countries for decades, with total public sector spending either staying constant or decreasing between 1980 and 2004<sup>40</sup>, and investment in agriculture proportionally much lower than its contribution to GDP.

The FAO estimates that in order to feed the world’s growing population in 2050, annual investment in agriculture in the developing world needs to increase by approximately 50%.

The lack of investment in land restoration and SLM and the continuing underinvestment in agricultural development indicates that traditional approaches are failing, and that innovative approaches to financing agriculture are required. It will be necessary both to increase the level of available capital, and to make financing more suitable for land restoration and SLM projects, e.g. with longer maturity, longer grace periods or less collateral. To support investments in land restoration and sustainable land use projects, it will be necessary to tackle some of the barriers that prevent financing flowing into the sector. One of these is the high level of risk associated with land restoration and SLM projects, both perceived

<sup>37</sup> IUCN (2015). *Issues Brief: Land Degradation and Climate Change*.

<sup>38</sup> Orr, B.J., A.L. Cowie, V.M. Castillo Sanchez, P. Chasek, N.D. Crossman, A. Erlewein, G. Louwagie, M. Maron, G.I. Metternicht, S. Minelli, A.E. Tengberg, S. Walter, and S. Welton. 2017. *Scientific Conceptual Framework for Land Degradation Neutrality. A Report of the Science-Policy Interface*. United Nations Convention to Combat Desertification (UNCCD), Bonn, Germany.

<sup>39</sup> These have been developed from barriers identified by the LDN Fund team in consultation with investors and investees.

<sup>40</sup> Mirova (2017) *The ‘Land Degradation Neutrality Fund’ Initiative: Press package*.

and real. Agriculture in particular has many actual risks associated with it, and a relative lack of a good track record results in a high perception of risk.

The average annual investment in other key sectors for LDN such as Forestry is low in Africa, Asia-Pacific and Latin America. Between 2010-2015 the average annual investments in plantation establishment was less than \$50m in Africa, \$200m in Asia-Pacific and \$1.5bn in Latin America<sup>41</sup>. For other areas where the LDN Fund will invest, such as habitat restoration, green infrastructure and ecotourism, Credit Suisse, WWF and McKinsey & Company highlighted in 2014 that \$300 billion to \$400 billion is needed each year to preserve and restore ecosystems but that conservation projects receive just \$52 billion, mostly from public and philanthropic sources. This demonstrates the size of the ongoing financing gap in this area.

Some of the reasons for this financing gap include the following:

- There is limited availability of data on proven, viable investments that curb land degradation;
- Loan tenor: converting to SLM practices often includes tree crop investments, and changes in agricultural practices, and behavior change. Both require relatively long timeframes which increase the risk profile of investments;
- Language barriers between the investor community and project developers and opportunities for the communities to interact and communicate effectively;
- There are often few project developers in developing countries with the resources and capacity to develop investable projects, or where there they lack opportunities to present these projects to relevant investors; and
- In many developing countries where the majority of investment is needed the broader enabling environment risks (e.g. political stability, land appropriation, corruption) deter investors.

### Specific Barriers for the TAF

These barriers are summarized in Table 1, with a narrative for each component provided below. Each component is aligned with the TAF Results Framework (see Appendix). These barriers have been identified by the LDN Fund during their consultations with prospective investees, as described in Section 4: Stakeholder Engagement.

Companies are defined as including public or private companies, social enterprises and co-operatives. The phrase ‘project developer’ is not applied uniformly in this section as there may be more specialist project developers that focus on SLM and land restoration projects as their core work, as opposed to the companies mentioned above.

**Table 1 Summary of TAF Barriers**

Component	Outcome	Barrier
1. Improving technical and operational processes and the SLM and land restoration impact of (potential) LDN Fund projects.	1.1 Project proposals of higher technical quality are submitted to the LDN Fund.	1.1.1 Companies often lack the technical capacity to design SLM and land restoration-focused projects.

<sup>41</sup> Economic Commission for Latin America and the Caribbean (ECLAC), FDI Markets, Indufor Plantation Databank, OECD CRS.

	1.2 Project developers have greater capacity to implement projects to a higher technical standard.	1.2.1 Managing the implementation of SLM and land restoration projects is generally not the core business of companies in the land-use sector (specialized project developers and social enterprises may be more focused on these issues).
	1.3 Project developers have greater ability to monitor their project performance against LDN indicators, social and environmental impacts and report this to the LDN Fund which is used by both to practice adaptive management more effectively	1.3.1 Companies may not have access to M&E guidance and tools and find rigorous monitoring and evaluation challenging (specialized project developers and social enterprises may be more focused on these issues).
2. Effective knowledge management and project monitoring and evaluation	2.1. Knowledge management and M&E to inform adaptive project management and long-term TAF support for LDN Fund success.	2.1.1 Effective knowledge management and M&E requires significant time and resource investments, beyond those typically available to project developers.
	2.2 Awareness and knowledge of successful models for SLM and land restoration investment and LDN impact across the wider project developer and investor community	2.2.1 Lack of publicly available knowledge on effective models for investable SLM and restoration projects

**Component 1: Improving technical and operational processes and the SLM and land restoration impact of (potential) LDN Fund projects**

*1.1.1 Companies and cooperatives often lack the technical capacity to design SLM and land restoration-focused projects.*

Companies and cooperatives may not have the technical capacity to assess, design and introduce SLM and restoration approaches in their projects which contribute to LDN. Without access to evidence and data to define the business case for SLM and restoration, and the skills to incorporate these elements into project design, it will be challenging for these businesses to bring promising and potentially high impact projects forward to the LDN Fund.

Conversely for companies and cooperatives transforming promising LDN project concepts into investable projects this can require specific technical skills that go beyond those present in their core teams. For example there may be a need for specialists in particular commodity markets, production approaches or manufacturing technologies. It may also be challenging for companies and cooperatives to assess environmental and social risks and opportunities associated with project investments, as they are not required to do this in their core work.



*How will the TAF address these barriers?*

The TAF will help companies and cooperatives better define the business case for integrating SLM and land restoration into their project design by providing access to research and analytical support to do so. It will also build the capacity of companies to integrate these elements into business planning, and build the necessary skills and partnerships needed to better design SLM and restoration focused projects. This may include providing access to specialist knowledge in particular commodity markets, production approaches or manufacturing technologies. The TAF will also build the capacity of companies and cooperatives to better assess and manage environmental and social risks in these projects, and maximize the broader environmental and social opportunities in project design.

More detail on the process for companies and cooperatives to access this TA support is contained in Section 2.2.

*1.2.1 Managing the implementation of SLM and land restoration projects is generally not the core business of companies and cooperatives in the land-use sector.*

Most companies and cooperatives operating in the land-use sector do not have substantive experience managing the implementation of SLM-focused or land restoration projects and hence have not built up the operational approaches or skill base amongst their staff to do so. However their experience managing 'mainstream' land-use projects is an important asset, and with the appropriate support there is good potential for this capacity to be built over time.

*How will the TAF address these barriers?*

The TAF will provide capacity building support for companies and cooperatives regarding the skills and operational processes needed to implement SLM and land restoration focused projects, for example in organizing and managing smallholder outgrower schemes and managing the process of enhancing the sustainability of the production processes implemented by these farmers.

More detail on the process for companies to access this TA support is contained in Section 2.2.

*1.3.1 Companies and cooperatives may find rigorous monitoring and evaluation challenging*

Even for companies and cooperatives used to managing investor and donor funding and carrying out monitoring and evaluation, many of these, particularly LDCs, Africa and SIDS do not have a great deal of experience and capacity in delivering M&E to the quality expectations of impact investors, multilateral agencies and other international donors.

There will also be some companies and cooperatives who are completely new to managing impact investor and donor-funded projects and have no experience or capacity in carrying our monitoring and evaluation.

*How will the TAF address this barrier?*

The TAF will also support companies and cooperatives to build their M&E capacity and employ adaptive management in order to respond to the lessons being learnt from this process. This is described in greater detail in Section 2.

**Component 2: Effective knowledge management and effective project monitoring and evaluation.**

*Barrier 2.1.1 Effective knowledge management requires significant time and resource investments, beyond those typically available to project developers*

The process of delivering technical assistance can generate large volumes of useful analysis, guidance and feedback. Though this information is shared between the TA provider and the project developer (the TA recipient), it may also contain valuable information and learning for other project developers either within the LDN Fund network or beyond.

However, it is often not within the remit of project developers and investors to share these lessons more broadly within the sector, which is due to a combination of reasons such as:

- Knowledge sharing falls outside of their stated mandate;
- A lack of time and human resource available to analyze and share this information;
- The need to keep transaction costs down;
- A desire to maintain competitive advantage over others;
- Sensitivities relating to sharing failure, and maintaining reputation; and
- Sensitivities relating to commercial information.

As a result knowledge sharing with other organizations operating in the SLM and restoration investment sector is generally limited. This is a missed opportunity for this relatively new sector. It reduces the amount that organizations learn from one another, avoid other's mistakes and build on each other's successes.

*How will the TAF address this barrier?*

The TAF will work with project developers to capture useful (and non-commercially sensitive) data and lessons learnt from their projects, and then the TAF will develop them into knowledge products which will then be shared via the TAF learning network (see Barrier 2.1.2 below) and distributed publicly where appropriate. This will ease the time and resource burden on project developers to develop and share this information.

*Barrier 2.1.2 Lack of publicly available knowledge on effective models for investable SLM and restoration projects*

For-profit investment in SLM and restoration is still a relatively recent development, with the first investment funds (including Mirova) active in this space operating at maturity for only five years or less. This means that proven models for successful SLM and restoration investments are only just emerging and awareness of these models is very low amongst the broader business and investment community. This can then cause reluctance amongst private companies to take the time and effort needed to develop projects in this area, which further feeds into Barrier 1.1.2, and for the mainstream investment community to actively explore opportunities in this area.

*How will the TAF address this barrier?*

The TAF will establish a learning network of project developers and investors, where successful models and lessons for SLM and restoration investment from the TAF are actively shared, along with other existing networks. This will increase the publicly available knowledge in this area and help to raise awareness of the project development and investment opportunities it presents.

## 1.4 Baseline Analysis and Gaps

This section begins with a description of the LDN Fund, which forms the main ‘baseline’ activity underway in relation to the TAF. It then describes what the baseline scenario would be without the TAF in place, categorized by the two Results Framework Components:

- 1 Improving technical and operational processes and the SLM and land restoration impact of (potential) LDN Fund projects; and
- 2 Effective knowledge management and project monitoring and evaluation.

### **The Land Degradation Neutrality (LDN) Fund:**

The Land Degradation Neutrality (LDN) Fund, co-promoted by the Global Mechanism of the UN Convention to Combat Desertification (UNCCD) and managed by sustainable investment firm Mirova, is a first-of-its-kind investment fund investing in profit-generating SLM and land restoration projects worldwide. The Fund will invest in the following key sectors: (i) sustainable agriculture, (ii) sustainable forestry and (iii) other LDN-related sectors, such as green infrastructure and ecotourism.

The Fund will leverage public money to raise private capital, using a layered structure with first-loss capital to offer an attractive risk-return profile to other investors. The LDN Fund will provide long-term debt and equity financing for sustainable land use projects that reduce or reverse land degradation.

The Fund will only invest in projects that can make a significant contribution to LDN while producing appropriate risk-adjusted returns. Environmental impacts will include reduced GHG emissions, reduced deforestation, and enhancement of ecosystem services and biodiversity. Social impacts will include improved welfare for poor and vulnerable people, as projects will result in food security, decent job creation and better livelihoods for smallholders. Monitoring of positive impacts and avoidance of negative impacts will be carried out according to robust environmental and social management systems developed for the Fund, which builds upon internationally recognized best practices.

To maximize additionality, the Fund is designed to offer financing solutions that are not readily available in the market, providing finance and strategic benefits in ways other investors or banks might not, e.g. longer tenors, longer grace periods and more flexible repayment schedules. The Fund should not compete with existing funding sources, but will rather be additional and complementary to what is available from traditional commercial and development funders. The Fund will seek to partner with other funding sources, commercial actors, and project developers to increase the scale of impacts. The Fund’s activities should have a positive demonstration effect, helping to develop the nascent LDN investment market and ultimately attract capital from more mainstream investors.

The main governance bodies of the LDN Fund are the LDN Strategic Board and the LDN Fund Advisory Committee. The LDN Strategic Board, shared with the associated TAF, is chaired by the UNCCD, and provides strategic guidance to ensure alignment with the objectives and scientific conceptual framework of the United Nations Convention to Combat Desertification (UNCCD) LDN Programme. The Advisory Committee is composed of key investors, and has decision-making authority for various aspects relating to the Fund’s operation.

The official launch of the LDN Fund took place in Ordos, China on September 12, 2017, during the 13th Conference of Parties of the UNCCD, and the Fund was showcased as an innovative climate solution at

the December 2017 One Planet Summit in Paris. The first close is expected to take place in Q3/Q4 2018. The Investment Team has already identified 130+ investment opportunities, of which there are several attractive projects in a range of locations and sectors that should be ready to close in 2018.

### **LDN Fund Outcomes**

The core aim of the LDN Fund is to generate impact by its investments in SLM and land restoration projects. The expected impacts of the Fund include:

- **Land degradation neutrality:** The Fund should be designed to contribute to the objective of achieving LDN by 2030 (SDG 15.3), which will require the restoration of 12 million hectares in total each year and the prevention of further degradation by promoting SLM;
- **Reduced deforestation:** Deforestation is responsible for around 30% of global land degradation, and so is a key priority for the Fund. Typical Fund projects will aim to reduce pressure on forests (e.g. illegal logging, slash-and-burn agriculture) by providing alternative sustainable jobs, and some projects will include conservation and reforestation elements;
- **Improved welfare for poor and vulnerable people:** projects should result in job creation, enhanced livelihoods for smallholders (increased incomes, housing, meals, health insurance, etc.), and greater food security;
- **Reduced greenhouse gas emissions:** Productive land stores significantly more carbon than degraded land, so reducing degradation and restoring degraded land will increase terrestrial carbon stocks;
- **Increased climate adaptation:** sustainable land-use practices for smallholder farmers will increase resilience, safeguarding welfare and food security in the future;
- **Enhancement of ecosystem services and biodiversity:** sustainably-managed land provides significantly better ecosystem services and supports much higher biodiversity than degraded or unsustainably-managed land, so LDN Fund projects will improve these environmental aspects. Most projects contain conservation areas, and some include wildlife corridors or other specific wildlife-friendly features.
- **Certified sustainable production:** many projects will be certified under sustainable production schemes such as Rainforest Alliance or Forest Stewardship Council (FSC) demonstrating good working and environmental standards.
- **More private investment in sustainable development:** the layered structure of the Fund should bring in private investors that may otherwise not have invested in sustainable land use projects. Initially the Fund should aim at a leverage ratio of 2-3 (i.e. each dollar of public funding by junior investors catalyzes 2-3 dollars of private capital), and this could rise to 6-7 as a successful track record is built. While investees of the Fund should be project entities, these entities will engage smallholder farmers, and agriculture/forestry workers in developing countries, who will participate in the Fund's investments in large-scale sustainable land use projects, which should create outgrower schemes and new decent jobs. The LDN Fund should also channel funds through local financial institutions and intermediaries to promote the growth of SMEs and support small- and mid-sized producers in the sustainable land use sector. Access to suitable finance for smallholders and small businesses in the land use sector is a big challenge, preventing them from making investments that could raise their productivity and incomes, so the Fund should fill an important role.

## **What would happen with the LDN Fund without the TAF?**

Projects targeted by the LDN Fund have great potential to produce positive development impacts while delivering appropriate risk-adjusted returns, but they will often require significant innovation and complexity. Developing projects which make a meaningful contribution to LDN, whilst maintaining strong environmental and social standards and generating a commercial return on investment is a relatively new area. As a result it is difficult for project developers to achieve, particularly those operating in challenging country circumstances (e.g. in LDCs), to design and implement these projects with no technical assistance.

A 2015 DFID survey of impact investment across all sectors showed that two-thirds of impact funds use technical assistance alongside financial investment. Impact investment funds such as the LDN Fund have the mandate to finance projects in sectors and areas of the world not yet well suited to fully commercial investment, in order to achieve their broader environmental and social impact goals. It is logical therefore that targeted TA is required to help project developers in these sectors and geographies to reach commercial readiness.

Several market studies have identified project preparedness as a major bottleneck for the development of SLM projects. While there appears to be sufficient private investor interest in co-investing with the public sector for sustainable management and land restoration, Ecosystem Marketplace found at the end of 2015 that the investors participating in their survey reported \$3.1 billion in unallocated capital<sup>42</sup> in this sector. The key reason for this is a lack of 'investor-ready' project pipelines, as many project developers have not had experience of developing and structuring SLM project proposals to meet the demands of private investors.

Without the provision of TA in this area hundreds of promising LDN project proposals (a projection based on observed interest in the LDN Fund to date) will not reach 'investor-ready' stage and go unfunded, foregoing a potential major contribution to global and national LDN goals. This would be more likely to impact the projects with the greatest development impact, e.g. projects in risky countries (LDCs, SIDS), and complex projects with smallholders.

Other aspects of the LDN Fund's performance and impacts which could be adversely affected without the provision of TA to projects include:

- The ability to monitor project progress would be diminished as project developers' ability to monitor their activities to the standards required by international donors and investors is relatively limited (see Barrier 1.3.1).
- As a result of this reduced project developer monitoring capacity the LDN Fund's ability to share project learnings more broadly would be limited.
- Projects that do go ahead may not be able to maximize their potential for broader positive environmental and social impacts.
- Projects that do go ahead may have more commercial risks associated with them and potentially reduced financial returns, reducing the resources available for further investment in other projects.

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<sup>42</sup> Environmental Finance, (2017). *The growing case for conservation finance*.

- Projects may face delays in applying for investment and moving to implementation as they seek technical assistance from elsewhere.

### **What relevant activities would IDH (the executing agency) engage in without the TAF in place?**

In 2017 IDH trained a population of 1,827,000 farmers, workers and community members in improved field level sustainability practices across the Tea, Cotton, Cocoa, Coffee, Fresh and Ingredients, Apparel, Aquaculture, Tropical Timber, Palm Oil and Soy sectors. IDH also works with multi-stakeholder groups across the public and private sector to create the enabling environment for sustainable production of these commodities in 11 landscapes globally.

Through its Innovative Finance programme, IDH also facilitated and provided first loss funding for ABN AMRO to finance the Neumann Kaffee Gruppe and its local exporter to provide productivity and income-smoothing loans to up to 30,000 farmers by 2021. IDH also established the &Green Fund to invest in inclusive agriculture and forest protection in the soy, livestock, palm oil and forestry sectors globally, and the Smallholder Finance Facility to improve the productivity and livelihoods of farmers.

IDH also launched the Gender Toolkit which provides IDH staff, as well as other IDH partners, such as implementing organizations and companies, with practical tools and examples to integrate gender into their programs and supply chains, and to ensure they are gender sensitive.

However IDH does not currently provide technical assistance to private businesses to improve the design and performance of their projects in relation to LDN.

### **What already exists is not sufficient to satisfy the TA needs of the LDN Fund**

There are a small number of donor-funded TA facilities which serve project developers in the SLM sector, however they do not meet the TA needs of the LDN Fund for the following reasons:

- They have a geographic and sector focus which is too narrow to fully serve the LDN Fund impact objectives (e.g. DFID's Partnership for Forests (P4F) programme focuses on tropical deforestation in West and Central Africa, East Africa and Southeast Asia<sup>43</sup>, the Moringa Partnership's Agroforestry Technical Assistance Facility focuses on agroforestry in Latin America and Sub-Saharan Africa<sup>44</sup>; the Tropical Landscapes Finance Facility (TLFF) Grant Fund focuses on landscapes financing in Indonesia; The eco.business Fund Development facility focuses on lending institutions only);

or

- They have a sector focus which is too broad for the purposes of the LDN Fund (e.g. The Lab incubator managed by the Climate Policy Initiative serves climate change projects across all sectors, the Africa Agriculture and Trade Investment Fund's TAF supports broader agricultural development without a focus on SLM);

and

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<sup>43</sup> <https://partnershipsforforests.com/>

<sup>44</sup> <https://www.moringapartnership.com/agroforestry-technical-assistance-facility/>

- The timeframe they operate in is too short for the needs of the LDN-F (e.g. P4F is due to end in December 2020<sup>45</sup>).

As a result of the above factors the majority of the projects in the LDN Fund pipeline would not be able to access TA appropriate to their needs from existing TA facilities.

### **The baseline for each TAF Component**

Below we identify what may happen without the presence of the TAF, organized by each of its Results Framework Components.

#### **Component 1: Improving technical and operational processes and the SLM and land restoration impact of (potential or approved) LDN Fund projects.**

*The LDN Fund will not be able to support innovative but not yet fully commercial SLM and land restoration projects*

Many project developers, particularly in lower capacity regions (such as LDCs, SIDS and Africa) lack the required time and resources to conduct the research, analytical capability and report writing needed to deliver more innovative SLM and land restoration-focused projects, and instead need to focus on their immediate business needs. Often the testing of new and innovative approaches is needed, but there are not the resources available to implement these.

As a result a significant number of potential SLM and restoration projects suited for investment will not make it through the project selection and funding process. This will mean they go without finance, are under-financed or continue to rely on grant-funding cycles and donor support which can fluctuate over time. This would make it difficult for planning and implementation over the long-term (e.g. >5 years).

The LDN Fund would instead focus its financing efforts on low risk projects situated in locations where project developers have more capacity to apply innovative approaches using their own resources (e.g. Middle Income Countries), covering only part of its geographic mandate.

*The LDN Fund will not be able to support commercially viable projects that don't yet have an SLM and restoration focus*

Approximately USD 100 billion is invested each year in the global food and agribusiness sector<sup>46</sup>, with these investments yielding sufficient returns to retain and grow the interest of the international investment community. As described in Section 1 the status quo is that a significant amount of this investment is driving land degradation, and will continue to do so without a major shift in the agricultural production approaches used.

Even for commercial project developers with an interest in improving the broader environmental and social impacts of their projects they often lack the time, resources and expertise to adopt the necessary changes in their business models and production approaches. In a competitive business

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<sup>45</sup> <https://partnershipsforforests.com/>

<sup>46</sup> McKinsey & Company (2015). *Global agriculture's many opportunities*.

environment where profitability margins are low, these developers need to remain focused on their commercial performance in order to maintain market position.

Without the provision of support from the TAF, there will be a large number of commercial project developers unable to adopt new practices which support SLM and restoration objectives due to the immediate needs of their business.

### **Component 2: Effective knowledge management and project monitoring and evaluation**

Without the TAF in place it will be highly challenging for the LDN Fund to resource and deliver an effective knowledge management function for project developers, TA providers and its broader network of stakeholders. Like other commercial impact investment funds the LDN Fund is required to keep transaction costs to a minimum for its investors and to ensure the financial success and sustainability of the Fund. Therefore the knowledge management process will be limited to what is strictly required for effective management of the project portfolio, without significant resources dedicated to sharing information more broadly.

At a project level the degree of investment and work put into the knowledge management and sharing process will be at the discretion of project developers. The reasons why knowledge management and sharing is often limited amongst project developers is described in Section 1.3 under Barrier 1.3.1. As a result of this only a very limited amount of active knowledge management and sharing could be expected across the LDN Fund portfolio.

The challenges project developers may face in implementing robust monitoring and evaluation and high quality reporting this back to the LDN Fund are also described under Barrier 1.3.1. In light of these challenges, without TAF support many project developers will struggle to carry out monitoring and evaluation to the standards expected of multilateral agencies and other international donors. This could make it challenging for the LDN Fund to support lower-capacity organizations, and restrict funding to higher capacity organizations who are already able to comply with the M&E requirements of its donors.

### **The TAF response to the baseline**

Based on the project developer needs described above, a TAF linked to the LDN Fund is being established to provide the necessary level of support, which they are not able to access elsewhere. It is anticipated that there will be substantial demand from project developers needing technical assistance that would otherwise be too expensive for the LDN Fund to provide on its own. The TAF will enable potential project developers to prepare LDN Fund proposals who may otherwise not be able to do so using only their own resources and knowledge base. This will make it easier for them to access the longer-term and concessional finance that the LDN Fund provides, thereby encouraging project developers to take a longer-term approach to the financial returns of their projects in favour of an increased focus on SLM and land restoration. This process is described in further detail in Section 2.2 of this document.

Projects seeking investments from the LDN Fund must meet the Fund's investment readiness requirements, which include demonstrating that the TA support is actually needed. This is set out in the Fund's investment criteria as described in Section 1.1.



## 1.5 Coordination (GEF and non-GEF Interventions)

### **Global level coordination**

At the global level, the TAF will operate in close relationship with the LDN Fund under the overall guidance of the UNCCD. Both the TAF and the LDN Fund are being created to accompany the adoption of LDN targets in country members of the UNCCD. To promote SDG 15.3 at country level, the UNCCD has established a global 'LDN target-setting programme' (TSP), which is designed to assist countries in adopting voluntary LDN targets. This global programme is implemented in cooperation with numerous partners, including the GEF. This coordination is formalized within the LDN Fund and TAF Strategic Board as described in Section 3: Project Governance.

For projects supported by the TAF, the TAF manager and the LDN Fund manager will ensure close working coordination with countries' national institutions and the UNCCD focal point to ensure that the projects are in line with the LDN targets.

Coordination will also be achieved with the relevant existing portfolio of WWF GEF projects via active communication, knowledge sharing and an invitation to the implementing teams for these projects to join the TAF Learning Network<sup>47</sup>.

### **Coordination with GEF-funded projects implemented by other organizations**

WWF and IDH frequently collaborate with organizations implementing other GEF-funded land degradation projects. Either through bilateral communications via their contact points, or multi-lateral communications (e.g. with the Coalition for Private Investment in Conservation (CPIC)'s Scaling up and Demonstrating the Value of Blended Finance in Conservation GEF Proposal) they will share information on the TAF, raise awareness amongst these organizations and actively seek opportunities for further coordination. For example, there may be project partners which these organizations could bring forward for an application for TAF support.

The TAF PMU will coordinate with the GEF-funded IUCN LDN Target Setting Programme – for example to work with the Programme to raise awareness of the TAF amongst participating governments, who may wish to refer relevant project developers in their country to apply for TAF support. The Programme may also be able to assist in making connections with government representatives in countries where TAF-supported projects are planned, to engage them in events such as project kick-offs and other relevant meetings. The IUCN TSP Project Manager has also participated in the Kick-Off Workshop for the development of this Project Document (see Section 3. Stakeholder Engagement).

The TAF PMU will also assess how the lessons and methodologies applied in the Conservation International "*Enabling the use of global data sources to assess and monitor land degradation at multiple scales*" GEF project could inform the development of the LDN impact measurement and tracking tool to be used by project developers and the LDN Fund to track long term measurements of the LDN impact of projects (Under Outcome 1.3). In particular they will assess how the Trends. Earth tool developed by the project (which assesses and monitors status and trends in land degradation using remote sensing technology) could be applied in the context of the tracking tool.

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<sup>47</sup> <https://www.worldwildlife.org/projects/wwf-global-environment-facility-projects>

## **The GEF 7 Food Systems, Land Use, and Restoration Impact Program and Sustainable Forest Management (SFM) Impact Programs**

The TAF PMU will assess the most appropriate and effective way to coordinate with both, the Food Systems, Land Use, and Restoration and Sustainable Forest Management (SFM) Impact Programs and projects funded by them. For example they may be invited to join the TAF Learning Network (described in further detail in Section 2). There is strong alignment with the goal to of the Food Systems, Land Use and Restoration Impact Program to ensure that productive lands are embedded within landscapes that provide ecosystem services as well as protect natural ecosystems and soil and the objectives of projects supported by the TAF. The drylands component of the Sustainable Forest Management Impact Program, which will focus on collaborative approaches to productive and conservation land uses that provide for livelihoods whilst preserving the ecological integrity and global environmental value of ecosystems, also aligns strongly with TAF project objectives.

### **Coordination with other sustainable land use technical assistance facilities and incubators**

Examples of other sustainable land use TA facilities are provided in Section 1.4 (Baseline Analysis and Gaps). Both WWF and IDH have existing networks and relationships with the organizations implementing these facilities.

IDH aims to coordinate with other similar funds and TA facilities, including the &Green Fund, the RABO fund, P4F but also regional and national funds and TA facilities. This coordination would include:

- (for pre LDN Fund investment projects) information exchange on overlapping pipeline and TA support, to ensure additionality;
- (for pre LDN Fund investment projects) introduce projects that do not go on to receive LDN Fund investment due to not fitting with the LDN Fund's portfolio needs (as opposed to quality issues) with other potential investors;
- (knowledge sharing) convene learning network to scale up SLM investments.

### **Coordination with the Green Climate Fund (GCF)**

Projects with high potential for significant climate change mitigation or adaptation co-benefits, and strong linkages with existing GCF Implementing Entities, will be flagged by the TAF Project Management Unit (PMU) team during the selection process for TA support. These then may be shared with the WWF GEF Agency for discussion with WWF's GCF team as to whether GCF co-finance could be relevant if the project is eventually selected for LDN Fund support.

The TAF PMU team will also pay attention to the progress of the GCF's Private Sector Facility and the release of RFPs which are relevant for any projects in the TAF pipeline. This could be a potential source of co-finance, or even alternative finance for projects receiving TAF support.

## **Coordination with other projects and initiatives implemented by IDH**

The TAF Project Management Unit (PMU) within IDH will work alongside the implementation teams for a number of relevant initiatives and programmes for the TAF. This includes:

### The &Green Fund (2016-2020)

IDH led the development and fundraising phase of the &Green Fund until incorporation and is still actively involved in pipeline development. The &Green Fund uses grant financing to de-risk commercial financing of deforestation-and peat-conversion free land-use. IDH will coordinate with the Fund by sharing non-commercially sensitive lessons and good practice. It will ensure that there isn't overlap between support provided by the TAF with support provided by the &Green Fund..

### Smallholder Finance Facility (2015-present)

The Smallholder Finance Facility (SFF) offers support for investments in crucial supply chains, co-financing smallholder farmers – together with supply chain actors – in order to improve their productivity and livelihoods. The facility aims to invest up to \$50 million into upstream supply chain projects over the coming five years, by providing a combination of technical assistance, conditional grants and debt instruments.

IDH manages the Facility and runs its day-to-day operations jointly with the Netherlands Development Finance Company (FMO). It also takes part in the joint investment committee for assessing project proposals.

IDH will coordinate with the SFF by sharing non-commercially sensitive lessons and good practice. It will ensure that there isn't overlap between support provided by TAF with support provided by the Facility. If there are also projects which aren't suitable for TAF but maybe suited to SFF, TAF will share them onwards and visa-versa.

### Global Coffee Platform (2016-ongoing)

In March 2016, the Sustainable Coffee Platform (SCP) merged with the 4C-Association into the Global Coffee Platform (GCP).

The Sustainable Coffee Platform (SCP, 2012-2016) was a public private facility of stakeholders that aimed to bring global sustainable coffee production and sourcing practices to scale. This included: preserving natural resources; improving farmers' livelihoods; building resilience of farmers. The SCP achieved this by facilitating pre-competitive cooperation between stakeholders and aligning public and private investments.

The Platform was run by a secretariat led by IDH and steered by the representatives from the European Coffee Federation, Conservation International, Nestlé, Jacobs Douwe Egberts, Tchibo and Hivos, all represented in the Platform's Steering Committee. National coordinators in each country oversaw Platform activities and made sure interventions were in line with country needs and strategy.

The TAF will coordinate with the GCP in case there are potential projects and project developers which may be eligible for LDN Fund financing and TAF support. Information and lessons will also be shared informally regarding achieving LDN in coffee-producing landscapes.

#### Better Cotton Initiative Growth & Innovation TA Fund (2016-2020)

IDH is the fund manager of the Better Cotton Initiative Growth & Innovation TA Fund (BCI GIF). BCI GIF has a global project portfolio managed in partnership with businesses, civil society partners and governmental bodies. The Fund supports Better Cotton projects in more than 20 countries across five regions of the world.

TAF will coordinate with BCI GIF in case there are potential projects and project developers which might be eligible for LDN Fund financing and TAF support. Information and lessons will also be shared informally regarding achieving LDN in cotton-producing landscapes.

#### Cocoa Challenge Fund (2016-2020)

IDH is the secretariat and implementer of the Cocoa Challenge Fund. The Fund co-finances the development of financial products for cooperatives and farmers by banks and micro-finance institutions; and improves the management capacities of cocoa cooperatives and farmers in the use of financial products made available to them.

TAF will coordinate with the Cocoa Challenge Fund in case there are potential finance providers or banks in the programme which might be eligible for LDN Fund financing and TAF support. Information and lessons will also be shared informally regarding how to effectively support finance providers and banks in developing financial products for sustainable land use and LDN.

## Section 2: GEF Intervention Strategy

### 2.1 Theory of Change

The overall objective of this project is to support to the Technical Assistance Facility (TAF) to provide project preparation and technical assistance services to project developers to build a balanced portfolio of effective projects for the LDN Fund. It also seeks to increase awareness and knowledge of models for LDN investment across the investor and project developer community.

The Theory of Change (ToC) for the project is provided below. It is aligned with the updated Table B and is divided between the two project components, though there are some connections between them throughout the ToC. Where relevant each box of the ToC is 'tagged' to Outputs, Outcomes and the overall Objective as described in Table B. The elements of the ToC up to the Objective level are considered within the direct influence of the TAF.

The final column of the ToC (far right) describes the overall impacts the TAF seeks to contribute to, but will depend upon the successful execution of LDN Fund projects after they receive TAF support (which is dependent on a range of other external factors). The approach for estimating the overall impact numbers contained in the ToC is provided in the Appendices.

The logic of the Theory of Change is as follows:

#### **Component 1: Improving technical, operational and financial processes and the SLM and land restoration impact of (potential) LDN Fund projects**

The provision of technical assistance to projects in the feasibility and development stage will increase the technical quality of proposals submitted to the LDN Fund, with corresponding greater potential for SLM and land restoration impacts and broader environmental and social co-benefits. As a result of this, higher quality proposals will be submitted to the LDN Fund, and via the 'balancing' process (see Section 2.2 for further information) more proposals from under-represented project developers in the LDN Fund pipeline (e.g. from LDCs, SIDS and Africa) will meet the requirements of the LDN Fund and receive LDN Fund investment, contributing to a more balanced LDN Fund portfolio.

The provision of technical assistance to projects in the implementation stage will increase the capacity of these project developers to implement their projects with higher potential for SLM and restoration impact and with broader positive social and environmental co-benefits. As a result of this LDN Fund projects will be implemented more effectively and with greater potential for transformational SLM and restoration impacts and co-benefits.

The provision of technical assistance to projects developers on baseline and impact measurement systems (especially on measuring LDN impacts) will increase their capacity to monitor their impacts and practice adaptive management more effectively. This will enable them to take corrective measures in a timely manner to enhance the SLM and restoration impact potential of their projects.

The combined impact of the processes described above will help TAF-supported LDN Fund projects to eventually contribute to converting 500,000 hectares in total to SLM practices and land restoration, with co-benefits including 35 million tons of carbon sequestered, 100,000 decent jobs created or

supported and 500,000 hectares with increased biodiversity levels. These impacts will depend upon the successful execution of LDN Fund projects after they receive TAF support (which is dependent on a range of other external factors) and is beyond the timeframe of this GEF project. The approach for estimating the overall impact numbers contained in the ToC is provided in the Appendices.

### **Component 2: Effective knowledge management and project monitoring and evaluation**

The development and implementation of a monitoring and evaluation plan by the TAF PMU will enable monitoring and evaluation to be carried out effectively across the TAF and the results of this used for adaptive management. This will also help ensure that corrective measures are taken in a timely manner across the TAF portfolio, to enhance the SLM and restoration impact potential of TAF-supported projects.

The creation of the TAF Learning Network, and the development of knowledge products and dissemination within and beyond this network will increase the awareness and knowledge of successful models for SLM and land restoration investment and LDN impact across the wider project developer and investment community. At the global impact level (and beyond the timeframe of this GEF project) this will help to catalyze an increase in private investment across SLM and land restoration globally and beyond the LDN Fund.

**1. Improving technical, operational and financial processes and the SLM and land restoration impact of (potential) LDN Fund projects**

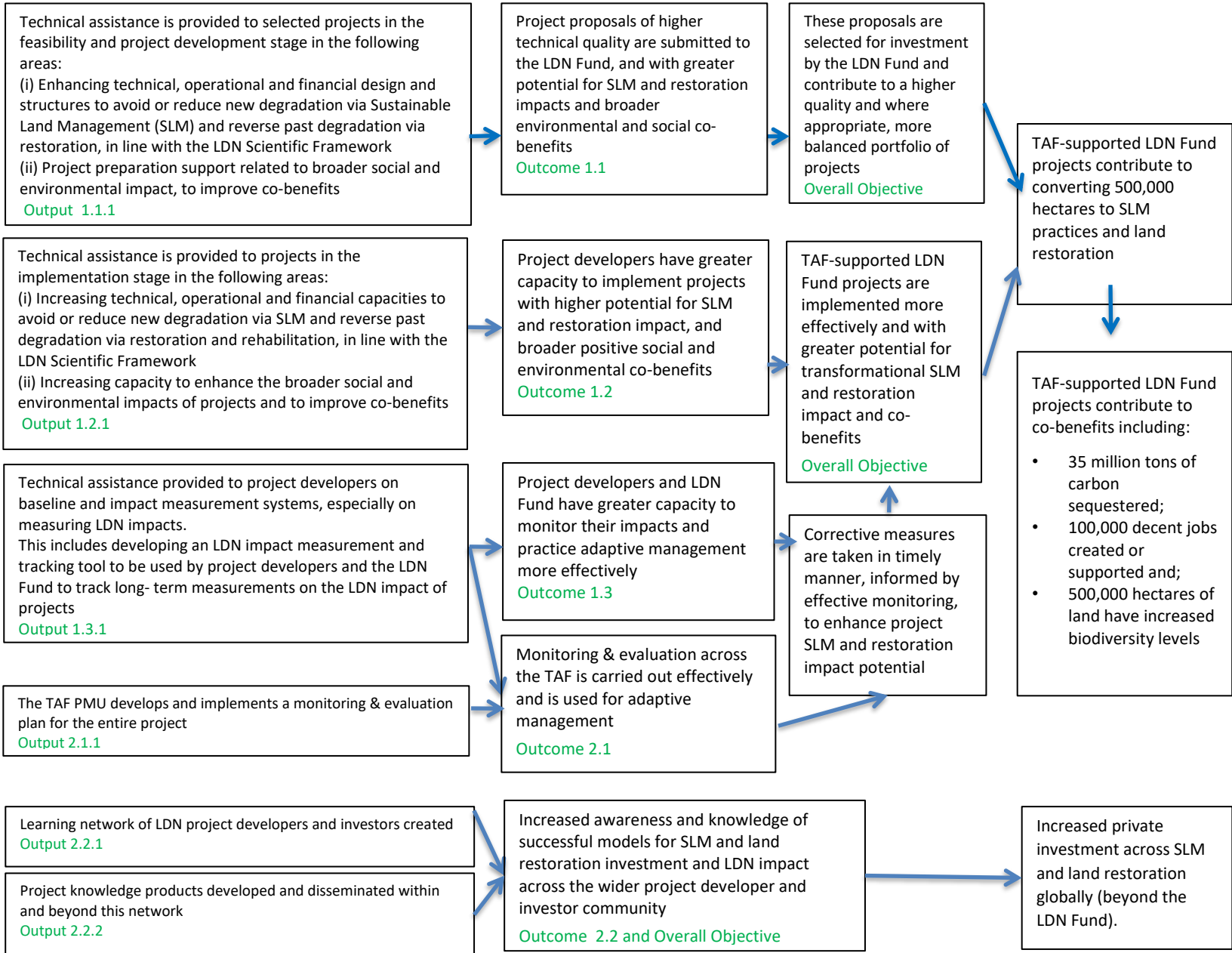


Figure 6 Theory of Change Diagram

## 2.2 Project Strategies and Expected Results (GEF Project Components)

**Project Objective:** To provide project preparation and technical assistance (TA) services to project developers to build a balanced portfolio of effective projects for the LDN Fund and increase knowledge and awareness of models for LDN investment across the investor and project developer community.

Over the five-year period the proposed project will address this challenge via two Project Components. These components have been designed using the consultation processes described in Section 4: Stakeholder Engagement, LDN Fund consultation with project developers and drawing on IDH's experience of designing and implementing TA programmes (see more information in Section 1.5 Coordination).

1. Improving technical, operational and financial processes and the SLM and land restoration impact of (potential or approved) LDN Fund projects; and
2. Effective knowledge management and project monitoring and evaluation.

### How the Project Strategy prioritizes GEF eligible countries and in particular poor countries and countries with low capacity, including LDCs and SIDS

The TAF targets developing countries, which will include developing GEF recipient countries. The representation of poor countries and countries with low capacity such as LDCs and SIDS in the LDN Fund pipeline will be assessed by the TAF PMU together with the LDN Fund during the annual review. If necessary, actions for the TAF to take to strengthen outreach to project developers in these countries will be included in the following year's Action Plan for review and approval by the TAF Donor Committee. This balancing process is described in further detail under 'Output 1.1.1, Sourcing Proposals'.

The exact names of target countries for the TAF cannot be included in the ProDoc as the scope of the TAF ranges across all developing countries.

**Project Component 1: Improving technical, operational and financial processes and the SLM and land restoration impact of (potential or approved) LDN Fund projects** (GEF: USD 1,658,521; Co-financing: USD 4,385,370).

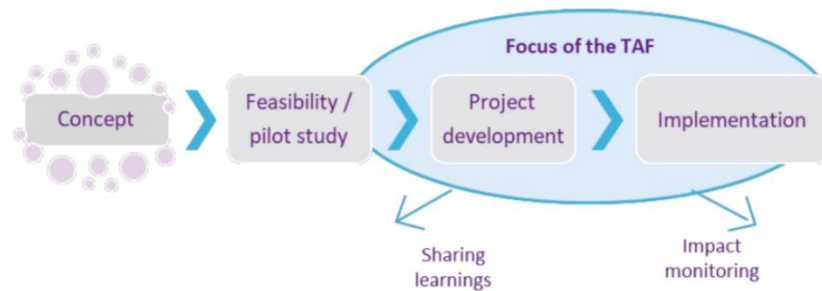
Project developers applying for TAF support will principally be (S)MEs, farmer and producer cooperatives, social enterprises and larger private companies, that meet or demonstrate capability to meet the LDN Fund investment standards. Local banks and other financial intermediaries that apply for LDN Fund investment as financial intermediaries that on-lend to SMEs and smallholders are also eligible, along with NGOs and CSOs if they have the requisite track record and experience in managing for-profit businesses.

Projects will require different types of TA depending on their degree of "investment readiness". Therefore, the TAF approach aligns with the project development cycle that would lead up to an LDN Fund investment. This project cycle consists of a concept stage, feasibility stage, project development stage and an implementation stage. The investment of the LDN Fund takes place after the project development phase.

TAF support will focus principally on the project development and implementation stages, as



illustrated in Figure 7 below:



**Figure 7** The TA facility focus is on improving projects that are in development and implementation stage.

This Component focuses on the provision of TA to project developers both in the project development (*pre-LDN Fund investment*) and implementation (*post-LDN Fund investment*) stages.

**For pre-investment projects** this TA will focus on enhancing the technical, operational and financial design and structures of these projects to avoid or reduce new degradation via SLM and reverse past degradation via restoration, in line with the LDN Scientific Framework, along with enhancing broader social and environmental impacts.

**For post-investment projects** this TA will focus on increasing the technical and operational capacities of project developers in the implementation process to avoid or reduce new degradation via SLM and reverse past degradation via restoration and rehabilitation, in line with the LDN Scientific Framework. It will also include assistance to increase their capacity to enhance the social and environmental impacts of projects and to improve co-benefits (see Theory of Change).

**For projects at both stages** TA will be provided to project developers on baseline and impact measurement systems, especially on measuring LDN impacts.

This includes developing an LDN impact measurement and tracking tool to be used by project developers and the LDN Fund to track long- term measurements on the LDN impact of projects.

This component helps address Barriers 1.1.1 (*Private sector companies often lack the technical capacity to design and implement SLM and land restoration-focused projects, and may not see the commercial rationale for doing so*), 1.2.1 (*Managing SLM and land restoration projects is generally not the core business of companies in the land-use sector*) and 1.3.1 (*Project developers may not have access to M&E guidance and tools and find rigorous monitoring and evaluation challenging*).

The expected outcomes from this component are the following:

**Outcome 1.1 Project proposals of higher technical quality are submitted to the LDN Fund**

The focus of Outcome 1.1 is on projects in the pre-investment stage, though it is not foreseen that the

TAF will finance what is considered a concept stage project or pilot study, as the likelihood of initiatives in such stage being invested in by the LDN Fund is limited.

Projects seeking investments from the LDN Fund must meet the Fund's investment criteria.<sup>[1]</sup> To support promising projects that would otherwise not be able to meet these criteria, the TAF will provide support for project design, and make it possible for projects to become 'investment ready'.

This pre-investment TA will principally be provided to projects that are in the project preparation stage. The project needs to demonstrate a clear plan showing how the project will be developed, and how TA will enable this process.

The typical size of TA support contracts for pre-investment projects will be between USD 50,000 and 150,000<sup>48</sup> for a duration of 3-24 months, though lower or higher budgets and extensions to this timeframe can be approved on a case-by-case basis. This range is based on IDH's experience of managing TA contracts where support is delivered as consultancy contracts for designing and structuring projects, focusing on one to two specific topics to enable a project to become investment ready. Examples of the type of TA projects that may be delivered are provided at the end of the description of Output 1.1.1. TAF funding will be tied to the achievement of specific milestones, to ensure that the project is on track to becoming investment-ready.

TA to support project investment readiness will contribute to two outputs under this outcome, which are described in more detail below:<sup>[1]</sup>

**Output 1.1.1: Technical assistance is provided to selected projects in the feasibility and project development stage in the following areas:**

- **Enhancing technical, operational and financial design and structures to avoid or reduce new degradation via SLM and reverse past degradation via restoration, in line with the LDN Scientific Framework. These actions will help projects meet the LDN Fund eligibility criteria; and**
- **Project preparation support related to social and environmental impact, to improve co-benefits**

***(Timeframe – Within 12 months of project start (to allow for project set-up) for entire project duration)***

The following steps are taken for pre-investment projects in the TAF project cycle. These steps will be captured and included in the TAF PMU's Operational Manual which will detail all the relevant policies and processes followed by the PMU which are described below. The Operational Manual will be reviewed and approved by the Donor Committee, including significant revisions over the course of time, and made available to project developers receiving TAF support.

**1. Sourcing proposals**

The TAF will have an ongoing open call for proposals and information on the TAF, the application process, eligibility and selection criteria, communication contact details and the application form will be made available on the TAF website. The launch of the call for proposals will be targeted for Q2

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<sup>48</sup> This is based on the experience of IDH in delivering effective TA programmes in the sustainable land use sector.

during Year 1 and publicized via the channels described in Section 2.10 (Knowledge Management & Communication Strategies). This open call for proposals will continue indefinitely dependent on the ongoing availability of funds, and annual targets for proposal sourcing and approvals will be reviewed annually with the Donor Committee (see Section 3: Project Governance for a description of the Donor Committee's role and composition) via the Annual Work Plan process.

To ensure a sufficient volume of relevant and quality proposals are submitted, the TAF PMU, the LDN Fund and WWF will engage in a targeted outreach effort to project developers they feel would be suitable for TAF support, including outreach to relevant initiatives and groups with active project developer membership (e.g. CPIC, The Global Landscapes Forum, The Conservation Finance Network, Conservation Finance Alliance, GEF and UNCCD CSO networks etc.). Towards the end of Year 1 the TAF PMU in conjunction with the LDN Fund will review its portfolio and will propose in the TAF Annual Plan for Year 2 actions to strengthen its contribution to balancing of the LDN Fund pipeline, including consideration of the representation of project developers located in LDCs, SIDS and Africa in the LDN Fund pipeline. This Annual Plan with the potential balancing actions will be presented to the TAF Donor Committee on an annual basis for approval (see Box 1 for more detail).

#### **Box 1: TAF pipeline development for a balanced portfolio**

When the need arises for a more diverse pipeline of LDN potential investment projects, the LDN TAF will make additional effort to mobilize proposals from particular sectors, regions, or types of project, to build and balance the pipeline of projects for the LDN Fund. If a specific focus area is identified and in line with the TAF mandate as approved by the TAF Donor Committee, the TAF in partnership with the LDN Fund will then seek to mobilise additional pre-investment TA requests for support in the following year.

Key areas where the TAF will seek to address any observed low representation in the LDN pipeline include:

- Geographic distribution, with a specific focus on LDCs, SIDS and the Africa country groups;
- Specific industry sectors (e.g. forestry, livestock etc.); and
- Scale of project developer (local, national, regional or international).

Projects that approach the TAF for support and meet the eligibility criteria can be given a higher priority for TAF support if they are from a region/sector or project developer type that is 'under-represented' in the LDN Fund portfolio such as countries from the LDC, SIDS and Africa country groups. The TAF PMU will directly engage with these project developers in close coordination with the LDN Fund and if needed will be able to provide early guidance on which aspects of the project can be improved to increase the suitability of the project to the LDN Fund (or other impact investors), prior to submitting an official TAF pre-investment request.

To mobilise such pre-investment TA requests, the TAF can propose, in close coordination with the LDN Fund, to pro-actively target potential type of project developers using the following process:

*Desk research and network mobilization:* the TAF PMU through desk research and through

mobilizing its network (including IDH regional offices, UNCCD and its CSO network, LDN Fund, WWF, GEF and its CSO network and AFD) will develop a long-list of potential target organizations and or initiatives;

*Outreach:* The TAF PMU contacts the organizations and initiatives on the long-list. Outreach activities can include setting up:

- Bilateral exchange and meetings;
- Hosting targeted information events, webinars, scoping missions and project visits;
- Online communications, such as through IDH newsletters, website and social media; and
- TAF communications around LDN (both LDN Fund and TAF) during major public events such as COPs (CDB, UNFCCC and UNCCD) and the REDD forum can be increased.

*Partnerships:* where relevant the TAF PMU could also identify potential applicants via wider programs and partnerships, including via the UNCCD, IDH landscapes programs, supply chain and innovative finance programs. Partnerships with other relevant platforms and programmes which work in SLM and land restoration will also be identified;

*Requests for proposals:* The TAF can target specific regions, sectors or types of project developers by issuing specific requests for proposals; and

*'Convening' new partners for project pipeline development:* Bringing new potential partners together and supporting them to explore joint investment projects, e.g. a local bank and a coffee trader developing a joint new credit project, or an NGO, a supplier of agricultural inputs, and a farming co-operative developing an innovative joint investment proposal.

## **2. Assessing project eligibility**

Pre-investment support requests can be submitted to the TAF at any time, using a standard form that will be made available on the TAF website. In the application form, the support request needs to describe the potential investment project, and clearly articulate the TA needed, and the role of the requested TA funding in improving the project's ability to meet LDN Fund investment criteria.

The first step in assessing a proposal submitted by a project developer will be for the TAF PMU to check it against the two sets of eligibility criteria: those of the LDN Fund, and those of the TAF (see Box 2). The use of the same eligibility criteria used by the LDN Fund ensures alignment in early project screening. This rapid assessment is carried out before more time is invested in assessing the proposal in greater detail. The assessment process is the same for all projects regardless of whether they are already known to and recommended by the LDN Fund.

The LDN Fund team will keep the TAF PMU up to date with developments at Fund level that could be relevant to their initial screening of projects. For example, the Fund can only make a maximum of two investments per country, so once these investments are made a future project in that country would not be eligible, even if it met all the criteria.

Following assessment of proposals, the TAF PMU will share the proposals that (according to the TAF PMU) meet the Fund and TAF eligibility criteria with the LDN Fund team. The LDN Fund will then check/validate the TAF assessment of potential investment projects against the LDN Fund eligibility criteria, and share its recommendations with the TAF (no formal letter of LDN Fund support at this stage, which would come later in the project selection process).

It is key that pre-investment TAF projects have the potential to meet the objectives and the criteria of the LDN Fund. The TAF will then have a clear mandate to progress the identified project to investment readiness. Employing this structure ensures coherent alignment between the management of the LDN Fund and TAF and means that the TAF focuses on projects that (in the view of the LDN Fund team) that have the greatest likelihood of reaching investment.

As well as recommending projects that meet all the eligibility criteria, the TAF PMU will also share the list of projects that don't meet the eligibility criteria with the Fund team. This is to ensure that the Fund and TAF PMU remain coordinated on who has approached the TAF for funding, and to ensure that no potentially relevant investment projects are missed.

After the Fund team has approved the results of the eligibility assessment, the TAF PMU will inform ineligible applicants, and invite the eligible applicants to the next stage.

#### **Box 2: Pre-investment eligibility criteria:**

##### The investment project has the potential to meet the LDN Fund criteria

- *Contribution to Land Degradation Neutrality:* projects must demonstrate clear benefits for land restoration and/or degradation avoidance via SLM.
- *Risk-return profile:* the ability to generate financial returns with an appropriate risk profile.
- *Environmental and social risk management:* projects must demonstrate that they do not fall under the LDN Fund's exclusion criteria (see Appendix).
- *Environmental and social impacts:* projects must demonstrate broader positive social and environmental impacts (e.g. on wider ecosystem services, biodiversity, decent job creation etc.)
- *Scale:* projects must positively impact a significant area.
- *Additionality:* the Fund should not invest in projects that can easily obtain financing from commercial sources (as assessed by LDN Fund analysts).

##### The TA request fits the TAF eligibility criteria

- *Eligible TA request:* the pre-investment TA requested is in line with the LDN TAF mandate.
- *Financial additionality of TA:* the TAF aims to complement existing initiatives, and not substitute TA already available. The applicant will need to demonstrate that funding is not available elsewhere for the TA being sought.
- *Feasible TA project timeline (preliminary assessment):* for pre-investment projects the maximum project timeframe will be 24 months, though in exceptional cases longer timeframes could be considered. For post-investment projects this will be more flexible and depend on the project in question.

- *Located in a developing country:* the project is implemented in a developing country in accordance with the Development Assistance Committee (DAC) list of Official Development Assistance (ODA) recipients.
- *Commitment of project developer:* the project developer demonstrates sufficient ownership through commitment of their own time and resources to the TA process.

### 3. Proposal assessment and organisational assessment

Once a project proposal has been assessed as meeting the eligibility criteria, three processes are carried out by TAF management:

(i) Assessment of project proposal against selection criteria

The LDN TAF management will score eligible projects against the selection criteria referenced in Box 3 below, according to a scoring methodology to be developed at the start of Year 1 implementation. The precise scoring weighting can be adjusted following this, depending on portfolio balancing considerations.

#### **Box 3: Pre-investment selection criteria**

- *Level of technical additionality provided by the TA:* the TA must clearly provide additionality to the ability of the project developer to design and implement an SLM/land restoration project which is ready to receive/and or use investment effectively. This additionality will be assessed in relation to the issues set out in the baseline for each TAF component in Section 1.4 'Baseline Analysis and Gaps'. Applicants will be asked to specify the additional benefits the TA will provide in relation to their own baseline situation.
- *Level of financial additionality of the TA:* TA provided must not substitute or replace a project's core funding, or subsidize activities that project developers or investors can undertake themselves.
- *Assessment against the UNCCD STI and SPI LDN Project Checklist and STAP Guidelines for projects (To be developed):* the extent to which the SLM/land restoration project being supported by the proposed TA meets the UNCCD STI and SPI LDN Project Checklist will be assessed. It is understood from the GEF Assembly June 2018 report that the STAP is also developing a set of LDN guidelines for projects, which once developed will also be factored into this assessment.
- *Scale of field level impact:* the scale of impact the recipient project is intended to have (with accompanying justification) e.g. against SLM and LDN indicators, livelihood indicators (e.g. income levels, job creation), biodiversity and ecosystem service indicators and climate change mitigation or adaptation indicators.
- *Business model innovation:* demonstration of the viability of the project's business model, areas of innovation and demonstration that it is inclusive, scalable and replicable.

- *Feasibility of project timeline:* the timeline presented is realistic given the nature of the TA requested and includes contingencies for potential delays.
- *Level of stakeholder participation:* a demonstration that key stakeholders have been meaningfully engaged and consulted, and that their input has been considered in the TA proposal design and no major concerns exist regarding land tenure and governance issues. A full FPIC process is not necessarily required at this stage due to the resource intensity of this process, but if the TAF PMU consider this is needed in order for the project to eventually meet the LDN Fund Environmental and Social safeguards this may be included in the scope of TA provided (should the project be successful in its TAF application).
- *Alignment with national plans and targets:* a demonstration of how the project to be supported aligns with existing national plans or targets (if they exist) related to LDN. If no LDN plans or targets are in place in the country, can the project show alignment with other relevant plans (e.g. REDD+ planning, UNCCD and SDG National Action Plans, Aichi Targets (CBD), UNFCCC Nationally Determined Contributions, National Adaptation Plans of Action (NAPAs), National Appropriate Mitigation Actions (NAMAs) or agricultural development plans.
- *Gender:* a demonstration of a sound understanding from the project developer regarding potential gender issues raised by the project from their response to the questions requested in the application form (see Section 6 for more detail on this approach):
  - Identify the different roles, circumstances, and opportunities of female and male farmers/workers/managers/land users and owners;
  - Identify how these roles, circumstances, and opportunities contribute to the impact of the project;
  - Identify how the project itself may improve or deteriorate these circumstances and opportunities;
  - Identify the different stakeholders in the project that are relevant supply chains/production landscape and how they influence the existing gender dynamics; and
  - Identify gender-specific targets, outcomes and activities.
- *Potential for LDN fund investment:* Projects will have to demonstrate an attractive investment case yet show how they require TA in order to reach full investment readiness for the LDN Fund.

After the TAF PMU has completed the scoring process, based on desk review, it will share its scoring sheet and recommendations on project selection with the LDN Fund team.

The LDN Fund team will then review the projects, with specific attention to assessing the potential for LDN Fund investment, and confirming the additionality and relevance of the requested TA. This will also help ensure that the potential risk/return profile of the underlying project is acceptable to the LDN Fund.

The total scoring of the project will be based on both TAF and LDN Fund assessment.

Project proposals assessed to fall short of a minimum score (to be defined during development of the scoring approach) will be rejected at this stage. For these projects, the TAF will send out a communication to the applicant with brief feedback on the reasons for rejection, and if deemed appropriate an invitation to reapply following actions that address the feedback.

For suitable proposals to progress to the next step in the process, the LDN Fund team will write an official letter of support for the proposal, stating that, subject to TA, the associated project has a significant likelihood of becoming investable.

The TAF PMU will then move these projects to the next stage, the organizational assessment.

(ii) Organizational assessment of applicant

At this stage of the process it is appropriate to assess whether the organization seeking TAF support has the capacity to use the TA effectively, implement the fundamental components of their project idea, has a sound track record of financial management and that there are no significant concerns regarding their reputation and operations.

For this process the TAF PMU will use IDH's Partner Assessment template, which assesses the following:

- Organizational governance
- Track record in receiving and implementing grants
- Financial management and internal controls
- Human resources
- Monitoring and evaluation
- Acknowledgment and adherence to IDH's Code of Conduct, Anti-Bribery and Anti Corruption Policy and its International Corporate Social Responsibility (ICSR) policy
- Reputational issues over the past 5 years

If any issues of significant concern are identified, the TAF PMU will contact the project developer to seek clarifications. If these clarifications warrant further consideration by the Project Selection Committee these will be recorded and included in the information later sent to the Committee (see Section 3: Project Governance for a description of the Committee's role and composition). If the clarifications do not satisfactorily address the concerns raised then the project developer is rejected from the proposal process, with a short explanation sent to them.

#### **4. Presentation to the LDN TAF Project Selection Committee**

The TA management team will then present project proposals to the Project Selection Committee one week in advance of the monthly Committee meeting (see Section 3 on Project Governance for more information on the Committee).

For proposals with a value of USD 50,000 or below this will include an accompanying narrative



summarizing the findings of the project proposal assessment, the organizational assessment and draft contract (approved by the legal officer).

For projects with a value of USD 50,000 or above this will include a Project Selection Note which describes the findings of the project proposal assessment and the organizational assessment in greater detail, along with the budget. The contents of the Project Selection Note (which is based on a template used across IDH for approving project funding) includes the following as described in Box 4:

**Box 4: Summary of Project Selection Note Contents**

- General overview
  - Why should the TAF fund this proposal (at least 3 reasons described)?
  - Summary of total project budget and contributions to the budget from different parties.
- The problems this TA support will address and proposed solutions to do so.
- Why the TA support is key for the overall strategy of the investment project.
- How the project contributes to the results management framework for the TAF.
- How the project fulfills the gender and E&S requirements of the TAF.
- The additionality of the TAF's investment against a baseline scenario.
- Main challenges/risks associated with the project and their mitigation.
- Provision of a summary of key financial information, including return on investment focusing on:
  - Cost per farmer/ per worker / per hectare of this project.
  - How costs relate to the expected benefits, both in terms of project level impact, and the scaling potential beyond the projects.
- Scaling strategy.
- Exit strategy.
- Any other matters of significance to note.

To ensure that TA funding is contributing to LDN Fund investment, each TA proposal going to the Project Selection Committee (PSC) will be accompanied by a letter of support from the relevant LDN Fund investment team member. This requirement will ensure alignment between the TAF manager's activities and that of the LDN Fund manager.

The PSC meets, discusses and decides on the proposals, which can be:

1. *Approval:* without specific conditions set by the PSC, the signing process can proceed;

2. *Conditional approval*: the conditions set by the PSC are to be integrated in the contract and the signing process can proceed (changes are confirmed by one of the PSC members before signing);
3. *Withhold*: If the project needs to be revised or there is a request for additional information, it is temporarily withheld and it can be discussed in the next PSC (after receipt of a revised project proposal and confirmation of the integrated revisions);
4. *Rejection*: If the PSC decides that the project does not meet the LDN TAF requirements.

For projects rejected by the PSC a communication will be sent to the applicant with brief feedback on the reasons for rejection, and if deemed appropriate an invitation to address this feedback and resubmit for PSC approval.

### **5. Procurement process for TA provider (if required)**

Once a project proposal has been approved by the PSC and the TA agreement has been signed with the project developer, a TA provider then needs to be contracted. The TAF PMU will then develop the ToR for the TA provider, and start the procurement process.

The procurement process involves the following steps, depending on the nature of the TA support. This will comply with IDH's standard procurement processes:

- <EUR 10,000 – 50,000 (ex VAT): No tender procedure required but IDH always adheres to the 'general principles for assignments', documents why the consultant or organization was chosen for this assignment and compiles a written record with documentation of all assessments and decisions during all steps of the procurement process from the planning stage until the signing of the contract. If the TAF PMU feels that a tender procedure would be beneficial in order to identify the most suitable TA provider, then the tender procedure can still be followed;
- >EUR 50,000 < EUR 200,000 (ex. VAT): IDH internal tender procedure required.
  - Draft terms of reference using the terms of reference template;
  - Announce tender on IDH website;
  - Set up an evaluation committee of at least three (3) to evaluate applications and/or tenders; and - consult at least three chosen suppliers;
  - Select most economically advantageous tenderer based on objective criteria set in the Terms of Reference; and
  - inform not-selected tenderers and include the reasons for decision for awarding the contract to the selected tender.
- > € 200.000 (ex. VAT). Official (European) public procurement procedure<sup>49</sup> must be followed.

Once the TA provider has been selected (with a no-objection period given to the LDN Fund and the project developer) a contract will be prepared in alignment with IDH's guide to contracting. If an

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<sup>49</sup> [https://europa.eu/youreurope/business/public-tenders/rules-procedures/index\\_en.htm](https://europa.eu/youreurope/business/public-tenders/rules-procedures/index_en.htm)

objection is raised the second placed bidder for the TA support will be put forward as an alternative (again with a no-objection opportunity for the LDN Fund and project developer). This process will be continued until a suitable TA provider is identified with no objections, or the procurement will be re-tendered.

In exceptional cases the TAF PMU may use the negotiated procedure for a single tender for services up to a value of EUR 200,000, when based on the nature or particular characteristics of the services and if there are good reasons why the contract can only be awarded to a particular service provider. The TAF PMU will document the motivation for not following the tender procedure and choosing that specific service provider in an internal memo<sup>50</sup>.

In some cases, the project developer may submit an application to the TAF PMU in partnership with an organisation that can provide the TA. A TA provider is considered to be in partnership with a project developer if a significant share of the TA budget of the project in question is co-funded by the TA partner. In such cases, IDH's legal and finance team will assess the proposal to determine whether the co-funding amount from the TA provider is sufficient and the relationship can be considered as a partnership. The TAF PMU will then assess the technical credentials, experience, skills and track record of the proposed TA partner to confirm these are sufficient to progress to contracting.

## **6. Contract signature with TA service provider**

Once the contract is approved by the TAF director and the IDH executive director it will be shared with the project applicant and, if applicable, the TA provider for review, negotiation if needed and signature.

## **7. Implementation and monitoring**

The TAF PMU will be responsible for managing the ongoing contract(s). Contracted partners will be required to submit technical and financial reports on a milestones basis, as well as on a bi-annual basis where applicable.

A framework for measuring and reporting on results will be agreed in advance with the recipient. More detail on the M&E process is provided in Section 7.

The TA provider will report to both the project developer as well as the TAF PMU, to ensure appropriate quality management and ownership from the side of the project developer.

Before the TA project starts the project developer will be required to inform the UNCCD National Focal Point (if it exists) and CSOs and Indigenous Peoples and Local Communities (IPLCs) (via the UNCCD and GEF CSO networks) in the country of the start of the project so that they are aware of its existence and can be in touch should they have queries.

## **8. The project moves towards investment by the LDN Fund**

During the implementation of the TA project, the LDN Fund investment team will be kept updated about progress, and can potentially start their own analysis and due diligence processes, so that an investment can be made as soon as the TA is satisfactorily complete.

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<sup>50</sup> IDH (2016) *IDH Internal Tender Policy*.

### Activities targeted by Output 1.1.1

The type of project developer activities that will be targeted for funding under Output 1.1.1 include:

[[[SEP]]]

- Mobilizing specific LDN expertise to strengthen project design in terms of: expert advice on best agronomy practices, including efficient fertilizer and water use, soil management and erosion control techniques, fighting diseases, pests and weeds, adaptation to changing climatic conditions, improving sustainable harvesting and post-harvest management practices;
- Assistance in completing a positive impact evaluation (derived from the positive impact evaluation required by the LDN Fund). Trainings will enable TAF recipients to understand the full range of potential benefits associated with their project concept and to identify the relevant indicators/metrics as reflected by the UN Sustainable Development Goals;
- Scope for site/project-specific opportunities to enhance positive social and environmental impacts within the investment, including on climate change adaptation, sustainable land and water management, biodiversity, inclusive business models and gender inclusivity and women's empowerment. This may include developing partnerships with local organizations, information exchange visits between land users etc.;
- Fostering cooperation with the organizations that are needed for institutional support (women's groups, trade unions, farmers associations, local governments, etc.);[[[SEP]]]
- Improving operational and financial arrangements of outgrower schemes for enhanced SLM/restoration and social impacts;
- Support for planning for certification by the relevant product standard (i.e. Marine Stewardship Council for fisheries; Verified Carbon Standard and Climate Community and Biodiversity Alliance for carbon management and Fair Trade for agri-products). TAF recipients can request support to develop an Environmental and Social Action Plan (ESAP) that maps out how they will meet the product standards as early as the pre-investment stage, and also at the post-investment/implementation stage;
- Assistance in understanding national environmental, social and labor laws and legislation;
- Support in conceptualizing and engaging in meaningful stakeholder consultation in the development of their project concept;
- Briefings and trainings to meet the objectives of the the LDN Fund Environmental and Social Standards;
- Support for executing Free Prior and Informed Consent processes with local stakeholders, Voluntary Guidelines on the Responsible Governance of Tenure, High Conservation Value and High Carbon Stock, other landscape level issues, e.g., on watersheds or biodiversity corridors;
- Analysis and training to help strengthen the approach to land governance and tenure in the project;
- In line with the IDH Gender Toolkit (see Section 6), project developers can be assisted by the TAF to identify opportunities and barriers that female workers, farmers, and managers face, to raise their awareness and design mitigation / specific interventions to overcome these.

An illustrative example of pre-investment TA under this output is provided below:

Activity	Region	Project description <sup>51</sup>	Potentially required TA
Cassava	East Africa	Design and implementation of an outgrower scheme to supply sustainably produced cassava to a local starch processing plant.	TA is needed to develop farm management tools to improve sustainability of production, including crop monitoring and recording, irrigation planning and management. This will lead to SLM practices being implemented and restoration of the soil over time.

**Outcome 1.2 Project developers have greater capacity to implement projects with higher potential for SLM and restoration impact, and broader positive social and environmental co-benefits**

Most TA projects will occur before an LDN Fund investment is made in order to assist with project preparation aspects. However, the TAF may also provide TA after investment where needed. The output contributing to this outcome is the following:

**Output 1.2.1 Technical assistance is provided to projects that have already received LDN Fund funding. This technical assistance will target the following areas:**

- **Enhancing technical, operational and financial capacities<sup>52</sup> to avoid or reduce new degradation via SLM and reverse past degradation via restoration and rehabilitation, in line with the LDN Scientific Framework**
- **Increasing capacity to enhance the broader social and environmental impacts of projects and to improve co-benefits**

***(Timeframe – Within 12 months of project start (to allow for project set-up) for entire project duration)***

The selection process for projects which have already received LDN Fund investment is the following:

1. Project sourcing

There are two routes for projects that have already received LDN Fund investment to receive post-investment TAF support:

<sup>51</sup> These examples are taken from actual projects in the LDN Fund pipeline, following discussions with the project developers. We don't expect that all or even any of these projects would apply for or receive TA funding, but it serves to give an example of the type of TA the TAF will provide.

<sup>52</sup> Financial capacity building refers to the development of financing structures that support SLM, for example a local bank or financial institution developing a smallholder loan product that finances the costs of conversion to more sustainable land management practices (e.g. agroforestry adoption).

- All LDN Fund investee projects in developing countries are eligible for post-investment TAF support for LDN impact measurement/ tracking; and
- All projects can request the TAF to carry out a broader TA needs assessment, to explore opportunities for broader TA support.

All project developers will be made aware of the above at the commencement of this project via communications from the LDN Fund team in collaboration with the TAF PMU. This communication will contain brief information on the TA provision process and the contact details of the IDH management team. To initiate the process, the project developer is required to request a TA needs assessment directly to TAF management.

The anticipated size range of TA projects for post-investment projects will be between EUR 200,000 to EUR 400,000. TA projects that are larger in size are supporting longer term implementation and capacity processes such as implementing outgrower/smallholder grower programmes for SLM/land restoration at scale (more examples provided at the end of this section) and support for the LDN measurement and tracking process. These larger TA projects would be implemented for 12-36 months with potential for longer support if needed for measurement and tracking projects.

Projects that have previously received pre-investment TA and subsequently reached agreement with the LDN Fund for investment will also remain eligible to receive post-investment TA support from the TAF.

## 2. Defining TA needs

Together with the project developer the TAF PMU will conduct a TA needs assessment for the developer, which is based on the following information:

- The technical assessment of the project developer carried out by the LDN Fund on which they based their decision to invest; and
- Additional research and an in-person visit of the TAF PMU, (where applicable this could also be an external consultant contracted by TAF PMU). This research is carried out against a pre-defined TA needs assessment template, to be developed at the start of project implementation.

After the TA needs assessment is developed a meeting is organized by the TAF PMU with the project developer and the LDN Fund to further define the TA programme to be delivered to the project developer and agree on next steps regarding the following:

- With all LDN Fund investees on LDN data monitoring and evaluation;
- With selected investee projects on broader E&S data monitoring and evaluation; and
- With selected investee projects on post-investment TA for capacity building.

After this the following steps are carried out:

- An organizational assessment (as per pre-investment project developers but incorporating the findings of the previous assessment by the LDN Fund to be as efficient as possible);

- The TAF management writes up a description of the TA support to be provided according to the areas identified above with an accompanying budget; and
- A request is issued to the LDN Fund for their letter of support.

### 3. TA proposals sent to Project Selection Committee

The TA management team will then present project proposals to the Project Selection Committee one week in advance of the monthly Project Selection Committee meeting.

This will include a Project Selection Note which describes the findings of the TA assessment, the organizational assessment in greater detail, proposed TA support along with the budget. The contents of the Project Selection Note will be the same as that described for pre-investment projects above.

To ensure that the TA funding is contributing to LDN Fund investment, each TA proposal going to the Project Selection Committee will be accompanied by the letter of support of the relevant Mirova LDN Fund investment team member. This requirement will ensure alignment between the TAF PMU's activities and that of the LDN Fund manager.

The Project Selection Committee meets, discusses and decides on the proposals, which can be:

- a. Approval: without specific conditions set by the PSC, the signing process can proceed;
- b. Conditional approval: the conditions set by the PSC are to be integrated in the contract and the signing process can proceed (changes are confirmed by one of the PSC members before signing);
- c. Withhold: If the project needs to be revised or there is a request for additional information, it is temporarily withheld and it can be discussed in the next PSC (after receipt of a revised project proposal and confirmation of the integrated revisions);
- d. Rejection: If the PSC decides that the project does not meet the LDN TAF requirements.

For projects rejected by the Project Selection Committee a communication will be sent to the project developer with brief feedback on the reasons for rejection, and if deemed appropriate an invitation to address this feedback and resubmit for Project Selection Committee approval.

### 4. Procurement process for TA provider (if applicable)

Once a project proposal has been approved by the Project Selection Committee, and a TA provider needs to be contracted, the TAF PMU will then develop the ToR for the TA provider, and start the procurement process.

The procurement process involves the following steps, depending on the nature of the TA support. This will comply with IDH's standard procurement processes in the same way as described under Output 1.1.1.

Once the TA provider has been selected (with a no-objection period given to the LDN Fund and the project developer) a contract will be prepared in alignment with IDH's guide to contracting. If an

objection is raised the second placed bidder for the TA support will be put forward as an alternative (again with a no-objection opportunity for the LDN Fund and project developer). This process will be continued until a suitable TA provider is identified with no objections, or the procurement will be re-tendered.

#### 5. Contract signature with TA provider

Once the contract is approved by the Project Selection Committee it will be shared with the TA provider for review, negotiation (if needed) and signature. Once the contract is approved by the TAF director and the IDH executive director it will be shared with the TA provider for signature.

#### 6. Implementation and monitoring

The TAF PMU will be responsible for managing the ongoing contract with the TA provider to ensure that they implement the TA to the required standard and in accordance with their Terms of Reference.

All project developers receiving TAF support will be required to submit technical and financial reports on a milestones basis, and on annual basis where applicable. A framework for measuring and reporting on results will be agreed in advance with the recipient. More detail on the M&E process is provided in Section 7.

For all post-investment projects, project developers and their TA providers will be requested to have a kick off meeting for their project where the UNCCD Focal Point, CSOs, and IPLCs (via the UNCCD and GEF CSO Network) and broader stakeholders are invited to attend. They will be invited to offer their input on how TA projects can support other national or local LDN efforts and provide learning opportunities for other businesses and organizations in the country. The TAF PMU will attend these meetings on a case-by-case basis depending on travel schedules and budget availability.

#### **Project examples**

Examples of the type of activities that will be targeted for funding include:

- Capacity building to improve operational processes required to implement an SLM programme for an agribusiness such as the process for farmer outreach and engagement;
- Technical support to further enhance the sustainability of production practices being employed in the project (e.g. technical advice and training on the use of Integrated Pest Management techniques for roll-out to participating farmers); <sup>[1]</sup><sub>[SEP]</sub>
- Supporting the roll out of innovative financing structures and risk management procedures within a local banking institution;
- Supporting the identification and strengthening of local community land tenure rights and implementation of the Voluntary Guidelines on the Responsible Governance of Tenure;
- Staff training to enhance hiring of local staff, hiring of local youth and improving the gender balance of teams; and
- Expert advice on best agronomy practices, including efficient fertilizer and water use, soil <sup>[1]</sup><sub>[SEP]</sub> management & erosion control techniques, including good SLM/LDN practices, fighting



diseases, pests and weeds, adaptation to changing climatic conditions, harvesting and post-harvest management. <sup>[17]</sup><sub>S&P</sub>

An illustrative example of post-investment TA under this output is provided below:

Activity	Region	Project description	Potentially required TA
Coffee	Africa	Coffee landscape restoration and productivity enhancement program for smallholder farmers. Promotes the adoption of best production practices by channeling financing through a local bank, with associated TA.	The local bank needs capacity building to improve its lending credit risk assessment procedures for smallholders/co-ops, while rolling out innovative financial products for them.

**Outcome 1.3 Project developers have greater ability to monitor their performance against LDN indicators, social and environmental impacts and report this to the LDN Fund which is used by both to practice adaptive management more effectively.**

The LDN Fund aims to measure each project’s contribution to LDN. The LDN contribution of a project is measured using three indicators defined at international level by the Science and Policy Interface (SPI) of the UNCCD. Land where at least one of these indicators is increasing and the others remain stable is counted as contributing to LDN. The three indicators are:

- Land cover and land cover change (measured by remote sensing, data will be provided by the international bodies in charge of the global LDN program for countries (the European Space Agency (ESA), the Joint Research Centre of the European Commission (JRC));
- Land productivity dynamics (measured by remote sensing, by the international bodies in charge of the global LDN program for countries (the European Space Agency (ESA), the Joint Research Centre of the European Commission (JRC), possibly complemented by field validations); and
- Soil organic carbon (measured on-site).

The LDN Fund also will report on additional social and environmental indicators. Data on these other indicators will be provided annually directly by project developers.

Best practices in impact investment show a trend where investors move from social and environmental performance measurement for accountability to using this data more actively for value creation. For data and evaluations to create value, impact studies, baselines and other types of data gathering and evaluations are designed in such a way that are useful to multiple stakeholders and fit with collective learning agendas.

This outcome is supported by:

**Output 1.3.1. Technical assistance provided to project developers on baseline and impact measurement systems, especially on measuring LDN impacts, and broader social and environmental impacts. This includes developing an LDN impact measurement and tracking tool to be used by**

**project developers and the LDN Fund to track long term measurements on the LDN impact of projects.**

***(Timeframe – Within 12 months of project start (to allow for project set-up) for entire project duration)***

#### Developing an LDN impact measurement and tracking tool

The TAF will develop an LDN impact measurement and tracking tool to be used by project developers and the LDN Fund to track long term measurements on the LDN impact of projects.

Firstly, for the remote sensing component, a partner will be contracted by the LDN TAF to work with the LDN Fund, the TAF and the UNCCD to develop a robust and realistic methodology for measuring land cover change and land productivity dynamics, that will be in-line with the UNCCD's approach. This methodology can then be followed by a specialist consultant/organization, to analyze remote sensing data purchased from data providers. The TAF has also budgeted for a contribution to the ongoing monitoring activities, for the first five years that LDN Fund is operational.

In parallel to this, the LDN Fund and TAF will partner with an expert organization on soil organic carbon measurements. A partner will be contracted by the TAF to develop a harmonized tool for measuring soil organic carbon (the amount of carbon stored in soil, which is expected to increase because of sustainable land management practices), which can then be used in all LDN Fund investment projects. During the development process the selected organization will consult with relevant experts and stakeholders, such as members of the UNCCD SPI.

As soil organic carbon (SOC) measurements have to be carried out on-site for each investment, and repeated every five years, the SOC measurement partner will also provide a list of local or regional reliable experts to carry out these on-site measurements. The TAF will co-finance the first SOC measurements for all LDN Fund investments. The budget currently foresees support for measuring the initial SOC content of all LDN Fund investments in the first five-years. These monitoring costs will be co-financed by the project developers.

Finally, the TAF has allocated resources for the development of an LDN data platform. Through this platform, data on the LDN indicators gathered for LDN Fund projects will be made publicly available to the SLM research community, for example via a partnership with the International Soil Reference and Information Center (ISRIC). For commercially sensitive data, this will not be shared publicly and will remain with the project developer as agreed between the developer and the TAF PMU.

#### Broader monitoring support

The TAF can support technical capacity of project developers for impact measuring, reporting and baseline development, in cases where:

- the impact monitoring capabilities of the project developer do not meet the needs of the LDN Fund;

- the project developer and key stakeholders can substantiate that impact monitoring will be key to demonstrate the viability and impact of an innovative approach, and will collaborate to learn from the data; and
- the monitoring data is discussed annually as part of an ongoing dialogue between the investor and the project developer to sustain and improve impact.

This will ensure that TAF-supported impact measuring and reporting is local, fit for purpose, and supports the ambitions of the LDN Fund.

This TA will be incorporated into the TA packages delivered under Outputs 1.1.1 and 1.2.1, and will follow the same project cycles described for these Outputs.

An example of TA provision in this area is provided below:

Activity	Region	Project description	Potentially required TA
Sustainable cocoa, teak, and agroforestry.	Latin America	The project developer has drafted a concept note and is willing to co-invest to implement an outgrower scheme. However, the project developer has not had to monitor the social and environmental impact of their projects before.	TA can be provided to train the project developer team on how to establish and operate a monitoring system for LDN and broader environmental and social impacts. The investor, the project developer and the outgrowers will use the monitoring data to maximize positive impacts, and over time share their learnings on the viability and impact of the approach with others

#### Continuous improvement of SLM/restoration, environmental and social co-benefit and LDN impacts and adaptive management

Once a year representatives from the LDN Fund, TAF management and the project developer will meet to discuss the progress of their SLM/restoration, E&S co-benefit and LDN impact data monitoring (see activities under Output 1.3.1.). Areas for improvement both in TA implementation and monitoring will be identified.

The broader performance of the project will also be discussed and if there is scope for adaptive management actions to be taken these will be discussed and agreed. Adaptive management in this instance is considered to be a systematic process for continually improving management policies and practices by learning from the outcomes of previously employed policies and practices<sup>53</sup>.

<sup>53</sup> Greenfacts.org (2018): *Adaptive management*.

## **Component 2: Effective knowledge management and project monitoring and evaluation**

(GEF: USD 200,584; Cofinancing: USD 376,091).

This component focuses on the monitoring and evaluation process across the TAF and the establishment of an active knowledge management process, with knowledge being shared via the creation of a learning network of LDN project developers and investors.

This component helps address Barriers 2.1.1 (*Effective knowledge management requires significant time and resource investments, beyond those typically available to project investors.*) and 2.1.2 (*Lack of publically available knowledge on effective models for investable SLM projects*).

The expected outcomes from this component are the following:

### **Outcome 2.1: Monitoring & evaluation across the TAF is carried out effectively and is used for adaptive management**

Establishing a well-functioning monitoring and evaluation system across the TAF is fundamental to its effective management, and in particular the ability to practice adaptive management within the TAF PMU. The TAF PMU will meet on a regular basis to use information from the M&E process to review and adapt the approach taken to TAF management, for example via the annual planning process.

This outcome is also vitally important for the generation of knowledge that can then be shared with TAF stakeholders to achieve Outcomes 2.2 and 2.3 described below.

The output necessary to achieve this outcome is:

#### **Output 2.1.1: The TAF PMU develop and implement a monitoring and evaluation plan for the entire project**

***(Timeframe – Within six months of project start (to allow for project set-up) for entire project duration)***

The TAF PMU will develop this plan in accordance with the M&E approach described under Section 7 of the ProDoc (Monitoring and Evaluation), and implement it according to the requirements set out in this section.

### **Outcome 2.2: Increased awareness and knowledge of successful models for SLM and land restoration investment and LDN impact across the wider project developer and investor community**

The LDN Fund and TAF are driving a major innovation – private investments contributing to LDN - with the ambition to transform mainstream business and finance models and crowd in additional funders. It is clear that this agenda requires learning and innovation.

IDH has a dedicated learning and innovation team, which has used a similar learning agenda-based approach to spur innovation in farmer service delivery programmes. Such learning agendas build on existing knowledge, break down complex questions into manageable elements and help inform strategic decision-making across the wider project developer and investor community.

The following outputs will help achieve this outcome:

**Output 2.2.1 Learning network of LDN project developers and investors created**

***(Timeframe – Within 12 months of project start (after first group of project developers are selected for support) for entire project duration)***

The learning network will incorporate three elements:

1. Learning within project landscapes

Learning will be facilitated by the TAF between the project developers and stakeholders within the landscape they are operating in. The TAF PMU will facilitate the process of capturing the lessons learnt and achievements of the project developers and share these lessons with other stakeholders in the landscape, for example via periodic learning meetings and/or informal workshops when/if TAF management staff visit the project. This learning may include issues such as approaches to spatial planning, land tenure, inclusion of smallholders and communities, sustainable agronomic practices, land restoration techniques and others.

2. Learning regarding deal structuring

Critical learning can take place during the structuring and stewardship of finance deals. The investees, investors, other partners and the TAF will engage in this learning process on how to structure such deals. This learning will focus on how to build scalable business and finance models for LDN impact. Key learning activities include systematic reflection and documentation (“action-research”), and convening of closed and open learning events (e.g. in-person or virtual webinars/facilitated discussions) for project developers and like-minded investor partners such as impact investors.

3. International fora and events

Learning and sharing will be organized with a wider audience at a global level. We will systematize and share lessons and experiences in documents and share these at events such as the UNCCD and UNFCCC COPs, the Oslo REDD Exchange, World Economic Forum, CPIC meetings and other international meetings. IDH will also organize a biennial Innovation Forum with key partners from their target landscapes and the global level, with the next one scheduled in December 2018.<sup>54</sup> This is an excellent opportunity to share learning from the TAF process, and invite TAF partners to learn from broader work within IDH.

These actions (in conjunction with Output 2.2.2 below) are expected to:

- Increase the knowledge of project developers and investors on good practice models for SLM investment and lessons learnt from other projects, helping them to improve the performance and impact of their own projects; and
- Increase the impact of the LDN Fund by providing further information and good practice models to

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<sup>54</sup> More information on the first IDH forum (February 2017), “Business solutions for sustainable landscapes” can be found here: <https://www.idhsustainabletrade.com/uploaded/2017/02/Landscape-Forum-Booklet.pdf>.

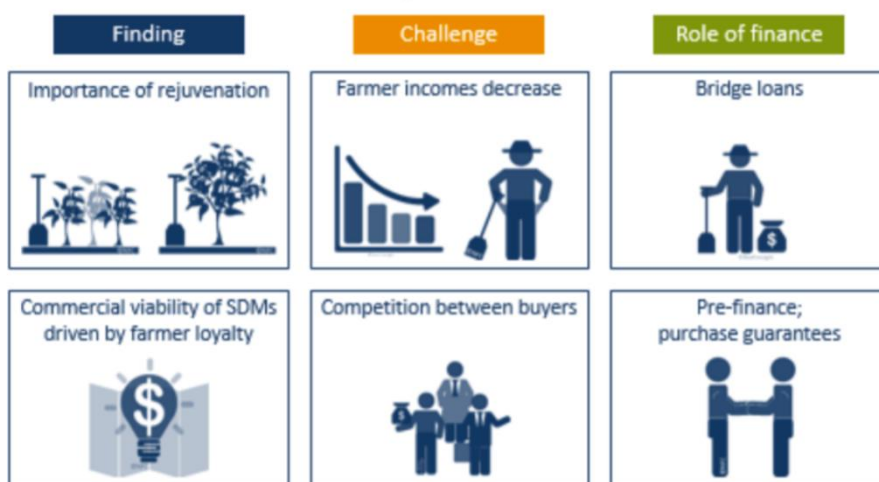
potential new investor and developer entrants to the SLM/land restoration market. Over time this will help increase the confidence of these new entrants to enter the market, increasing the quality of projects and availability of capital across the sector.

### IDH Service Delivery Models - Analyzing the business case of offering services offered to smallholder farmers

Since IDH's establishment 10 years ago, they have been investing in so-called "Service Delivery Models" (SDMs); structures in which services (like training, inputs, finance, access to markets, processing, etc.) are offered by service providers (processors, traders, farmer organizations, government extension systems, etc.). Prior to 2015, IDH had invested EUR 40 million in these SDMs and concluded that they did not know so much about the long-term viability of these models and whether they had a lasting positive effect at farm level.

In 2015, IDH developed a data-driven, systematic methodology to analyze the "economic sustainability" of SDMs by calculating the Return on Investment for farmers and service providers. This methodology gained traction and IDH has now analyzed 30 different SDMs in coffee, cocoa, spices, cotton, cassava and several staple crops. Analyzing the SDM and getting insight into the strengths and weaknesses and shock resilience of a specific model, is now the basis for designing targeted TA to support their private sector partners in increasing and expanding their service offering to smallholders. The SDM methodology and tools can be fine-tuned to also offer a framework of analysis for other land use related business models. The objective is to have a tool that allows for an analysis by the TAF managers to better understand the needs of the business (and the amount of TA required, ensuring financial additionality), better manage risks (leveraging on experiences) and the social and environmental impacts (benchmarkable).

#### Smallholder finance in Service Delivery Models



This data-driven approach will help the LDN Fund manager and TAF manager to understand and monitor the situation (based on data) and be able to assess TA needs. It will also help demonstrate the viability of business models to other project developers and investors.

## **Output 2.2.2 Project knowledge products developed and disseminated within and beyond the LDN project developer and investor network**

*(Timeframe – Within 18 months of project start (to allow for between 6-12 months for TA provision to begin generating knowledge) for entire project duration)*

To support Output 2.2.1 the TAF will develop knowledge products such as articles, blogs, webinars and analytical reports based on the learning generated from the delivery of TA itself and the activities of the LDN Fund. The TAF will take care to promote knowledge sharing in a ‘pre-competitive’ environment, working with TA providers and project developers to develop valuable knowledge products that do not contain commercially sensitive information.

These knowledge products will be used to support the knowledge sharing process within the LDN project developer and investor network and also be disseminated more broadly via IDH and Mirova’s networks to maximize their impact. Knowledge products may be tailored according to specific events and audiences to increase their impact. Further information on the TAF’s Communications approach for these knowledge management products is contained in Section 2.10 of this document.

An example of a knowledge product that IDH has recently developed for the delivery of TA to smallholder farmers for SLM is provided below. This illustrates the experience IDH has in developing knowledge products and applying them to help improve programme impacts:

### **2.3 Consistency with GEF Focal Area/Fund Strategies**

#### **Alignment with the GEF-6 Land Degradation Focal Area:**

The TAF is well aligned with the GEF Land Degradation Focal Area dedicated to “combat[ing] land and forest degradation in rural production landscapes” (GEF-6 Programming Directions Program 5 0). By improving projects’ preparedness for investment by the LDN Fund, the TAF supports an innovative mechanism for delivering SLM, land restoration and ultimately LDN at scale.

The GEF was formally designated as a financing mechanism of the UNCCD in 2010, and the LDN Fund and associated TAF have been co-developed by the UNCCD with the express purpose of addressing land degradation. LDN Fund investments will be monitored through the three metrics defined at international level for measuring progress towards SDG Target 15.3: a) land cover change; b) land productivity dynamics (LPD), and; c) soil organic carbon (SOC).

#### **LD-4: Program 5: SLM Mainstreaming in Development**

LDN Fund projects should contribute positively to all parts of the GEF Land Degradation Focal Area, specifically GEF-6 LD Program 5. The TAF will directly contribute to GEF-6 Land Degradation Focal Area Program 5, **Outcome 4.2:** Innovative mechanisms for multi-stakeholder planning and investments in SLM at scale; **Indicator 4.1:** Increased investments in SLM.

The TAF’s support to projects targeting sustainable land use, as well as its UNCCD partnership, and SDG link, are all aspects that make it an innovative financial mechanism for SLM. The TAF activities, particularly the provision of capacity building TA to finance providers, will strengthen their

institutional ability to lend to smallholders and SMEs. The TAF will directly contribute to increased private and public investment in SLM, especially in the poorest and lowest capacity GEF recipient countries, including LDCs and SIDS.



## 2.4 Global Environmental Benefits

The Global Environmental Benefits table is provided below in Table 2, accompanied with a narrative description for the relevant Corporate Results area, consistent with the approved GEF PIF.

**Table 2: Global Environmental Benefits**

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	N/A
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	N/A
3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services	Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins;	N/A
	20% of globally over-exploited fisheries (by volume) moved to more sustainable levels	N/A
4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO <sub>2e</sub> mitigated (include both direct and indirect)	N/A
5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern	Disposal of 80,000 tons of POPs (PCB, obsolete pesticides)	N/A
	Reduction of 1000 tons of Mercury	N/A
	Phase-out of 303.44 tons of ODP (HCFC)	N/A
6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks	Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries	<i>Six countries</i>
	Functional environmental information systems are established to support decision-making in at least 10 countries	N/A

**Corporate Results Area 6 - Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks**

This project will contribute to this results area in two ways. Firstly, post-investment projects will invite UNCCD National Focal Points and other relevant government stakeholders to the kick-off workshops for their projects, which will help increase government awareness of potential models for private investment in LDN. A key element of these TAF projects will be the use of the LDN measurement and tracking tool, and by attending these workshops and remaining in communication with TAF projects, the relevant government agenc(ies) can assess how the tool could be applied in the public sector to help report against their national LDN targets, if they have made a target to set a target as part of the UNCCD. It is estimated that during the five year period of this GEF project UNCCD Focal Points will attend kick off workshops in at least six countries and apply what they learn to the national target setting and measurement process.

Secondly, government agencies may join the TAF Learning Network where they will have the opportunity to learn about TAF projects and the LDN measurement and tracking tools being used. Learning about these measurement and tracking tools may be of use for national efforts to track progress against their LDN targets.

## 2.5 Incremental Cost Reasoning

### 1. A review of the “business-as-usual” scenario (baseline) without GEF intervention

As described in more detail in Section 1.4 Baseline Analysis and Gaps, the baseline scenario entails the LDN Fund starting to make investments aligned with its intended outcomes in a limited selection of the 130+ investment opportunities identified to date, focused on supporting projects that can make a significant contribution to LDN while producing appropriate risk-adjusted returns. The LDN Fund would only be able to focus on fully investor-ready projects in geographic areas and sectors where the risk profile is low enough to allow for a risk-adjusted financial return in line with the Fund’s objectives. In this business as usual scenario there would continue to be lower representation in the LDN Fund portfolio from countries with higher risk profiles and from areas with more challenging enabling environments to develop investor-ready projects (e.g. LDCs, SIDS).

For post-LDN Fund investment projects their ability to effectively implement commercial land restoration and SLM projects will be dependent on their own knowledge base and resources. This will likely mean that their ability to broaden the social and environmental co-benefits of projects and monitor the LDN impact of their projects remains limited (see Section 1.3 Barriers).

### 2. The “GEF Alternative”

The alternative scenario from this baseline, which would result from GEF contributions to the TAF, is presented below according to the project components described in Section 1. As GEF support is fundamental to the establishment of the TAF, this covers all the activities the TAF would carry out during the project period, and the support it would provide to enhancing the LDN impact of the LDN Fund, as illustrated in Section 2: Theory of Change.

#### **Component 1: Improving technical, operational and financial processes and the SLM and land restoration impact of (potential) LDN Fund projects**

With GEF support the TAF will deliver TA to project developers to build their capacity in key technical and operational areas where they need assistance in order to design and implement SLM and land restoration projects effectively.

This will allow for innovative but not yet fully ‘investor-ready’ SLM and land restoration projects to receive support for the technical and operational design and research needed to become ready for investment from the LDN Fund and/or other investors. It will also allow for the provision of capacity building on new technologies and methodologies which are needed to implement these projects. Support for enhancing the contribution of the project to SLM, restoration and ultimately LDN impact objectives<sup>55</sup>, and to identify and mitigate social and environmental risks will also be provided. This support may also help increase the number of projects that enter the LDN Fund pipeline from riskier and more challenging enabling environments such as LDCs and SIDS.

For projects which are already ‘investor ready’, but don’t have the capacity to fully incorporate SLM

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<sup>55</sup> This includes all impacts identified in the Theory of Change, including adoption of SLM/land restoration, climate change, job creation and biodiversity outcomes.

and land restoration into their design, the TAF will provide support to do so. This support will come in the form of TA to assess and adopt the necessary changes in the project business model and production approach. TA will also be provided on specific technologies or methodologies needed to improve the likelihood of project success and enhanced adoption of SLM and land restoration. This will increase the number of commercial projects which adopt SLM and land restoration in their design.

For projects that have already received funding, the TAF will support them to further enhance their technical, operational and financial structures and capacities, along with strengthening the SLM aspects of the project's design. This will help to improve project success rates within the LDN Fund and the overall impact of the Fund on LDN.

The TAF will also deliver TA to project developers on how to monitor their social and environmental impacts and performance against LDN indicators and evaluate the progress of their projects to the standards required of international donors and investors. This will improve the quality of the data used by project developers to monitor their progress and take early corrective action where needed. This can help in managing project risks by identifying issues earlier than would otherwise be the case.

Improved monitoring by project developers will also help TAF management to improve the quality of reporting to the LDN Fund, its investors and key stakeholders such as the UNCCD, national government and civil society. This will enhance transparency and help to demonstrate how the LDN Fund is achieving its intended contribution to LDN and the SDGs. An improved supply of monitoring information to investors can provide the basis for more meaningful dialogue between the LDN Fund and its investors, and potentially via direct dialogue between project developers and their investors. Over time this can help enhance the level of engagement and interest from investors and increase their confidence in investing further in the future.

As described in Section 1.4 without this support the scope for effective M&E by project developers is likely to be limited.

## **Component 2: Effective knowledge management and project monitoring and evaluation**

Effective planning and implementation of M&E will provide the TAF managing team and governance bodies with the information and analysis they need to decide on how to adapt TAF management and continually improve performance. This information will also be used for learning and development within the TAF PMU, which will contribute to this improved performance over time.

The M&E system will also provide the information needed to communicate with key stakeholders and demonstrate transparency, to build trust and further engagement. This information will be used to develop knowledge products which will be distributed across the TAF Learning Network.

The Learning Network will provide a facilitated platform for projects to share lessons on good practice, innovative approaches and how to avoid pitfalls experienced by others. The knowledge generated from this process can be used to develop good practice models for different types of investment, potentially reducing the transaction costs for project developers who wish to replicate these models. The Network will include project developers and investors beyond the LDN Fund, broadening the impact of the TAF.

Knowledge products developed by the TAF will be distributed within the Learning Network, across the contact networks of IDH and Mirova and broadcast via social media channels and conferences, encouraging broader investment in LDN.

## 2.6 Risk Analysis, Risk Management Measures, and Resilience

As a granting mechanism, risk is inherent to all TAF-supported projects and one of the main functions of the TAF is to mitigate LDN Fund investor risk. Specific project risks encountered by the TAF will be unknown until project geographies are identified. General risks likely common across all TAF-supported projects are identified below:

Risks	Risk Rating	Mitigation Measures
Low interest in LDN Fund/not enough projects for TAF to support	Low	There already exists a high interest in the LDN Fund. The UNCCD’s global TSP has created an enabling environment to encourage project developers to come forward with potential LDN Fund investments and TAF activities.
Insufficient quality and/or relevance of proposals submitted to the TAF	Medium	<p>The TAF PMU will provide detailed information in the outreach materials distributed to potential project developer applicants, which will include clear guidance on what is and isn’t eligible for TAF support. Proposal templates provided to applicants will also provide clear explanations of the type of information being sought in each section.</p> <p>The TAF will use a combination of open calls, targeted RFPs and direct sourcing via its existing network to solicit applications. If the number of proposals of sufficient quality is too low, the TAF management may adjust their outreach strategy – for example with an increase in direct engagement with businesses and operations who are known to be competent but still have a significant need for TAF support.</p> <p>The fact that the LDN Fund will also mobilize their networks to encourage applications to the TAF will help make sure that projects relevant to the Fund are submitted to the TAF.</p>
Lack of engagement from project developers in the TA process once awarded.	Medium	<p>Once TA has been awarded the TAF PMU will work quickly to secure the delivery of the desired TA in order to maintain interest and momentum.</p> <p>Careful consideration will also be given to the selection of the TA provider either by the project developer or IDH. If it</p>

		<p>is IDH whom is sourcing the TA, the TAF PMU will ensure that the project developer is fully consulted and engaged with the process, and that they are satisfied with the provider selected.</p> <p>The TAF PMU will maintain frequent contact with project developers receiving TA and to receive 'real-time' feedback on the quality of the TA provided and how it can be improved (within the budget and resources available).</p>
Poor delivery of TA by TA providers	Medium	<p>The TAF PMU will build and maintain a roster of potential TA providers who can demonstrate adequate experience and qualifications and have been recommended by peer organizations (or have previously delivered high quality work for IDH or Mirova, or their partners).</p> <p>TA providers will be asked to provide a technical proposal to how they would deliver the TA, along with full CVs, examples and references for similar TA provided to other organizations, which will all be reviewed and assessed by the TAF PMU. This will help verify that the TA provider has the necessary skills and experience for the job.</p>
Lack of interest in TAF Learning Network	Low	<p>Both IDH and the LDN Fund have a substantive existing network of strong relationships project developers and other investors. Alongside this IDH and the LDN Fund have access to communications teams to engage with large numbers of target participants in the Learning Network.</p> <p>Given that participation and use of knowledge products will be free, and knowledge sharing will largely be carried out virtually, there will be no significant barriers for participants to engage in the network.</p>
Lack of government support/interest in the TAF	Medium	<p>The TAF PMU will coordinate with government UNCCD Focal Points and respective technical ministry/agency staff in each country where project developers receive support.</p> <p>UNCCD National Focal Points and government staff will also be invited to participate in kick-off workshops for post-investment projects located in their country. They will be invited to offer their input on how TA projects can support other national or local LDN efforts and provide learning opportunities for other businesses and organizations in the country. For pre-investment projects, project developers will be requested to inform the UNCCD</p>

		National Focal Point of the project and respond to any queries they have.
Poor coordination with LDN Fund	Low	To ensure that any TA support is invested in projects with a good chance of eventually receiving LDN Fund investment, each TA proposal going to the Project Selection Committee will be accompanied by a letter of support of the relevant Mirova LDN Fund investment team member. This requirement will ensure full alignment between the TAF PMU activities and that of the LDN Fund manager.  There will also be a coordination committee established between the TAF and LDN Fund to maintain coordination throughout project implementation.
Real or perceived conflicts of interest occurring in the project selection process	Medium	Projects are selected by the Project Selection Committee, the majority of whom are senior IDH staff independent of the TAF PMU, with no connection or engagement with the projects being considered for selection, allowing for an objective assessment of projects based on their merit.
Impacts of climate change negatively affecting productivity and reducing investor returns	Medium	One of the key technical assistance services of the TAF will be to provide most up-to-date knowledge on local climate impacts to ensure investors have full understanding of risk involved. The TAF can provide support to select the best SLM practices to increase resilience.

## 2.7 Consistency with National Priorities or Plans

The LDN TSP is a process by which the UNCCD Secretariat and the Global Mechanism of the UNCCD are supporting interested countries in the national land degradation neutrality (LDN) target setting process, including the definition of national baselines, targets and associated measures to achieve LDN by 2030. This creates an enabling environment for potential LDN Fund investments and TAF activities, as it demonstrates that there is political support for combatting land degradation. The TSP, as it will expand, will become a powerful tool to help the Fund identify investment opportunities. With over 110 countries already committed, it is expected that most projects supported by the TAF and the LDN Fund will be part of the TSP. The LDN Fund can also play a role to raise the project's visibility and therefore increase local political and financial support. LDN targets are typically established at national level in close coordination with other public policies related to land use under other frameworks, including Rio conventions, i.e. the UNFCCC (Nationally Determined Contributions) and CBD (National Biodiversity Strategies and Action Plans). As the LDN TSP expands, such coordination will increase.

Applicants for TAF support will be required to describe how their project fits with and supports relevant national plans and priorities, and demonstrate evidence of government engagement and

support, and wherever possible UNCCD Focal Points who lead and report on the target setting process to the UNCCD in each country. This will be taken into account in the scoring approach to encourage project developers to maximize their efforts in this regard and fully align their projects with national plans and priorities. See section 2.2 under for more detail on how this factors into the project selection process.

It is also anticipated that for post-investment projects UNCCD National Focal Points will be invited to the project kick-off workshop, and regularly updated on project progress, including knowledge sharing events so that their input can be incorporated in project implementation and the results and knowledge generated can be used by the government in its own LDN targets setting, monitoring and planning process. All pre-investment project developers will be required to inform the UNCCD National Focal Point of the project and will be encouraged to actively communicate progress to the Focal Point.

## 2.8 WWF and EA Comparative Advantage

### **The WWF-GEF Project Agency**

Since the establishment of the Global Environment Facility, WWF has been a supporter of its policies and operations, participating in the design or execution of more than 100 GEF programs and projects across nearly all GEF focal areas including climate change, biodiversity, international waters, land degradation and sustainable forest management.

Across the global WWF Network there are nearly 6,000 WWF staff members supported by a budget of more than €650 million (USD 720 million). WWF is supported by 1.2 million members in the US and over 5 million globally.

The WWF network is committed to and has extensive experience working with partners and other grantees through the issuance of sub awards to accomplish program results. In addition, WWF US has demonstrated that it has the financial resources and operational experience to manage government donor agreements. To date, WWF US has received more than 400 awards and sub awards funded by the US Government totaling over USD 430 million.

WWF's mission to conserve nature and reduce threats to priority places is consistent with the goals of the LDN Fund TAF. Five of WWF's six global goals<sup>56</sup> also directly align with the objectives of the TAF and the projects it will support:

- The integrity of our most important forests, including their benefits to human well-being, is enhanced and maintained;
- Sustainable food systems conserve nature and maintain food security;
- A global shift toward a low carbon and climate resilient future is achieved;
- The most iconic and endangered species are secured and recovering in the wild; and
- Freshwater ecosystems and flow regimes provide water for people and nature.

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<sup>56</sup> WWF (2018) Our Global Goals. Available online: [http://wwf.panda.org/our\\_ambition/our\\_global\\_goals/](http://wwf.panda.org/our_ambition/our_global_goals/)



## The Executing Partner - IDH

IDH has in-depth experience of managing and delivering TA programs in sustainable land use and commodity value chains. TA is a key component of all of IDH's work across their 12 priority sectors, and in addition to programs run by the organization which have a significant focus on TA delivery including the Smallholder Finance Facility.

More broadly IDH convenes companies, CSOs, governments and others in public-private partnerships. Together they drive the joint design, co-funding and prototyping of new economically viable approaches to realize green and inclusive growth at scale in commodity sectors and sourcing areas<sup>57</sup>.

IDH is supported by multiple European governments, including their institutional donors: the Dutch Ministry of Foreign Affairs (Buitenlandse Zaken - BUZA), Switzerland State Secretariat for Economic Affairs (SECO) and the Danish Development Cooperation Agency (DANIDA) and they work together with over 500 companies, CSOs, financial institutions, producer organizations and governments in 12 sectors and 12 landscapes in over 50 countries worldwide<sup>58</sup>.

The combination of these factors above place IDH strongly to not only deliver the TAF effectively but also drive the scaling-up process and the 'mainstreaming' of TAF lessons into priority industry sectors, landscapes and the wider sustainable land use global community. See Section 2.2 Component 2 for more information on how IDH will apply their existing learning events and communications to distribute the lessons generated by the TAF.

## 2.9 Innovativeness, Sustainability & Potential for Scaling up

**Innovation:** The TAF represents an innovative mechanism to support the emerging LDN Fund. For the TAF to be successful in providing technical assistance, it will rely heavily on innovative approaches to sustainable land management – both scientific/technical innovations, but also novel financial mechanisms. The TAF will help the LDN Fund support more innovative projects which require some external support to become 'investor ready' and hence boost the overall levels of innovation within the LDN Fund portfolio. Being able to demonstrate 'Business model innovation' is an element of the project selection criteria, which further strengthens the integration of innovation into the TAF.

The TAF will also demonstrate an innovative approach by helping the LDN Fund retain balance in its portfolio (e.g. between geographic regions and sectors). It is anticipated that TAF support will help develop the first investment-based SLM and land restoration projects in a range of lower capacity countries, particularly in the LDC, SIDS and Africa group of countries. The lessons learnt from developing these projects in such challenging enabling environments will be highly valuable and shared with the broader sector via the TAF's project developer and investor learning network.

The development of the LDN impact measurement and tracking tool to be used by project developers is also another important innovative approach being taken in this project. The application of an LDN-focused measurement and tracking tool for use in for-profit investments is a new area and the lessons

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<sup>57</sup> <https://www.idhsustainabletrade.com/about-idh/>

<sup>58</sup> Ibid

learnt from this process could allow for both investors and project developers around the world to track their LDN progress with greater accuracy and detail.

**Sustainability:** The sustainability of the TAF's success will be evident in a long-term pipeline of investor-ready projects, including those that then receive investment from the LDN Fund (or other similar Funds). LDN Fund projects will be designed so that the projects will continue after the Fund exits from the investments, as they are for-profit businesses that will generate their own financial returns to continue operation beyond TAF and LDN Fund support.

Added value generated by responsible land use practices will also provide a strong incentive for project developers to continue and expand sustainable management practices without the need for ongoing TAF support. Sustainability and profitability are expected to be closely linked - using improved and sustainable agronomic practices can help to increase yield and quality, generating better returns, while sustainability certifications (e.g. Fairtrade, Rainforest Alliance, FSC, IFOAM etc.) carry potential price premiums. The 15-year investment period of the LDN Fund period allows for a significant period of demonstration, showcasing the benefits of adopting these practices to project developers.

There is also the potential for recipients of TAF support to repay part or all the financial cost of TA provision if/once they are funded by the LDN Fund. This repayment would lead to a continual replenishment of the funds available to the TAF and help to ensure it can continue beyond the five year GEF investment period.

One of the areas considered during project selection is the degree to which projects are integrated into a larger landscape approach: relationships are developed between the project operator and local communities, public authorities, NGOs, local private actors, and other landscape stakeholders. This ensures that beyond TAF support and the LDN Fund an ecosystem of different stakeholders are involved with the project, and are well placed to support its sustainability over the longer term.

The development of the TAF Learning Network will further support the long-term sustainability of this project. By disseminating knowledge on successful models for LDN investment to a broader group of project developers and investors, the project will encourage wider use of and investment in LDN driven by actors beyond the TAF project lifespan.

**Potential for scaling up:** One of the main functions of the TAF will be to leverage the commitments of public and private investors of the LDN Fund in order to scale up global investment in degraded lands. Successful implementation of the TAF will yield critical knowledge, lessons learned, and have an overall positive demonstration effect in order to be replicated by other investors under the LDN Fund for the long-term via the Learning Network.

For the TAF itself there is high potential to scale up the overall size of the TAF over time, in line with increasing commitments to the LDN Fund. The target is that the TAF's financial resources are 5% of the capitalization of the LDN Fund, which is anticipated to grow to USD 300 million at final closing for Fund, which would equate to USD 15 million in resources for the TAF. The operational design of the TAF factors in this potential for growth, and as it grows the TAF management will be able to increase staff capacity and leverage IDH's significant institutional capacity to manage this growth.

## 2.10 Knowledge Management and Communications Strategies

The knowledge management and communication approach will consist of three main elements:

## **1. Publications**

Publications will compile lessons learned, experiences and opinions among the various stakeholders involved in a project (e.g. project developers, investors, experts supporting the LDN Fund, NGOs, local authorities), and will disseminate results and impacts achieved among stakeholders. On an annual basis that TAF PMU will develop a plan for publication development according to

- Key learning areas that have arisen or are anticipated in the near future
- The progress of the TAF portfolio
- The capacity of the team and
- The calendar of forthcoming events and opportunities to distribute publications to the relevant audience.

Examples of the types of publications that could be developed include

- Case studies of TAF-supported projects
- Briefings on particularly important issues where the TAF is generating new learning
- Annual progress reports (TBC)
- Briefing documents targeted at the TAF Learning Network, and short reports from Learning Network events

## **2. Website and social media**

The IDH TAF website will be updated on at least a monthly basis and will be the primary means of collating and disseminating information from the TAF and sharing lessons learned. The IDH TAF website will contain information on the TAF application process, eligibility and project selection criteria and links to the application form. The website will also contain information on the projects that have been selected for TAF support and summary project profiles.

A “LDN Fund/TAF Library” is planned within the TAF website that will be tagged for enhanced usability. All publications and case studies will be publically available.

In addition, the website will feature fast-cycle news items such as the TAF calendar of events, a newsroom with links to news coverage featuring the TAF or its members, a blog for field notes, and features articles and photos. The blog will also feature articles from TAF recipients, technical experts, and specialists (i.e. focused articles on key features of the TAF approach, such as gender, environmental and social safeguards, and robust monitoring).

TAF news, blogs, articles and publications will be broadcast via IDH’s social media channels (e.g. Twitter), and if possible the relevant WWF and Mirova social media channels. We will further

encourage project developers and partners to share TAF communications via their own social media accounts to expand its reach.

### **3. Workshops and External Events**

The hallmark of the TAF's in-person knowledge dissemination strategy will be its "Learning Network" for stakeholders. The Learning Network facilitates communication between project developers, local stakeholders and the TAF to improve understanding of specific project landscapes; to increase understanding of financial deal structures and finally to increase the exposure of project developers to international fora. Specifically, the Learning Network will promote:

(i) Learning within project landscapes

In order to facilitate communication and learning between the TAF, project developers and other stakeholders working in their local context, the TAF will request that its recipients share their experiences at workshops and other local meetings within the landscape that they are operating. The TAF will also lead interactive events for sharing data and experiences from the projects and investments in the field among the various partners. Key topics for learning include issues such as effective spatial planning, land tenure, inclusion of smallholders and communities, agronomic practices, and more.

(ii) Learning regarding deal structuring

Building scalable business models that are investment-ready is a critical process for project developers. In order to bridge the gap between project formulation/implementation and financial structuring, the TAF will directly engage in this learning process and organize tailored-events on deal structuring, targeted at recipients of TAF support. Key learning activities include systematic reflection and documentation ("action-research"), and convening of closed and open learning events for project developers and investor partners such as impact investors.

(iii) Events and conferences

In order to enhance learning and share the lessons of the TAF at a global level, events will be used to elevate TAF experiences to the regional and international level. The TAF will be present at annual events organized by UNCCD, and UNFCCC COPs, the Oslo REDD Exchange, World Economic Forum, and other international meetings. IDH also organizes a biennial Innovation Forum with key partners from their target landscapes and the global level, with the next one scheduled in December 2018.<sup>59</sup> This will be an excellent opportunity to share learning from the TAF process, and invite TAF partners to learn from broader work within IDH.

Finally, representatives from the TAF may also attend local and regional events together with project developers and partners to further raise awareness of the TAF and relevant projects it is supporting. This can help build relationships and support the exchange of information with

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<sup>59</sup> More information on the first IDH forum (February 2017), "Business solutions for sustainable landscapes" can be found here: <https://www.idhsustainabletrade.com/uploaded/2017/02/Landscape-Forum-Booklet.pdf>.

national/local stakeholders including government, the business community, civil society/NGOs, research institutions and communities.

### **Information from other TA facilities**

In addition, in order to make full use of available and relevant data, the TAF will establish a review process to provide the most up-to-date knowledge and lessons learned from other sustainable land use TA facilities to project developers and members of the Learning Network. This includes information from other relevant organizations such as the Moringa Fund, Africa Agriculture and Trade Investment Fund, and African Agriculture Fund TA Facilities. The Knowledge Management process will draw from the full use of lessons and experiences from these organizations.

### **Expected Outcomes**

Overall, the Learning Network and the broader knowledge management and communications approach is expected to increase the knowledge of LDN project developers and investors on good practice models for SLM investment and lessons learnt from other projects, helping them to improve the performance and impact of their own projects. In order to keep the Knowledge Management and Communications approach adaptive and reflective of the reality of its users, feedback shall be sought at the end of each external event from the participants and usage and download rates of the web materials will be annually monitored.

## Section 3: Project Governance

### 3.1. Project Steering Committee

The functions of a Project Steering Committee will be fulfilled in the context of the TAF by two governing bodies, the LDN Fund and TAF Strategic Board and the TAF Donor Committee. These are described below, and the relationship with the LDN Fund governance (via the LDN Fund and TAF Strategic Board) is summarized in Figure 7 below:

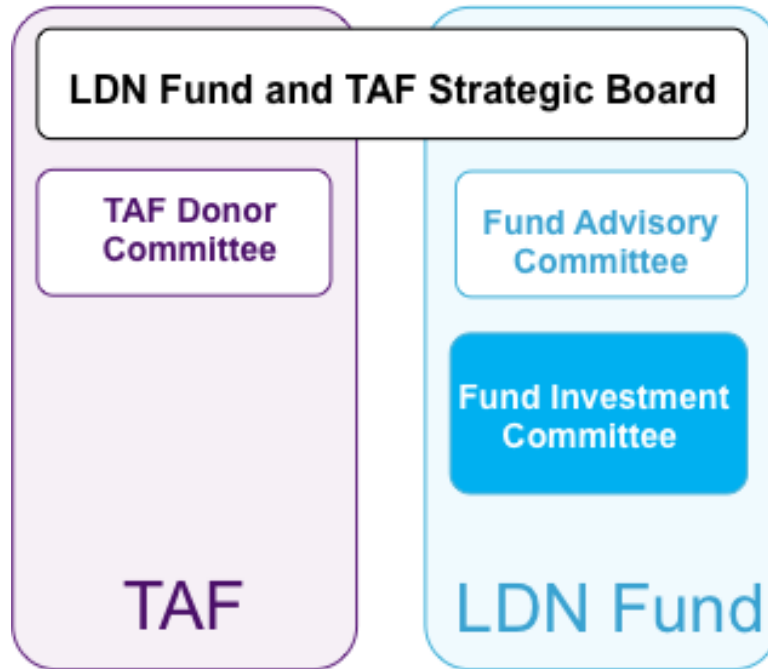


Figure 7: Summary of TAF and LDN Fund governance

Please note the section below does not contain a description of the LDN Fund’s Advisory Committee or Fund Investment Committee, as they are not part of the TAF’s governance structure.

#### **LDN Fund and TAF Strategic Board**

##### **Purpose**

The purpose of the LDN Fund and TAF Strategic Board (the Strategic Board) is to provide advice and recommendations on matters related to the management of the LDN Fund and associated LDN TAF. This guidance is intended to ensure that the LDN Fund and LDN TAF remain aligned with the objectives and scientific conceptual framework of the United Nations Convention to Combat Desertification (UNCCD) LDN Programme. The Board will also facilitate networking and engagement by key LDN strategic partners, including governments. The Board Secretariat is provided by the LDN Fund Management Company in close coordination with the TAF PMU.

##### **Role as Independent Advisory Body**

As an independent advisory body, the LDN Strategic Board shall be independent from both the LDN Fund management company and the TAF PMU. The Strategic Board shall not be involved in the day-to-day management of the LDN Fund or TAF PMU.

Formal administrative and legal accountability for the LDN Fund and LDN TAF rests within the governance structures and internal control frameworks of the respective management organizations, Mirova and IDH. For the LDN Fund, Mirova is fully accountable to LDN Fund Investors, while IDH as the LDN TAF manager is fully accountable towards the LDN TAF donors for the responsible use and administration of the funds received. Recommendations provided by the Strategic Board will be of an advisory and non-binding nature.

### **Responsibilities and Functions**

The Strategic Board shall:

- a. Provide guidance to the Advisory Committee of the LDN Fund and to the LDN Fund Manager regarding the LDN Fund’s strategy, regulatory and market-driven factors and LDN aspects. Guidance can include, but is not limited to, investment priorities, industry insights, geographic and sector portfolio balance, implementation of Environmental and Social standards and prevention and mitigation of potential reputational risk;
- b. Provide guidance to the Donor Committee of the LDN TAF regarding high level resource allocation and prioritization of LDN TAF activities and review “public goods” generated by the LDN TAF in the form of publications, toolkits, dissemination of best practices and tracking of LDN impacts;
- c. Provide guidance to enhance the continued alignment between the LDN Fund and the LDN TAF;
- d. Facilitate networking and engagement by key strategic partners, including governments of countries hosting LDN investments and governments supporting the LDN Fund and/or the LDN TAF, through:
  - i. coordination and collaboration with other global and national level relevant initiatives, processes and funding mechanisms;
  - ii. mainstreaming of LDN objectives through engagement with relevant strategic actors and institutions; and
  - iii. mobilization of networks and organizations to share key communications and outreach materials.
- e. Perform other functions that are consistent with the mandate and provisions of their Terms of Engagement.

### **Appointment of LDN Strategic Board Members**

- a. It is recognized that members of the Strategic Board bring not only individual expertise but also organizational affiliation and expertise. The Strategic Board will be composed of the following members:
  - i. The Executive Secretary of the UNCCD
  - ii. The Executive Secretary of the UNFCCC

- iii. The Executive Secretary of the CBD
  - iv. One representative of Civil Society Organizations (CSOs) chosen by the UNCCD CSO panel among its members
  - v. One representative of the scientific community chosen by the UNCCD Science-Policy Interface
  - vi. One representative from a developed country party to the UNCCD identified through consultation with UNCCD parties; and
  - vii. One representative from a developing country party to the UNCCD identified through consultation with UNCCD parties
- b. The Strategic Board shall be chaired by the Executive Secretary of the UNCCD.
  - c. The term of office for each representative member shall be three years, renewable once only for three years.

### **Meetings**

- a. The presence of not less than [two-thirds] of the membership shall be required to constitute a quorum for the meeting of the LDN Strategic Board.
- b. The Strategic Board shall meet twice a year for the first three years, and at least once a year from the fourth year onward. Additional meetings may be scheduled as required.
- c. The aim will be to have least one meeting per year in a face to face setting, and the second meeting to take place online or by telephone conference call as agreed by the Board members.
- d. The Chairperson shall call a meeting of the Strategic Board. The Secretariat will notify Board Members at least eight weeks that a meeting has been called.
- e. The Chairperson may invite specialist experts to participate in Strategic Board meetings to provide their expertise as required. Board members may propose to invite Specialist experts, who are thought leaders and may be drawn from a variety of fields, such as sustainable agriculture and sustainable forestry.
- f. Only by exception may a Strategic Board member appoint a representative from the same organization or representative body to represent the Board member, with advance notification to be provided to the Secretariat prior to the Board meeting.

### **Conflict of interest**

- a. Being a member of the Strategic Board does not disqualify an organization from being involved in any of the LDN Fund and/or LDN TAF supported interventions or other activities.
- b. At the commencement of every meeting, the Chairperson shall ask members if they have any conflicts of interest to disclose. Any member with a conflict must disclose it. The conflict of interest will be registered in the Register of Conflict of Interest, and the member will recuse him/herself when the relevant aspect is being discussed.



## **TAF Donor Committee**

### **Purpose**

The purpose of the LDN TAF Donor Committee is to provide aligned oversight for the operation of the LDN TAF. The TAF PMU will serve as the Secretariat of the Donor Committee and as such shall call and prepare Donor Committee meetings.

### **Roles and Responsibilities**

Roles and responsibilities of the Donor Committee shall include:

- a. Interacting with and taking into consideration recommendations received from the Strategic Board of the LDN Fund and TAF;
- b. Reviewing and approving each LDN TAF Annual Plan and Report, including where relevant a proposed regional focus or thematic focus of the LDN TAF;
- c. Reviewing the LDN TAF Project Eligibility Criteria and Project Selection Criteria as initially defined in the GEF Project Document and if necessary proposing changes and amendments to these criteria;
- d. Supporting alignment between LDN TAF donors to enhance synchronized and harmonized implementation and reporting processes;
- e. Reviewing and approving the conditions under which new donors may be invited to contribute to the LDN TAF;
- f. Approving new members of the Donor Committee;
- g. Reviewing and approving the terms of reference for a possible shared mid-term and final evaluation, as well as any subsequent material changes to those terms of references; and
- h. Inviting non-member specialist experts to participate in Donor Committee meetings to provide their expertise as required.

### **Appointment of Donor Committee**

- a. The Donor Committee will comprise at least two members, and may increase to up to seven members;
- b. Each donor organization to the LDN TAF may appoint one representative to the Donor Committee;
- c. In case there are more than seven donor organizations, the six main donors (ranked by financial contribution) have the right to be a member of the Donor Committee, and the remaining donor organizations may choose a representative to represent their joint interest in the Donor Committee;

- d. On an exceptional basis, another representative of the Donor organization may replace a Donor member for a specific meeting, with notification to be provided to the Secretariat in advance of the meeting; and
- e. The Donor Committee will select a Chairperson from among its members.

### **Meetings**

- a. The presence of not less than two-thirds of the full membership of the Donor Committee shall be required to constitute a quorum for the meeting of the Donor Committee;
- b. During the first two years of TAF implementation, the Donor Committee will meet twice a year, of which at least once through an in-person meeting. Starting from year three, the number of meetings may be reduced to once a year as agreed among members of the Donor Committee;
- c. The LDN Fund management company and the UNCCD are invited to the Donor Committee meetings as observers;
- d. Decisions of the Donor Committee are taken on the basis of consensus. In case consensus cannot be reached, IDH and the individual donors will come to bilateral agreements on the decision to be made;
- e. Unless otherwise agreed, the first meeting is the Annual Plan meeting, which takes place in Q3, during which the Annual Plan and budget are discussed and approved, and the six month progress report is discussed and approved. The second meeting is the Annual Report meeting, which takes place in Q2. During this meeting, the Annual Report is discussed and finalized, and recommendations are provided for the coming period.
- f. The agenda and required documents for a Donor Committee meeting will be sent out by the Secretariat at least two weeks before the meeting. In the event that these reports have not been sent out at least two weeks before a meeting, the Secretariat will reschedule the meeting.

### **Conflict of interest**

- a. Being a member of the Donor Committee does not disqualify an organization from being involved in any of the LDN Fund and/or LDN TAF supported interventions or other LDN TAF activities.
- b. At the commencement of every meeting, the Chairperson will ask Donor Committee members if they have any conflicts of interest to disclose. Any member with a conflict must disclose it. The conflict of interest will be registered in the Register of Conflict of Interest, and the member will recuse him/herself when the relevant aspect is being discussed.

## **3.2 Project Management Unit and Project Selection Committee**

The TAF PMU will play a coordinating role to ensure alignment and coherent implementation of the outputs and outcomes for the whole of the TAF. The PMU will be responsible for coordinating the implementation of all project activities; technical and operational monitoring and evaluation throughout the project; input for adaptive management; and preparing and submitting to the Donor Committee annual work plans, progress reports and financial reports.

The PMU is hosted by IDH and will include the following staff positions. Each staff position will be 30% funded by the GEF in alignment with the percentage contribution between GEF and the other co-financing donors across the TAF (see Section 8:Project Financing and Budget for further information).

## **TAF Director**

### *Strategic direction*

- Accountability for the management and guidance of Senior Managers at a strategic level.
- Accountability for the control of TA quality, ensuring financial integrity and driving progress against targets.
- Ensures that data and information produced by the organization's partners relating to output, outcome and impact is reliable and credible.
- Responsibility for ensuring that TAF planning systematically anticipates problems and threats at least two years ahead.
- Responsibility for maintaining a working knowledge of commodity supply chain initiatives to allow benchmarking and challenge current practice.

### *Stakeholder management*

- Accountability for convening major players in the relevant sectors, brings together strategic alliances and aligning sector coalitions.
- Assures adequate relations management with participating and non-participating actors, TAF partners and TAF governance bodies.
- Ensures political recognition of the TAF by national governments.

### *Networking*

- Responsibility for the maintenance and expansion of the relevant TAF network and donor base, supporting colleagues doing similar work and contributing to the further strategic development of the TAF.
- Responsibility for sharing knowledge and outcomes externally from the organization through events and congresses.

### *Operational management*

- Approval of GEF PPRs

## **Senior Manager**

### *Strategic development*

- Contribute constructively to policy development and strategic planning.
- Identifies problems, taking corrective actions based on experience and strategic reflection.
- Leads the review and planning process of the TAF.

- Responsibility for ensuring the creation and alignment of constructive relationships with stakeholders to support TAF strategic aims.

*Operational management*

- Responsibility for ensuring the development and implementation of the TAF.
- Responsibility for monitoring progress and reporting on outcomes.
- Ensures that data and information produced by the organization's partners relating to output, outcome and impact is reliable and credible.
- Responsibility for the organization of input from the project developers and implementing partners to enable Operations to run the required program administration and reporting. This includes the development of performance indicators for the management of pipeline deliverables.

*Stakeholder management*

- Responsibility for the proactive management of the sector network of stakeholder contacts on all levels, individually and collectively.

*Networking*

- Responsibility for the maintenance and expansion of the TAF network and donor base for further co-financing, supporting colleagues doing similar work and contributing to the further strategic development of the TAF.
- As directed, responsibility for sharing knowledge and outcomes externally from the organization through events and conferences.

**Program Officer**

*Operational management*

- Responsibility for supporting the development and implementation of the TAF, including administration, reporting, development of program pipeline deliverables, logistics and research, including management of contracting with grant recipients.
- Supports the organization of input from the project developers and implementing partners to enable Operations to run the required administration and reporting. This includes the development of performance indicators for the management of pipeline deliverables.
- Development of GEF PPRs
- Management of the MTE and TE

*Events and workshops*

- Supports the planning, organization and coordination of events and workshops as required.

*Stakeholder management and networking*

- Maintain contacts with existing stakeholders and maintain the TAF's network and contribute to further development of the TAF.

## **Financial Controller**

### *Financial planning, monitoring and reporting*

- Accountability for the preparation of budgets, financial projections, statements and financial reports.
- Advises Managers and/or partners on financial planning, monitoring and reporting.
- Compiles and evaluates financial program information.
- Analyses variances within budgets, signals financial risks and resolves them.

### *Audit*

- Coordinates and enables the interim audit and the end year audit of the organization.
- Advises Managers on the formal audit and reporting process.

### *Processes and procedures*

- Designs, implements, evaluates and improves the processes and procedures for the financial management of the TAF. This includes providing accounting services so there are checks and balances as needed.

### *Supervision of financial administration*

- Responsible for an efficient financial administration with easy availability of consolidated information.

## **Financial Officer**

### *Financial administration*

- Responsibility for reliable, timely and accurate financial administration. This includes processing of invoices and payments, data entry and document management.
- Supports the Financial Controller in the monthly closure of the administration process.

### *Financial monitoring and reporting*

- Assists in the preparation of budgets, financial projections, statements and reports, providing support as needed for data management and evaluation.

Supports the Financial Controller as needed in design, implementation, evaluation and improvement of processes and procedures for the financial management of the TAF. This includes accounting and providing checks and balances.

## **Legal Executive / Legal Officer**

### *Contract Management*

- Manage the contract pipeline for the TAF.
- Follow the IDH TAF contract management procedure.
- Responsible for providing technical advice and support to Managers to ensure timely, efficient and improved contract management within TAF.
- Maintain both the digital and paper contract archive.

### *Legal assistance*

- Assure legal risks on both IDH organizational as well as TAF level are adequately addressed and mitigated.
- Provide legal advice to the TAF PMU where needed.
- Provide legal advice at IDH organizational level where needed.
- Provide legal advice on the governance structure of the TAF (including the contracting structure for that program, competition compliance, tendering etc.).

### *General IDH processes and procedures*

- Design, implement, evaluate and improve the processes and procedures related to legal matters (mostly contract management) within the programs and on organizational level. This includes providing legal assistance and services to ensure all checks and balances needed.
- Prepare and deliver management information where required to the Management Team, Supervisory Board, Ministry and other stakeholders in cooperation with the Operations Team, specifically the Financial Controller.

## **(Senior) Communications Officer**

### *Communication strategy*

- Ensures the development, implementation and monitoring of TAF corporate communication strategy and translates it into practical communication means.
- Responsibility to maintain a working knowledge of comparable initiatives to ensure a comprehensive understanding of communication best practice.

### *Communication materials*

- Develops or coordinates the development of corporate and TAF specific communication means as needed (including presentations, events, PR, digital media, etcetera).
- Contributes to the development of corporate documents such as annual plans, annual and progress reports as needed.
- Responsibility for the maintenance of a credible website for the TAF that is able to provide all stakeholders with access to the information that they need.

### *Stakeholder management*

- Develops effective alliances and manages relations with press and media.

- Provides communication support to colleagues for adequate relationship management at corporate and TAF level.

#### *Networking*

- Responsibility for the maintenance and expansion of the TAF network and donor base.
- Responsibility for sharing knowledge and outcomes externally from the organization through events and congresses.

For specific technical topics the PMU may hire targeted consulting support if this expertise is not available within IDH.

### **The Project Selection Committee (PSC)**

The Project Selection Committee will be independent to the PMU.

#### **PSC mandate**

1. Make the final decision on LDN TAF project selection, and where needed revise and sharpen, or decline, project funding decisions by the LDN TAF;
2. Ensure alignment with the LDN TAF objectives and criteria;
3. Ensure alignment with the LDN Fund;
4. Trigger critical reflection and debate on TAF support strategies;
5. Ensure quality and value for money standards for deployment of LDN TAF resources; and
6. Ensure alignment with the LDN TAF Annual Plan.

#### **PSC responsibilities**

1. The PSC assesses all proposals for potential support by the LDN TAF;
2. For projects with a requested LDN TAF contribution of less than 50,000 USD, the assessment is based on a synthesis of the project drafted by the TAF PMU;
3. For projects with a requested LDN TAF value of 50,000 USD and above, the assessment is based on a Project Selection Note (PS Note) drafted by the TAF PMU which synthesizes and analyzes the underlying proposal from the project developer, including the proposed budget, and the IDH TAF manager's organizational assessment of the contracting partner(s).

#### **PSC composition**

1. The IDH Executive Board will appoint three senior IDH staff to the LDN TAF PSC who are independent of those whose role it is to originate and design LDN TAF projects.

2. The three senior IDH staff will consist of:
  - i. One member of the IDH Management Team will chair the PSC
  - ii. Two members who are IDH Program Directors and/or thematic Impact Leads on gender, deforestation and sustainable land use, responsible use of agrochemicals, working conditions, living income and living wage, and smallholder inclusion or other relevant themes.
  
3. An independent assessor may be invited to sit in on selection committee sessions to monitor perceived or real conflicts of interests amongst the committee. This process will be further detailed in the TAF Operations Manual when it is developed during the TAF start-up process (see timeline for Year 1 in Appendices).

### **PSC Operations**

1. The TAF Manager will convene meetings of the PSC in principle on a monthly basis or as required to review projects to be signed within 1.5 months.
2. The LDN TAF manager will present the outline of the project and answer any questions that might come up during the meeting.
3. Other IDH staff may be invited to join meetings of the PSC to provide advice on relevant topics.
4. To ensure that any TA investment is contributing to LDN Fund investment, each TA proposal submitted to the PSC is accompanied by a letter of support from the relevant LDN Fund Manager. This requirement will ensure full alignment between the TAF manager's activities and that of the LDN Fund manager.
5. The PSC will take decisions based on a majority vote.
6. TA project selection will be governed by project eligibility and selection guidelines developed as part of the LDN TAF policy, agreed upon by the Donor Committee. The project selection process builds on the LDN Fund criteria and due diligence process.
7. The PSC will make the following recommendations relative to project selection:
  - a. Approval: without specific conditions set by the PSC, the signing process can proceed;
  - b. Conditional approval: the conditions set by the PSC are to be integrated in the contract and the signing process can proceed (changes are confirmed by one of the PSC members before signing);
  - c. Withhold: If the project needs to be revised or there is a request for additional information, it is temporarily withheld and it can be discussed in the next PSC (after receipt of a revised project proposal and confirmation of the integrated revisions);
  - d. Rejection: If the PSC decides that the project does not meet the LDN TAF requirements.
8. The PSC may propose amendments to its terms of reference for consideration by the TAF Donor Committee.



### 3.3 The Role of WWF

WWF-US is the legal entity acting as the GEF Agency to ensure the GEF contribution to the LDN Fund TAF complies with the GEF due diligence process. The WWF GEF Agency represents GEF interests at the Donor committee and the WWF GEF Agency has an oversight function of the LDN Fund TAF process, workplan and overall effectiveness. WWF is not a donor to the LDN Fund TAF and therefore does not represent WWF's interests in the LDN Fund TAF governance.

WWF is a non-profit organization and cannot be a project developer aiming to qualify for LDN Fund financial investment through TAF support. WWF is a network of around 100 offices and like other expert international conservation organizations, can offer its worldwide expertise on sustainable land management specifically in the forest sector. It will work with Mirova and IDH to help in identifying potential project developers in places best positioned for progressing toward Land Degradation Neutrality.

In case WWF is seeking to provide technical assistance supported by the TAF to a project developer, the WWF GEF Agency will inform the Donors Committee and the Project Selection Committee.

## **Section 4: Stakeholder Engagement**

### 4.1. Stakeholder Engagement Activities during Project Preparation

#### **Project stakeholders and their role in this project**

##### **Mirova**

Mirova, as the co-promoter and manager of the LDN Fund holds a central stake in the development of the TAF and has contracted IDH to further develop and manage it. There will be close coordination between the TAF PMU and Mirova to both source projects for TAF support and to ensure that projects supported by the TAF are eligible and of interest to the LDN Fund. A LDN Fund and TAF coordination group will be established during Year 1 of operations, and captured in the operational manual.

Mirova has also been responsible for developing the TAF concept and hence holds significant knowledge required for writing this ProDoc. The TAF will need to align many of its policies and processes with that of the LDN Fund (e.g. on environmental and social safeguards) and Mirova holds important knowledge regarding these.

##### **UNCCD Global Mechanism**

The UNCCD Global Mechanism as the co-designer and promoter of the LDN Fund and TAF has a core stake in the development and progress of this project, representing the interests of the parties to the convention.

##### **Agence Française de Développement (AFD)**

The AFD is a proposed donor to the TAF, and as such the TAF design will need to account for their requirements and preferences.

##### **LDN Fund Advisory Group**

The Advisory Group is composed of WWF, TNC, Rainforest Alliance and EIB, and as the TAF is strongly linked to the LDN Fund pipeline they have been consulted during the original TAF design and may be consulted on an ongoing basis during implementation for their views.

##### **UNCCD CSO Network**

CSOs are the voice of grass roots realities. Because the UNCCD Secretariat aims to directly improve the livelihoods of marginalized populations, particularly those threatened by drought and desertification, it supports CSOs playing a significant role at the UNCCD Conference of the Parties (COP) as well as other processes.

Currently nearly 500 CSOs are accredited with observer status to the UNCCD COP. The participation of these groups in the Convention's implementation and their contribution to the various meetings is a necessary component of the successful implementation of the Convention.

As a key stakeholder to the UNCCD, the CSO Network has been consulted to provide their review and input into the ProDoc, along with identifying further partnership opportunities to develop the TAF

pipeline. As described in Section 3: Project Governance the CSO Network will also be invited to take a seat on the LDN Fund/TAF Strategic Board to represent CSO viewpoints on the Board.

### **How have stakeholders been consulted and/or involved in project planning and decision-making?**

#### Consultation during the original design of the TAF

- UNCCD initially developed the TAF structure, in collaboration with the impact investment advisory firm Innpect, who have advised on the development of many funds that use a similar TA approach. This approach has also been shown to be effective in recent studies – for example the Climate Policy Initiative’s ‘Designing Technical Assistance Activities for Adaptation and Resilience Companies’ report.
- The TA Facility design was then consulted on with the LDN Fund Advisory Group. The design was discussed at Advisory Group meetings at WWF’s offices in Gland (29/04/16) and EIB’s offices in Luxembourg (28/09/16). As well as general approval for this design, specific feedback included the need for close collaboration between the TAF and LDN Fund management, the idea that junior investors could choose to allocate their dividends from the Fund to the TAF (to be confirmed in the future), and the importance of financial additionality for TAF support.
- Anchor investors EIB and AFD have been closely involved during the development of the LDN Fund and TA Facility structure. They recognised the importance of technical assistance in this sector to overcome investment barriers, reduce commercial and ESG risk, and increase positive impacts. They indicated that they would be more likely to invest in the Fund if there was some form of TA support, and were very supportive of the use of a linked TA Facility.
- The design of the TAF intervention strategy has also been informed by consultations by Mirova with current and potential investees, and the needs they have expressed during these consultations. These consultations have informed the barriers identified in Section 1.3.

The findings from these consultations are summarized in Table 3 below:

**Table 3: Findings from LDN Fund investee consultation**

<b>Area</b>	<b>Potential investee feedback</b>	<b>Incorporation in TAF project design</b>
<b>TA needs</b>	Support for outgrower schemes: the social and commercial benefits were recognised, but could be considered too expensive/complex to implement	Eligible as a TA service
	Support on conservation measures, e.g. mapping of conservation areas, or determining biodiversity friendly practices	Eligible as a TA service
	Support requested on how to monitor and report on positive development impacts, including LDN contribution	Eligible as a TA service, particularly the focus on measuring and tracking LDN impact

<b>Processes</b>	Wanted clear explanation of the application process and selection criteria	Application process is designed to be transparent, with clear and frequent communication between TAF PMU and applicants
	Wanted application process to be fast; many grant-making processes were considered too slow, particularly in the context of fast-growing private businesses	Project selection process designed to be efficient, while remaining thorough and well governed.

### Consultation during the development of the ProDoc

#### *ProDoc Kick-off workshop*

Each of the stakeholders mentioned participated in kick off workshops held at the offices of WWF France in Paris on the 12th and 13th of April. The first day of the workshop was attended by WWF, IDH, Mirova and E Co (ProDoc consultants), and discussions focused on achieving alignment on key design elements of the TAF, and planning the way forward for developing the ProDoc. The specific topics discussed included:

- Roles and responsibilities of each organization
- Workplan for ProDoc development
- TAF Governance
- Theory of Change
- The project selection process
- Stakeholder engagement
- M&E approach
- Budget development
- Sustainability & potential for scale-up

On the second day of the workshop the GEF Secretariat, UNCCD and AFD also attended, with discussions focusing on a briefing to the stakeholders of the TAF design to date, feedback from stakeholders on their expectations and key concerns regarding the TAF and planning for ProDoc development.

The specific topics discussed included:

- Stakeholders' expectations for the project
- TAF Governance
- The project selection process
- Budget and co-financing
- Verifying the workplan for ProDoc development

Key areas of feedback discussed during both days of the kick-off workshop which have been integrated into the design of the TAF include:

- Strengthening national-level engagement via inviting UNCCD Focal Points to kick-off meetings for post-investment projects and informing them of pre-investment projects, and the potential to share the lessons from the LDN tracking and measurement methodology with Focal Points to support the tracking of progress against national LDN targets
- The need for project developers to demonstrate sufficient local community consultation and support for the project idea, in order to be eligible for TAF support
- The need to reflect representation of the research and scientific community in TAF Governance
- The need to maintain a unified reporting process for all donors to avoid excessive transaction costs for the TAF PMU
- The need to further articulate future plans for scaling up the TAF in line with the expansion of the LDN Fund
- The need for the TAF to support the balance of the LDN Fund portfolio including representation from LDCs, SIDS and Africa constituencies where traditionally the enabling environment to prepare investment-ready projects is more challenging
- The need to make sure that the TAF is enhancing the quality of the projects being submitted to the LDN Fund and reduce environmental and social risk
- The importance of the TAF assisting project developers with developing more robust monitoring approaches for their projects
- The importance of sharing learning from the TAF and LDN Fund via the creation of a 'Learning Network'
- The need for the TAF to help the LDN Fund track the impact of projects on LDN (via a monitoring and tracking methodology)

### *Consultation interviews*

Consultation interviews have been held with Mirova focusing on the topic of the use of E&S safeguards, and 'baseline' activities of the LDN Fund. The E&S safeguard discussion has focused on the E&S safeguards already used within the LDN Fund, and to identify how alignment is achieved via the requirement that project developers must demonstrate that they do not fall under the LDN Fund's exclusion criteria in the TAF eligibility requirements.

The 'baseline' discussion focused on the existing activities of the LDN Fund and the likely scenario for the LDN Fund without the TAF in place, which has provided information for the development of Section 1.4 (Baseline Analysis & Gaps) of the ProDoc.

The UNCCD CSO and GEF CSO Networks have also been consulted to provide their review and input into the Pro Doc and identify further partnership opportunities to further develop the TAF pipeline.

### **The GEF CSO Network**

The GEF CSO network in their feedback requested a strengthening of the requirements placed on project developers to engage with CSOs during the implementation of their TAF project. As a result additional requirements have been added for post-LDN investment projects to invite CSOs (via the GEF and UNCCD CSO networks and local networks) to attend their TAF kick-off meeting, and for the smaller pre-investment projects for the project developer to inform the aforementioned CSO networks of the commencement of the project with accompanying information and contact details (the same procedure as for UNCCD focal points in the country).

### **The UNCCD CSO Network**

The UNCCD CSO Network in their feedback also highlighted the need for more explicit requirements for project developers to engage with CSOs. This was accompanied with the following additional overarching points:

- A request for an increase in references to the importance of governance and land tenure in the ProDoC and the support provided by the TAF;
- A request for a change in language describing farmers, producers, users and workers as beneficiaries of LDN Fund investments and TAF projects to instead more active agents of change. This was accompanied with requests for clarification and further reference to the inclusion of these actors as potential project developers (in this case via cooperatives and social enterprises) and eligibility of CSOs/NGOs as potential TAF support recipients or partners;
- A request for increases in reference to gender issues beyond Section 6 and requests for clarification on points related to the evaluation of TAF performance related to gender (included in scope of mid-term and final evaluations of the TAF).

### *ProDoc Review Teleconference*

A ProDoc Review Teleconference was held on the 22<sup>nd</sup> August 2018 attended by representatives from WWF, IDH, Mirova, UNCCD and AFD to discuss how review comments made on the first draft of the ProDoc have been incorporated and provide further review comments on the second draft of the ProDoc. Topics discussed during this teleconference included the following:

- GEF Intervention Strategy
- Project Financing and Budget
- Project Background and Situation Analysis
- Stakeholder Engagement
- Monitoring & Evaluation including the Results Framework
- Environment and Social Safeguards
- Gender Equality and Women's Empowerment
- Technical Appendices

- Co-Financing
- Project Governance

Key areas of feedback discussed during the Pro-Doc Review Teleconference which have been integrated into the design of the TAF in the Pro-Doc include:

- A more detailed description of the approach to further fundraising and co-financing (beyond co-financing already secured) for the TAF
- Reference to the fact that the STAP is developing guidance on the neutrality principle, and the inclusion of this into the project assessment and selection process
- Reference to the development of an operational manual for the TAF in the Intervention Strategy which captures the project cycle and connection with the governing bodies
- Further refinement of the terms of reference of the governance bodies for the TAF

## 4.2. Stakeholder Engagement during Implementation

### **Global stakeholder engagement**

#### Engagement via the governance structure

As described in Section 3 (Project Governance) key global stakeholders will participate directly in the governance of the TAF via the LDN Fund and TAF Strategic Board. This is composed of the Executive Secretaries of the UNCCD, UNFCCC and CBD, a representative from CSOs, a representative from the scientific community chosen by the UNCCD Science-Policy Interface, a representative from a developed country party to the UNCCD and a representative from a developing country party to the UNCCD. They will provide guidance to the TAF Donor Committee and facilitate networking and engagement with key strategic partners, including governments of countries hosting LDN investments and governments supporting the LDN Fund/and or the LDN TAF (See Section 3 for further detail).

The TAF Donor Committee will also represent the viewpoints of the TAF Donors and provide them with a decision-making role in the execution of the TAF (See Section 3 for further detail).

#### Engagement via the learning network

The TAF will engage with the broader project developer and investor community via its Learning Network as described in Section 2.5. Whilst this will be an open access network, key stakeholders in the world of SLM investment will be identified (such as organizations identified in Section 1.4 and 1.5) and invited to join so that learning and good practices are actively shared with these influencers in the community. The design of the Learning Network will also be responsive to key priorities and preferences expressed by members of the Network, and may adapt during implementation in response to these needs.

## **Local stakeholder engagement for projects**

### Requirements within the project selection criteria

The level of stakeholder participation in project design is one of the key criteria which is taken into account during project selection. Applicants to the TAF have to demonstrate that either key stakeholders have been meaningfully engaged and consulted and that their input has been considered in the TA proposal design, or that there is a detailed plan in this regard. Only projects that can demonstrate this will be selected for TAF support.

### Information sharing & learning in project landscapes

One function of the TAF Learning Network is to facilitate the information sharing and learning process between project developers and their stakeholders within the landscapes they are operating in. The TAF PMU can enable sharing of data/evidence from the projects and investments in the field with identified stakeholders in the landscape, for example by organizing learning site visit(s) or workshop(s) with other local businesses, social enterprises, government, financial institutions and NGOs. These could focus on issues such as (but not limited to) effective spatial planning, land tenure management, inclusion of smallholders and communities in inclusive business models or new agronomic practices and technologies.



## **Section 5: Environment and Social Safeguards**

The proposed TAF project will need to comply with WWF Environment and Social Safeguards Policies and Procedures. The Project is classified as Category C for safeguard purposes since the proposed project is a technical assistance activity and therefore no environmental or social impacts are envisaged under the project. The TAF is designed to support the LDN Fund by facilitating the creation of a balanced, effective, pipeline of potential projects that can be developed under the LDN Fund, TAF interventions will vary and will depend on the local context and geography, the project's scope, and the project developer's needs but will be of a technical assistance nature.

The proposed TAF will support activities funded under the LDN Fund and therefore activities under the LDN Fund will comply w Fund's Environment and Social Management System the LDN Fund. The LDN Fund Environment and Social Management System is based on International Finance Corporation (IFC)'s Performance Standards and on the Voluntary Guidelines on the Responsible Governance of Tenure (VGGT).

## Section 6: Gender Equality and Women's Empowerment

### Background

The TAF considers gender equality both a key driver and concern for sustainability. It will strive to integrate gender aspects across the TAF portfolio.

To be applicable for investment by the LDN Fund and/or the TAF, project developers will be expected to demonstrate that they incorporate gender equality concerns in the project design, and ensure that these aspects are maintained and improved during operation. The TAF PMU will therewith ensure meeting or exceeding GEF minimum policies involving gender equality and woman's empowerment.

The TAF's approach to gender is based on the knowledge that gender mainstreaming is not just about gender balance or equal gender representation. Instead, it requires a contextual analysis of the needs, priorities, roles and experiences of women and men, and the identification of specific actions that help address gender risks or inequalities that may have emerged from this analysis<sup>60</sup>.

It follows that gender considerations are integrated into the full project cycle for both pre and post investment TA projects:

- 1) *Pre-investment*: Identify risks and opportunities to the livelihoods of women and men, through greater productivity, job satisfaction, safety and stability and equal sharing of benefits;
- 2) *Post investment*: Support the creation and scaling up of viable, inclusive and gender responsive business models.

The starting point for all TAF interventions is the do-no-harm principle: project interventions must not negatively influence gender relations and dynamics within the project scope. The role of the TAF is to both enhance understanding of the baseline gender dynamics in the early project cycle, and to maximize opportunities for enhanced gender equality and empowerment. By considering how women and men participate in interventions, the TAF strives to enable LDN Fund investment projects that benefit both men and women and do no harm to either.

### Pre-investment TA support

Projects must be gender sensitive in their formulation, even as early as the TAF application phase. The LDN TAF application form, as well as the LDN Fund E&S Questionnaire contain questions that are focused on a project's gender aspects, and the Fund's assessment process will include an analysis of positive impacts.

All TAF-supported projects will include an awareness-raising part regarding gender. To this end, IDH has developed the IDH Gender Toolkit<sup>61</sup>. This document guides program teams and partners on how to recognize opportunities related to gender in their programs. Following six programming steps, it provides tools on how to integrate gender aspects into project design, implementation, and how to

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<sup>60</sup> UNIDO Gender Guide 2015

<sup>61</sup> <https://www.idhsustainabletrade.com/news/gender-toolkit-inspire-integrating-gender-aspects-supply-chain-approaches/>

develop gender sensitive indicators for M&E to support gender mainstreaming through the project cycle.

For pre-investment projects, this means that each TAF applicant will need to complete a section in the application form based on the IDH Gender Toolkit, relating to gender risks and opportunities. It is not expected that the preliminary assessment addresses all listed matters in full, but the information needs to be sufficient to make an informed decision regarding whether a project falls very short of 'do-no-harm' (and therefore cannot be selected for TAF support) or has potential to be transformative (and therefore will have a better chance to be selected for TAF support).

In six questions, the applicant will be asked to:

- Identify the different roles, circumstances, and opportunities of female and male farmers/workers/managers;
- Identify how these roles, circumstances, and opportunities contribute to the impact of the project;
- Identify how the project itself may improve or deteriorate these circumstances and opportunities;
- Identify the different stakeholders in the project relevant supply chains/production landscape and how they influence the existing gender dynamics; and
- Identify gender-specific targets, outcomes and activities.

Through these six steps, the project developer's awareness will be assessed regarding potential gender issues, such as:

- Potential constraints to equal participation and value capture of both women and men;
- How gender roles in the project developer's partner farming household/ community / cooperatives, and affect equal participation and value capture of both women and men;
- Risk of gender based violence;
- Potential for transformative activities for farmers/workers (training/ career opportunities/ (health) services);
- Constraints for implementing best practices for corporate policies; and
- Identification of risks of not including gender in the intervention.

### ***Post-investment projects***

For post-investment projects, the TA needs assessment process will seek to validate the above analysis. Project developers applying for TAF funding will be asked to develop and submit the Gender Action Plan to the LDN Fund and TAF. Based on the identified risks and the potential for (transformative) interventions together with the project developer, the need and potential for TA support will be determined.

At the project implementation stage, Gender Action Plans are mandatory and they are expected to:

- Further build on the issues identified in the preliminary assessment;
- Propose specific actions within the existing structure of the project to address specific risks and constraints;
- Identify a plan for substantial and impactful participation by women within the stakeholder consultation process, the project implementation phase, and for responding to complaints and concerns related to gender dynamics whilst receiving support from the LDN Fund;
- Identify metrics for the monitoring & evaluation of gender impacts, including but not limited to: recruitment targets, gender balance within the skilled/managerial jobs, presence of specific programs aimed at gender equality, provisions for flexible working arrangements, and provisions for nursing mothers); and
- Demonstrate compliance with the LDN Fund’s E&S standard on labor conditions which requires project developers to ‘demonstrate the fair treatment, non-discrimination, and equal opportunity of workers.’

The TAF could potentially fund TA activities for post-investment projects to support more extensive plans regarding gender, both within the project area and for local communities.

TA on gender issues may include for example:

- Improving the enabling environment for women to access resources /services/finance/skills
- More effective prevention and response mechanisms for gender based violence
- Improved and inclusive policies, standards & regulations, such as strengthening of HR systems, developing a reporting and grievance mechanism on gender based violence & gender topics

### ***Project management***

Finally, the TAF is focused on awareness-raising on gender within its own staff, striving to integrate gender aspects within the TAF working culture. To this end IDH has identified specialized gender experts to consult on TAF projects throughout their project cycle. If required for specific projects external gender experts will be consulted (e.g. the gender experts on staff at WWF).

## Section 7: Monitoring and Evaluation

### Staffing

The M&E process will be overseen by the TAF Director and implemented by the Senior Manager and Program Officer, in conjunction with the Financial Controller and Financial Officer regarding financial reporting.

### The M&E process and indicators

The TAF PMU will track its own implementation progress and results on an ongoing basis. The following Monitoring & Evaluation plan has been collaboratively developed with stakeholders from UNCCD, Mirova, IDH and WWF and reflects the best practices identified in the Open Standards (WWF Program and Project Management Standard). The plan utilizes the indicators identified in the Results Management Framework (see Section 9 - Appendices), which have been selected to be SMART— Specific, Measurable, Achievable, Relevant and Time-Specific.<sup>62</sup>

The following section lays out how the TAF PMU will plan, implement, monitor, and report its progress towards achieving its core objectives and outcomes in the Results Management Framework, in addition to its plans for adapting its own approach to continuously improve performance. A reporting schedule is at the core of the M&E plan, whereby a Project Progress Report, is prepared at six months and 12 months of every implementation year.

### M&E for TAF General Objectives

The general objective of the TAF is to provide project preparation and TA services to build a balanced portfolio of effective projects for the LDN Fund and increase knowledge and awareness of models for LDN investment across the investor and project developer community. Progress towards this objective will be measured by three indicators which are further described in the results framework:

**Indicator G1:** Defined as the number of projects approved for investment from the LDN Fund (or a similar investment fund) after pre-investment TAF support, the G1 indicator will be tracked through communication between the TAF PMU and the LDN Fund. This indicator will be monitored at Year 3 and Year 5 of project implementation. Data reporting will disaggregate the approved projects by country grouping (e.g. LDCs, Africa, SIDS, Asia-Pacific, LAC etc.) and by year of TAF support (e.g. first year, second year etc.).

**Indicator G2:** This indicator measures the contribution of pre-investment TAF-supported projects to a balanced LDN Fund portfolio, whereby balancing needs are defined at the bi-annual meetings by the TAF Donor Committee and integrated into the annual work plan.<sup>63</sup> For example, the TAF and LDN

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<sup>62</sup> The successful implementation of LDN Fund projects will contribute towards the impacts contained in the PMAT. Given that the TAF is designed to provide technical assistance towards the realization of an effective and balanced project pipeline for the LDN Fund (as opposed being directly responsible for the funding and implementation of this pipeline), the application of the GEF Land Degradation Tracking Tool (GEF-6) within the TAF itself is beyond its remit.

<sup>63</sup> The potential balancing role of the TAF is described further in Section 2.2 of the Pro Doc.

Fund and the TAF Donor Committee may identify a particular geographic region or country grouping (e.g. SIDS) as requiring greater representation in the portfolio. Data will be disaggregated by country grouping (e.g. LDCs, Africa, SIDS, Asia-Pacific, LAC etc.), by type of project developer, by sector, and by total investment project size. This indicator will be monitored annually by the TAF PMU, and will be based on communications received from the LDN Fund.

**Indicator G3:** This indicator measures the extent to which post-investment TAF-supported LDN Fund projects are implemented more effectively and with greater potential for transformational SLM, land restoration impact, and environmental and social co-benefits. The term “implemented more effectively” is measured against a pre-defined project scorecard jointly prepared by the project developer and the TAF PMU at the start of the TAF intervention (See Section 9: Appendix). The scorecard is tailored to determine how each individual project can improve performance on SLM, land restoration, and broader environmental and social indicators than they would have without TAF support. Performance scorecards are completed annually by the TAF and the project developer; results are shared at the TAF and LDN Fund annual meeting and through the Project Progress Report (PPR).

**Indicator G.4:** This indicator measures the number of country government representatives reporting enhanced capacity to implement MEAs and mainstream into national and sub-national policy, planning financial and legal frameworks. Post-investment project developers will invite UNCCD National Focal Points and other relevant government stakeholders to the kick-off workshops for their projects, which will help increase government awareness of potential models for private investment in LDN. By attending these workshops and remaining in communication with TAF projects they can also learn about the use of the LDN measurement and tracking tool and how it could be applied in the public sector to help report against national LDN targets. This indicator will be measured via surveys sent to UNCCD National Focal Points and other government representatives whom have attended kick-off workshops for post-investment projects asking them what they have learnt and how they have applied it in the context of the country’s UNCCD LDN targets and programmes or projects, national policy, planning, financial and/or legal frameworks.

### **M&E for TAF Component 1**

The objective for Component 1 is to improve technical and operational processes and the SLM and land restoration impact of (potential) LDN Fund projects. The TAF will monitor three indicators towards this objective:

**Indicator C1.1:** C1 seeks to determine if TAF support results in project proposals of a higher technical quality being submitted to the LDN Fund than would have otherwise occurred. The indicator is defined as the number of project proposals from pre-investment projects which shift from not meeting the technical requirements of the LDN Fund to meeting the technical requirements of the LDN Fund. The data will be monitored via regular communication between the TAF PMU and the LDN Fund and disaggregated by country grouping. It will be annually reported.

**Indicator C1.2:** This indicator determines if project developers have greater capacity to implement projects to a higher technical standard. The indicator is defined as the percentage of project developer and key stakeholder whose capacity building needs are met at the end of TAF post-investment support. Before providing TAF post-investment support, the areas of capacity building needs are identified for each project individually. Together with the project developer (and the LDN Fund) it will be agreed which capacity building needs will be supported by the TAF and measurable targets will be set. The TAF PMU will then monitor the percentage of project developer and key stakeholder capacity building needs are met on an annual basis, from year two of implementation onwards. Data will be disaggregated by country grouping and by year of TAF support.

**Indicator C1.3:** This indicator measures if project developers have achieved a greater ability to monitor their performance against LDN indicators on social and environmental impacts, and to report this to the LDN Fund to practice adaptive management more effectively both in the TAF and LDN Fund. The data collection will be informed through the meetings between the TAF and the project developers, and the indicator will be measured by the percentage of project developers using monitoring data to practice adaptive management as a result of receiving technical assistance. Adaptive management is defined as a systematic process for continually improving management policies to maximize LDN, social and environmental impacts based on data (through project performance scorecards. Monitoring data includes data on LDN, social and environmental project performance, mobilized through the soil organic carbon toolkit, remote sensing toolkit development, LDN data platform and TAF-supported baseline studies, which are summarized annually in LDN and E&S performance scorecards.

## **M&E for TAF Component 2**

Effective knowledge management and project monitoring and evaluation is the overall objective of TAF Component 2. Progress towards meeting this objective is partitioned into two sub-objectives, which are measured against four indicators. All three indicators will disaggregate data findings by year of TAF support, in order to measure the evolving impact of the TAF.

**C2.1 objective:** The first objective under Component 2 is that its activities are designed to ensure that monitoring & evaluation across the TAF is carried out effectively and is used for adaptive management.

**C2.1 indicator:** This indicator tracks the number of IDH and LDN Fund planning meetings or workshops where M&E data (including RF indicators) was discussed. Data from the workshops and meetings is then integrated into the annual workplan and budget which is submitted to the donor committee.

**C2.2 objective:** The second objective under Component 2 activities is that awareness and knowledge of successful models for SLM and land restoration investment and LDN impact are made available across the wider project developer and investor community.

**C2.2a indicator:** This indicator measures the number of publically available knowledge products developed by the TAF PMU (potentially together with LDN Fund and or project developers). Knowledge products can be reports, presentations, blogs, web articles and other products that aid the dissemination of knowledge to others. The TAF PMU will report on this indicator annually from Year two onwards in the PPR.

**C2.2b indicator:** The TAF PMU will report on the number of (virtual or physical) meetings of the TAF Learning Network, specifying the core topics of the Learning Network events. Topics will likely include: financial deal structuring, locally-specific technical issues, data sharing, spatial planning, land tenure, inclusion of smallholders and communities, agronomic techniques, etc. The C2.2b indicator will be reported upon annually.

**Adaptive management measures: continual improvement/mitigating underperformance**

IDH will convene a bi-annual donor committee meeting between the TAF and LDN Fund to review the PPR and to determine if the TAF is effectively meeting its objectives. The remit of the meeting may include:

- A review of M&E data from the TAF to identify areas for potential adaptation to continually improve TAF performance;
- The ability to adapt the TAF's support priorities to improve balance in the LDN Fund pipeline;
- Other topics as deemed necessary by the TAF, LDN Fund, and project developers; and
- IDH will include a summary of these donor committee meetings in its progress reports to donors via the annual workplan and budget (see reporting table, below).



## **WWF GEF Project Progress Reports (PPR): Contents**

PPRs will be submitted semi-annually to the WWF GEF agency in order to:

- Track project progress against the results framework and work plans;
- Ensure implementation of environmental and social safeguards;
- Indicate where backstopping and troubleshooting/support is needed; and
- Provide the information needed for the WWF GEF Agency to complete Project Implementation Reports (PIRs), which are submitted to the GEF Sec.

The PPR requires reporting on:

- Summary of Expenditure and Implementation;
- Outcomes and Impacts Achieved;
- Effective Implementation of Work Plans and Budgets;
- Gender Equality and Mainstreaming;
- Challenges and Strengths Affecting Project Performance;
- Adaptive Management;
- Sharing of Lessons Learned; and
- Reporting major points of progress against the Results Framework.

On an annual basis, the TAF PMU will also be required to self-assess its performance against its annual work plan and targets, and to provide a risk mitigation plan for redressing areas of underachievement.

The PPR will also contain the following supporting documentation:

- Project Results Framework (for annual reports)
- Annual Work Plan Tracking Document (for annual reports)
- Weblink to relevant documents (as applicable)

## **Overview of Reporting Requirements**

The final reporting requirements will be agreed upon with the donor committee to ensure alignment between the reporting requirements of the different donors.

Requirement	Responsible	Frequency	Notes
Annual Work Plan and Budget	PMU	The Annual Work Plan and budget is due in draft form to WWF GEF a few months before the new project year, and must be approved by the Donor Committee before next fund disbursement from WWF GEF to IDH as the Executing Agency.	The data that informs the annual workplan will be derived from the PPRs (six months, annual) prepared during the year.
Quarterly Financial Report	PMU	Quarterly. It will be submitted 30 days after the end of the quarter.	The quarterly financial report will be carried out by IDH, which hosts the TAF PMU. The audit will be included in the IDH's organization-wide audit of the LDN Fund, as agreed with the WWF.
Financial Audit	PMU	Annually -- due within six months after the fiscal year end.	An annual financial audit of the TAF will be performed by the IDH (as part of its annual organizational audit).
Project Progress Report (PPR) – 6 months	PMU	At six-month mark of every project year, based off the project start date, and reporting on past 6 months of work.	The PPR will document project progress according to the Workplan (and the Results Framework on an annual basis)

Project Progress Report – 12 months	PMU	At 12-month mark of every project year, based off the project start date, and reporting on past 12 months of work.	The PPR will track the indicators described above and further explicated in the results framework.
Results Framework Tracking Document	PMU	Annually – as part of the 12 month PPR	The Results Framework is directly linked to the annual monitoring activities and an annual review of performance against the framework informs the annual work plan and budget allocations.
Co-financing letters	PMU	Annually – submitted along with the annual financial report due 30 days after the end of the project year.	Requests for co-financing letters will be sought in conjunction with discussions with the PSO on the Annual Work Plan and Budget.
Mid-term Evaluation	Independent Evaluator	Mid-term project implementation	An independent evaluator will be selected and contracted by the WWF GEF Agency with input from IDH
Terminal Evaluation	Independent Evaluator	Close of project	An independent evaluator will be selected and contracted by the WWF GEF Agency with input from IDH
Project Closeout Report	PMU	Close	The Project Closeout report will synthesize findings from the annual reports and terminal evaluation. It covers sustainability/exit plans and will provide key data in terms of impact outcomes drawing from the results framework.

## M&E Budget

<b>Monitoring and Evaluation</b>				
<b>Role</b>	<b>Description</b>	<b>Annual Time</b>	<b>Average Annual Cost</b>	<b>Total Budget Cost USD</b>
Program Officer	PO will organize and facilitate annual donor M&E reviews on TAF impacts	0.125	5,246	26,228
Senior Manager/Director	The SM and the Director will oversee the impact assessments of TAF prior to donor workshops	0.075	5,481	27,403
Donor workshops (M&E reviews)	Annual M&E workshops to assess and redirect TAF activities	NA	4,638	23,190
Midterm Review	Externally sourced MTR in accordance with GEF guidance	NA	NA	17,908
Final Evaluation	Externally sourced Final Evaluation in accordance with GEF guidance	NA	NA	17,908
<b>TOTAL MONITORING AND EVALUATION</b>				<b>112,637</b>

## Section 8: Project Financing and Budget

### 8.1 Project Budget Overview

The total budget requested from the GEF is \$2,000,000 million USD, to be disbursed over the course of five years, across two technical components, and project management costs (see tables below on GEF project budget). There is a total of \$5,042,310 in co-financing (see section 8.1.1. for Co-finance Overview).

ANNUAL BUDGET SUMMARY BY GL						
Land Degradation Neutrality Fund Technical Assistance Facility						
GEF PROJECT BUDGET OVERVIEW						
CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
PERSONNEL	\$ 81,510	\$ 85,585	\$ 89,865	\$ 94,358	\$ 99,076	\$ 450,393
THIRD PARTY FEES & EXPENSES	\$ 4,533	\$ 4,633	\$ 20,080	\$ 839	\$ 30,918	\$ 61,003
GRANTS & AGREEMENTS	\$ 493,121	\$ 523,777	\$ 247,440	\$ 21,277	\$ 21,762	\$ 1,307,377
TRAVEL, MEETINGS & WORKSHOPS	\$ 32,249	\$ 31,217	\$ 39,718	\$ 34,253	\$ 43,789	\$ 181,227
OTHER DIRECT COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADMINISTRATIVE COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL PROJECT COSTS</b>	<b>\$ 611,413</b>	<b>\$ 645,212</b>	<b>\$ 397,103</b>	<b>\$ 150,727</b>	<b>\$ 195,545</b>	<b>\$ 2,000,000</b>

**COMPONENT 1: Improving technical and operational processes and social and the environmental impact of LDN Fund projects**

CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
PERSONNEL	\$ 39,544	\$ 41,521	\$ 43,597	\$ 45,777	\$ 48,066	\$ 218,505
THIRD PARTY FEES & EXPENSES	\$ 2,014	\$ 2,115	\$ 1,333	\$ -	\$ -	\$ 5,462
GRANTS & AGREEMENTS	\$ 493,121	\$ 523,777	\$ 247,440	\$ 21,277	\$ 21,762	\$ 1,307,377
TRAVEL, MEETINGS & WORKSHOPS	\$ 23,016	\$ 24,166	\$ 25,375	\$ 26,644	\$ 27,976	\$ 127,177
OTHER DIRECT COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADMINISTRATIVE COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL PROJECT COSTS</b>	<b>\$ 557,695</b>	<b>\$ 591,579</b>	<b>\$ 317,745</b>	<b>\$ 93,698</b>	<b>\$ 97,804</b>	<b>\$ 1,658,521</b>

**COMPONENT 2: Knowledge management and effective project monitoring and Evaluation**

CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
PERSONNEL	\$ 19,412	\$ 20,382	\$ 21,401	\$ 22,472	\$ 23,595	\$ 107,262
THIRD PARTY FEES & EXPENSES	\$ 2,518	\$ 2,518	\$ 18,747	\$ 839	\$ 30,918	\$ 55,540
GRANTS & AGREEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRAVEL, MEETINGS & WORKSHOPS	\$ 4,197	\$ 4,407	\$ 11,567	\$ 4,858	\$ 12,753	\$ 37,782
OTHER DIRECT COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADMINISTRATIVE COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL PROJECT COSTS</b>	<b>\$ 26,127</b>	<b>\$ 27,307</b>	<b>\$ 51,715</b>	<b>\$ 28,169</b>	<b>\$ 67,266</b>	<b>\$ 200,584</b>

Project Management Cost						
CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	COMPONENT
						TOTAL
PERSONNEL	\$ 22,554	\$ 23,682	\$ 24,866	\$ 26,109	\$ 27,415	\$ 124,627
THIRD PARTY FEES & EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GRANTS & AGREEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRAVEL, MEETINGS & WORKSHOPS	\$ 5,036	\$ 2,644	\$ 2,776	\$ 2,752	\$ 3,061	\$ 16,269
OTHER DIRECT COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADMINISTRATIVE COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL PROJECT COSTS</b>	<b>\$ 27,590</b>	<b>\$ 26,326</b>	<b>\$ 27,642</b>	<b>\$ 28,861</b>	<b>\$ 30,476</b>	<b>\$ 140,895</b>

### 8.1.1. Co-finance overview

The total co-finance amount is \$5,042,310. This includes \$474,445 spent during project preparation phase (\$200,000 from Mirova, and \$274,445 from IDH, respectively).

#### Total cofinancing disaggregated by donor

SOURCE	Amount \$
Mirova	\$ 280,000
AFD	\$ 3,528,430
UNCCD	\$ 60,000
IDH	\$ 863,880
WWF	\$ 310,000
TOTAL CONFIRMED CO-FINANCING	\$5,042,310



## 8.2 Project Budget Notes

### 8.2.1. Staffing

Salaries listed here are 30% of actual salaries offered for all positions, given that 70% of the total budget will be co-financed. Human Resources, Administration, and Operational support costs are part of the IDH staff rates, which are based on an integral cost price calculation without any profit surplus, audited conform the law.

<b>Staffing</b>				
<b>Position Title</b>	<b>Summary of responsibilities</b>	<b>Average Annual % time</b>	<b>Average annual Budget (USD)</b>	<b>Total Project Budget (USD)</b>
<b>Project Management Costs (PMC)</b>				
Finance Officer/Controller	The Finance Officer and Finance Controller will oversee annual financial audits and financial reporting. Operational and communications assistance will be used as required and provided by IDH.	0.15	\$7,488	\$37,442
Communications Manager	The Communications Manager will oversee the editing and publication of the Learning products	0.15	\$7,488	\$37,442
Program Officer	The Program Officer will support implementation of both components and M&E.	0.15	\$6,295	\$31,473
Senior Manager /Director	The Senior Manager and Director will oversee the implementation of both components and M&E,	0.05	\$3,654	\$18,269
<b>TOTAL PROJECT MANAGEMENT COSTS (PMC)</b>				\$124,627
<b>Monitoring and Evaluation (Staff Costs)</b>				
Program Officer	PO will organize and facilitate annual donor M&E reviews on TAF impacts	0.125	\$5,246	\$26,228
Senior Manager/Director	The SM and Director will oversee impact assessments of TAF prior to donor workshops	0.075	\$5,481	\$27,403
<b>TOTAL M&amp;E COSTS</b>				\$53,631

<b>Component 1</b>				
Legal officer			\$4,992	\$24,962
Program Officer	PO will facilitate pipeline development and delivery of capacity building services	0.4	\$16,786	\$83,929
Senior Manager/Director	The SM and Director will oversee QC and balancing of pipeline; delivery of capacity building services	0.3	\$21,923	\$109,614
<b>TOTAL COMPONENT 1</b>				\$218,505
<b>Component 2</b>				
Program officer	PO will facilitate M&E activities and Learning Network/KM activities	0.25	\$10,491	\$52,455
Senior Manager/Director	The SM and Director will ensure QC of M&E activities and Learning Network/KM activities	0.15	\$10,961	\$54,807
<b>TOTAL COMPONENT 2</b>				\$107,262

### 8.2.2 Third Party Fees and Expenses

Consultant Expertise	Summary of responsibilities	Project Year/s	Average annual Budget	Total Project Budget
<b>Component 1</b>				
External expertise in project assessment	Experts can be hired to advise regarding - Projects selection - Specific TA needs assessment	1,2,3	\$1,092	\$5,462
<b>TOTAL COMPONENT 1</b>				\$5,462
<b>Component 2</b>				
Publications	Project results will be produced and distributed at the end of the project (electronic publications prior)	5	\$2,098	\$10,492

Website and newsletter	Website and newsletter will be produced on an annual schedule	1,2,3,4,5	\$1,846	\$9,232
MTR	MTR will be externally sourced with guidance from GEF	2.5	n/a	\$17,908
Final Evaluation	Final evaluation will be externally sourced with guidance from GEF	5	n/a	\$17,908
<b>TOTAL COMPONENT 2</b>				\$ 55,540

### 8.2.3. Grants and agreement

Partners and sub/recipients for these budget components will be identified during the pipeline development activities and other TAF networking.

<b>Partner Name</b>	<b>Total sub-recipient Budget</b>
Project Pre-investment	\$377,710
Post-investment	\$713,452
Monitoring training support (one time training support to all LDN Fund investment projects)	\$59,390
Baseline and impact measurement systems (only selected LDN Fund and TAF projects)	\$60,224
SOC toolkit development	\$31,476
Remote sensing toolkit development + monitoring	\$12,666
LDN data platform	\$52,460
<b>Sub Total Sub Grants</b>	<b>\$1,307,377</b>

### 8.2.4 Travel

<b>International or Local (state the Destination if known)</b>	<b>Purpose of Travel</b>	<b>Total number of Trips</b>	<b>Total Project Costs</b>
<b>Project Management Costs (PMC)</b>			
Strategy board meetings and fundraising - travel	This budget item covers costs for strategic board members without means of their own  The funds will also finance trips with potential donors for the TAF	12	\$10,846
Strategy board meetings and fundraising - DSA	DSA for board members without means of their	12	\$5,423

	own; DSA for IDH staff on fundraising trips.		
TOTAL PROJECT MANAGEMENT COSTS (PMC)			\$16,269
<b>Component 1</b>			
Pipeline development and monitoring - international travel	Five trips per year will be undertaken by the PMU to identify projects for the TAF pipeline and to deliver upon capacity building for monitoring outcomes for the TAF recipients. These trips will also serve to help ensure that the PMU is able to balance the portfolio as needed.	25	\$57,975
Pipeline development and monitoring - DSA		25	\$28,987
Pipeline development and monitoring - in-country travel		25	\$9,836
<b>TOTAL COMPONENT 1</b>			\$96,798
<b>Component 2</b>			
Conferences and International Symposia	TAF PMU will attend at least 2 international conferences and symposia to share on lessons learned as part of the Knowledge Management and Learning Network (see Output 2.2.1) Costs include: <ul style="list-style-type: none"> <li>• Staff time for preparation</li> <li>• Material</li> <li>• Travel and accommodation</li> <li>• IDH Staff time</li> </ul>	2	\$14,592
<b>TOTAL COMPONENT 2</b>			\$14,592

### 8.2.5 Workshops and Meetings

Location	Describe who will be participating and the estimated number of participants.	Purpose of workshop (include number of workshops planned)	Total Project Costs
<b>Monitoring and Evaluation (aka Component 2; output 2.1)</b>			
Donor Committee Meetings	2 IDH staff members, at least 1 representative from each donor organization, invited observers (changes over time)	<ul style="list-style-type: none"> <li>• The first Donor Committee meeting will be the inception/kick off workshop to launch the TAF. All subsequent Donor Committee meetings will be convened (physically and/or via webcast) to review TAF impacts.</li> <li>• Discuss alignment, progress, projects, annual report, priorities, learnings, concerns etc.</li> </ul>	\$23,190
<b>TOTAL MONITORING AND EVALUATION</b>			\$23,190
<b>Component 1</b>			
Coordination meetings Mirova Althelia	IDH and Mirova Staff	Web-based coordination meetings are foreseen every two months throughout the project = 30 total.	\$6,957
Project Selection Committee Meetings	Minimal 3 IDH senior staff members (this budget item does not include the TAF team, whose costs are already captured in Component 1 as part of their salaried time).	<ul style="list-style-type: none"> <li>• IDH Project Selection Committee (10 meetings per year)</li> </ul> Included in costs: <ul style="list-style-type: none"> <li>• Actual meeting time</li> <li>• Preparation time for committee members</li> <li>• Organization/administration of Project Selection Committee (done by IDH but not by TAF staff)</li> </ul>	\$23,422
<b>TOTAL COMPONENT 1</b>			\$30,379

### 8.3 Project Management Costs

#### PMC Summary Budget

Line item	Total
Salaries and Benefits	\$124,627
Consultants	0
Grants and Agreements	0
Travel, Meetings, Workshops	\$16,269
Equipment	0.00
Other Direct Costs	0.00
<b>TOTAL PROJECT MANAGEMENT BUDGET</b>	<b>\$140,895</b>
<b>TOTAL PROJECT BUDGET</b>	<b>\$2,000,000</b>
<b>% PMC OF TOTAL PROJECT BUDGET</b>	<b>0.07</b>

Project Management Costs are 7% of the project budget, as opposed to the recommended 5%. However, the original PIF had PM costs at 29% higher than the current budget. Discussion item flagged for validation workshop.

#### 8.4 Monitoring and Evaluation Costs

##### M&E Summary Budget

Line item	Total
Salaries and Benefits	\$53,631
Consultants (MTR and Final Evaluation)	\$35,816
Donor Workshops	\$23,190
TOTAL M&E	\$112,637
TOTAL PROJECT BUDGET	\$2,000,000
% M&E OF TOTAL PROJECT BUDGET	0.06

Monitoring and Evaluation costs are slightly lower than recommended for an average GEF project; however, costs are lower than average because field data is not required for the M&E for the TAF's performance (as distinct from the M&E capacity building that the TAF will perform as part of its activities). The M&E of the TAF is designed to internally monitor the TAF's own capacity at supporting a portfolio of LDN-ready projects.

##### 8.5 Safeguards

The budget for Environmental and Social Safeguards is nominal given that the WWF has determined that TAF projects will fall under the Category C risk level. As such, safeguard evaluations can be integrated with the pipeline development work slated under Component 1 and within the Donor Workshops that will monitor and evaluate the progress of the TAF as a whole.

## **Section 9: Technical Appendices:**



## Appendix: Year 1 Work Plan

Activity	Q1	Q2	Q3	Q4
<b>Component 1: Improving technical, operational and financial processes and the SLM and land restoration impact of (potential or approved) LDN Fund projects</b>				
<b>Output 1.1.1: Technical assistance is provided to selected projects in the feasibility and project development stage</b>				
1. TAF PMU fully established, with operational processes and procedures in place				
2. Mobilization and assessment of first proposals				
3. Presentation to LDN TAF Project Selection Committee and first approvals given				
4. Procurement of TA providers				
5. Contract signature with TA service providers				
6. TA implementation begins				
<b>Output 1.2.1 Technical assistance is provided to projects that have already received LDN Fund funding</b>				
1. Communication to project developers of availability of TA, and receipt of first requests for TA support				
2. First TA needs assessments carried out with project developers				
3. TA proposals are sent to Project Selection Committee and first approvals given				
4. Procurement of TA providers				
5. Contract signature with TA service providers				
6. TA implementation begins				

<b>Output 1.3.1. Technical assistance provided to project developers on baseline and impact measurement systems, especially on measuring LDN impacts, and broader social and environmental impacts.</b>				
1. Procurement of consultant and development of an LDN impact measurement and tracking tool				
2. Provision of broader monitoring support as part of the TA packages delivered under Output 1.1.1 and 1.2.1				
<b>Component 2: Effective knowledge management and project monitoring and evaluation</b>				
<b>Output 2.1.1: The TAF PMU develop and implement a monitoring &amp; evaluation plan for the entire project</b>				
1. Full M&E plan developed				
2. TAF M&E process started				
3. TAF Annual Progress Report delivered				
<b>Output 2.2.1 Learning network of LDN project developers and investors created</b>				
1. Full plan for Learning Network developed				
<b>Output 2.2.2 Project knowledge products developed and disseminated within and beyond the LDN project developer and investor network</b>				
1. Plan for knowledge products developed				

## Appendix: LDNF TAF Results Framework

Indicator / unit	Definition (note if cumulative)	Disaggregation	Method/ source	Who	Baseline	Targets (annual, or mid-term and close)					Notes/ Assumptions
						YR1	YR2	YR3	YR 4	YR 5	
<b>Objective Level Indicators</b>											
<b>Support by the Technical Assistance Facility (TAF) to provide project preparedness and technical assistance services to build a balanced portfolio of effective projects for the Land Degradation Neutrality (LDN) Fund and increase knowledge and awareness of models for LDN investment across the investor and project developer community.</b>											
G.1 Number of projects approved for investment from the LDN Fund (or a similar investment fund) after pre-investment TAF support	<p><i>Approved for investment:</i> The LDN Fund (or similar investment fund) has formally approved the decision to make an investment in a project.</p> <p><i>Similar investment fund:</i> A for-profit investment fund or DFI.</p>	<p>By country grouping (e.g. LDCs, Africa, SIDS, Asia-Pacific, LAC etc.)</p> <p>By year of TAF support (e.g. first year, second year etc.)</p>	<p>Communication with LDN Fund to confirm whether or not a project meets their requirements for investment.</p> <p>Communication with LDN Fund or similar Funds to confirm whether an investment in a project has been agreed.</p>	IDH TAF PMU, based on information received from LDN Fund	No TAF-supported projects approved = 0	0	2	2	1	1	TAF funding recipients that were declined by LDN Fund are willing to share information regarding securing investment from other sources
G.2 Percentage of balancing actions taken by the IDH TAF PMU as agreed with the Donor Committee, to increase the contribution of pre-investment TAF-supported	<p><i>Balance of the LDN Fund portfolio:</i> Areas in need of balancing actions are proposed by the TAF /LDN Fund and agreed on by the Donor Committee as part of the annual plan. For example, the TAF /LDN Fund and the Donor Committee may identify a particular</p>	<p>LDN TAF pre-investment support and LDN Fund total investment portfolio, disaggregated:</p> <ul style="list-style-type: none"> <li>By country grouping (e.g.</li> </ul>	Review of execution of planned balancing activities as included in annual reports.	IDH TAF PMU	No LDN Fund investments made to date =0	100%	100%	100%	100%	100%	Balancing actions will help projects from priority groups receive TAF support and consequently be considered by the LDN Fund for investment

projects to a balanced LDN Fund portfolio	geographic region or country grouping (e.g. SIDS) as requiring greater representation in the portfolio. The potential balancing role of the TAF is described further in Section 2.2 of the Pro Doc. As part of the annual workplan the TAF PMU will decide on # and type of activities necessary to balance the portfolio (proposed by IDH and approved by Donor Committee).	LDCs, Africa, SIDS, Asia-Pacific, LAC etc.) <ul style="list-style-type: none"> <li>• By type of project developer;</li> <li>• By sector;</li> <li>• By total investment project size.</li> </ul>									
G.3 Percentage increase in performance of post-investment) TAF-supported LDN Fund projects against the SLM, restoration and broader environmental and social indicators contained in their project scorecard.	<i>Implemented more effectively</i> – Projects perform better on SLM, restoration and broader environmental and social indicators than they would have without TAF support (Project performance is measured against a pre-defined project scorecard).  The scorecard is tailored to determine how each individual project can improve	By year of TAF support (e.g. first year, second year etc.);	- Pre-defined project performance scorecard (see Appendix of ProDoc for description of what would be contained in the scorecard)  Performance scorecards are completed annually by the TAF and the project developer; results are shared at the TAF and LDN Fund annual meeting and through the Project	IDH TAF PMU and LDN Fund	Baseline for each project estimated as part of the TA needs assessment before TA is delivered.	No Change	10%	10%	10%	10%	The TA enables, catalyzes innovation and positive change in project performance in the first 2-5 years of project implementation.

	performance on SLM, land restoration, and broader environmental and social indicators than they would have without TAF support		Progress Report (PPR).								
G.4 Number of country government representatives reporting enhanced capacity to implement MEAs and mainstream into national and sub-national policy, planning financial and legal frameworks	<i>In the context of the TAF this will be achieved in the following way:</i> Post-investment project developers will invite UNCCD National Focal Points and other relevant government stakeholders to the kick-off workshops for their projects, which will help increase government awareness of potential models for private investment in LDN. By attending these workshops and remaining in communication with TAF projects they can also learn about the use of the LDN measurement and tracking tool and how it could be applied in the	By country grouping (e.g. LDCs, Africa, SIDS, Asia-Pacific, LAC etc.)	Communications received from UNCCD National Focal Points and other government representatives whom have attended kick-off workshops for post-investment projects.	IDH TAF PMU	UNCCD focal points are not aware of the LDN measurement and tracking tool and have limited awareness of approaches to private-investment in LDN and the role government can play in stimulating this process.	0	1	2	2	1	That UNCCD Focal Points and other government representatives will actively engage with the kick-off workshop process and demonstrate willingness to learn about the LDN measurement and tracking tool.

	public sector to help report against national LDN targets.											
<b>Component 1: Improving technical, operational and financial processes and the SLM and land restoration impact of (potential or approved) LDN Fund projects</b>												
<b>1.1 Project proposals of a higher technical quality are submitted to the LDN Fund</b>												
C1.1. Number of project proposals from pre-investment projects which shift from not meeting the technical requirements of the LDN Fund to meeting the technical requirements of the LDN Fund.	<p><i>Project proposals:</i> Proposals submitted by project developers to the LDN Fund in order to receive finance.</p> <p><i>Technical requirements of the LDN Fund:</i> The technical criteria the LDN Fund team applies when assessing an investment proposal in order to inform their investment decision. Note that this is just the technical assessment and does not extend to financial assessments and other non-technical factors which inform an assessment decision (e.g. investment terms, country risk etc.)</p>	By country grouping (e.g. LDCs, Africa, SIDS, Asia-Pacific, LAC etc.)	Communication with LDN Fund to confirm whether or not a project meets their technical requirements for investment – before and after TA support.	IDH TAF PMU, based on information received from LDN Fund.	TAF pre-investment projects do not meet the LDN Fund technical criteria without TAF support.	0	1	3	7	8	That TAF support improves the technical quality of projects submitted to the LDN Fund.	
<b>1.2 Project developers have greater capacity to implement projects to a higher technical standard</b>												
C 1.2 Percentage of project developer and key stakeholder	<i>TA needs:</i> Before providing TAF post-investment	By country	TA needs assessment identifies	IDH TAF PMU together	Project developers lack technical,	No capacity	75%	75%	75%	75%	N/A	

capacity building needs met at the end of TAF post-investment support (see Section 2: output 1.2.1 – 2. on defining TA needs)	support, the areas of capacity building needs are identified for each project individually. Together with the project developer (and the LDN Fund) it will be agreed which capacity building needs will be supported by the TAF and capacity building targets will be set.	grouping (e.g. LDCs, Africa, SIDS, Asia-Pacific, LAC etc.) By year of TAF support (e.g. first year, second year etc.)	capacity building needs; Capacity building needs addressed by TAF support (as described in final report by project developer).	with LDN Fund, project developer and contracted service providers.	operational and/or financial knowledge and skills (needs vary per project) – identified by TA needs assessment.	building needs are being met.						
<b>1.3 Project developers have greater ability to monitor their performance against LDN indicators social and environmental impacts and report this to the LDN Fund which is used by both to practice adaptive management more effectively</b>												
C 1.3 Percentage of project developers using monitoring data to practice adaptive management as a result of receiving technical assistance.	<i>Adaptive management</i> - A systematic process for continually improving management policies to maximize LDN, social and environmental impacts based on data (through project S&E performance scorecards. <i>Monitoring data:</i> Data on LDN, social and environmental project performance,		Number of meetings between project developer, the LDN Fund and where applicable IDH, where LDN and M&E data is discussed and decided if project implementation and management needs to be adapted.	IDH TAF PMU and LDN Fund, together with project developer .	Project developers lacks monitoring and adaptive management knowledge and skills (project dependent) – identified by capacity needs	0%	100%	100%	100%	100%		Project developers are able to apply adaptive management to maximize LDN and M&E positive impact.

	<p>mobilized through the soil organic carbon toolkit, remote sensing toolkit development, LDN data platform and TAF supported baseline studies, and summarized annually in LDN and S&amp;E performance scorecards which include e.g.</p> <ul style="list-style-type: none"> <li>● LDN impacts</li> <li>● Other environmental impacts</li> <li>● Land rights impacts</li> <li>● Gender impacts</li> </ul> <p>Other social impacts</p>										
<b>Component 2: Effective knowledge management and project monitoring and evaluation</b>											
<b>2.1 Monitoring &amp; evaluation across the TAF is carried out effectively and is used for adaptive management</b>											
C2.1 Number of IDH and LDN Fund planning meetings or workshops held where M&E data (including RF indicators) was discussed and used for adapting the annual workplan and budget that is submitted to the donor committee.	N/A	By year of TAF support (e.g. first year, second year etc.)	By recording written meeting summaries.	IDH TAF PMU	No Meetings	2	2	2	2	2	



2.2 Awareness and knowledge of successful models for SLM and land restoration investment and LDN impact are made available across the wider project developer and investor community											
C 2.2a Number of publicly available knowledge products developed by TAF management (potentially together with LDN Fund and or project developers)	<i>Knowledge products:</i> These can be reports, presentations, blogs, web articles and other products that aid the dissemination of knowledge to others.	By year of TAF support (e.g. first year, second year etc.)	Counting knowledge products shared publicly.	IDH TAF PMU	Publicly available knowledge products are not produced by the TAF.	0	3	3	3	3	N/A
C 2.2b Number of (virtual or physical) meetings of the TAF Learning Network	N/A	By year of TAF support (e.g. first year, second year etc.)	By recording written meeting summaries	IDH TAF PMU	No meetings take place	1	1	1	1	1	That members of the Learning Network will attend a meeting once a year.

## **Appendix – Approach to estimating Theory of Change overall impact numbers<sup>64</sup>**

### **Assumption**

All impact estimates assume a fund size of USD 300 million

### **Hectares directly impacted: 500,000 hectares**

Hectares directly impacted is a key consideration for the LDN Fund, as they will measure the area that is contributing to the achievement of Land Degradation Neutrality (SDG target 15.3). This has been estimated using a bottom-up and top down approach:

- Bottom-up: the LDN Fund took the most advanced projects in our pipeline, and based on their cost per hectare, extrapolated for total LDN Fund investments of USD 300 million (i.e. the figure was based on real projects).
- Top-down: we took a typical cost per hectare for agriculture and forestry investments, and calculated hectares impacted for USD 300 million of investments.

These two approaches produced a similar output, and the mid-point was taken. The figures were also referenced against other agriculture and forestry projects, and against other land use investors, to check they were in a comparable range.

### **Expected tonnes of carbon dioxide equivalent to be reduced or avoided: 35 million tonnes**

The LDN Fund used UNFCCC figures for increased above- and below-ground carbon sequestration per hectare for agriculture and forestry, and applied these to the estimate for area impacted. In most cases LDN Fund projects will involve a land use change from degraded agricultural land to agroforestry or forestry, so values were based on these land use changes. The carbon impact was taken for the total lifetime given in the data, which was typically 25-30 years for forestry, despite the Fund's lifetime of 15 years, as projects will continue after the Fund's exit. Because of the many variables and assumptions for these type of calculations, different sources give a wide range of estimates, so an effort was made to produce a conservative typical/representative figure.

The total given is just for increased carbon sequestration above and below ground on project areas. As well as increasing carbon sequestration, the adopted SLM practices can reduce emissions compared to business-as-usual approaches by using sustainable/low-emission/climate-smart practices, e.g. reducing use of inorganic fertilizer. The LDN Fund will also indirectly decrease emissions by reducing deforestation. The LDN Fund has chosen to be conservative when assessing mitigation impacts, and have not included estimates of indirect impacts.

### **Jobs created/supported: 100,000 jobs**

This was calculated based on typical numbers of agriculture and forestry workers per hectare, applied to the target area impacted. Typical workers per hectare were taken from information from the most advanced projects in the pipeline, and the total figure was cross-referenced against other sources.

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<sup>64</sup> Personal communication, James Rawles, Mirova

## Appendix: LDN Fund Exclusionary and Due Diligence Screens

### Exclusionary and Due Diligence Screens

While the risk category for technical assistance activities is expected to be very low (Category C), the long-term objective for the TAF is to support the creation of a pipeline of projects that are expected to make significant positive impact in the land-use sector. As such, Technical Assistance will be denied to projects applicants that seek TA guidance on activities under the LDN Fund exclusion screen:

- Production of, or trade in, landmines and cluster munitions.
- The production of, or trade in, any product or activity deemed illegal under national laws or regulations of the country in which the Project is located, or international conventions and agreements, or subject to international phase out or bans, such as the production of, or trade in, pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans (Rotterdam Convention, Stockholm Convention).
- Trans-boundary movements of waste prohibited under international law (Basel Convention).
- Production of, or trade in, tobacco.
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests.
- Production of, or trade in, first generation GMOs.

Beyond those strictly excluded project types, some issue-areas are flagged for additional scrutiny under the LDN Fund. It follows that applicants for TAF support will also be required to provide more detailed reporting to ensure that key risks are managed or avoided in the early design/feasibility assessment phase:

- Land acquisition and involuntary resettlement: potential displacement should be avoided; explicit investigation into informal land rights should be documented to ensure that formal land acquisition does not undermine local tenure rights and agreements.
- Biofuels: potential conflict with food security should be avoided; competitive pressures on land should be documented.
- Forest activities: the clearing of primary forest should be avoided.

The exclusionary and due diligence screens will be reviewed during the TAF application process by the Senior Program Manager and the Project Officer administering the TAF. The long-term goal of feeding projects into the LDN Fund pipeline has informed its approach to screening E&S Safeguards within the pool of TAF applicants.

## Appendix: Summary of fundraising strategy for securing further TAF funding

The fundraising strategy for the TAF has the following components:

1. *Developing a joint fundraising strategy with Mirova:* Given the crucial role of Mirova in LDN Fund, it is essential that the fundraising efforts are coordinated and jointly developed between Mirova and IDH.
2. *Development of communication material on the TA facility:* A substantial amount of communication material already exists on the LDN fund. Similar communication material for the TA fund will be developed to support the ensuing donor outreach, including a logo, brochure, website/page and pitchbook.
3. *Engaging existing IDH/LDN Fund donors:* Existing donors are often more inclined to expand collaboration than new donors are to join a program they hitherto have little involvement in. It therefore makes sense to engage with donors such as the Government of Norway and Rockefeller Foundation where both IDH and Mirova have good contacts and existing funding. IDH has a substantial collaboration with the Government of Norway through the Norwegian Initiative on Climate and Forests (NICFI).
4. *Engaging existing IDH donors:* On the IDH side, existing donors such as the Governments of Denmark, Switzerland, USAID and the Bill and Melinda Gates Foundation could be explored for additional funding.
5. *Scoping of prospective new donors:* IDH has mature contacts and prospective pipelines with donors such as the Governments of the UK and Germany that could potentially be mobilized. For example, the German International Climate Initiative (IKI), could consider allocating some funds to the LDN Fund TAF facility from the new €20-30 million program they are developing for cocoa sustainability in Cote d'Ivoire.
6. *Communicating progress:* This is aligned with the communications approach described in Section 2.10 of this document and is essential for fundraising. To keep existing donors on board as well as to attract new ones, it is essential to communicate successes (and lessons from failures) of the LDN fund and its TA facility in a professional way. This would entail using website interfaces, newsletters for donors, as well as social media presence. Outreach towards the traditional media would also be important. This also applies for event participation and dissemination of information to external audiences in conferences and similar events.
7. *Further expansion of donor base:* Should the need arise to maintain continuous fundraising efforts, additional funds can be mobilized. The donor landscape changes over time, and new opportunities emerge rapidly. Existing donor contacts are frequently ahead of the curve in terms of what is happening in their peer donor landscape, and can frequently share valuable intelligence that can support fundraising.

## **Appendix: Examples of Content for Post-Investment Project Performance Scorecard**

A custom scorecard will be developed by the TAF PMU for each project based on its specific needs. The scorecard is tailored to determine how each individual project can improve performance on SLM, land restoration, and broader environmental and social indicators than they would have without TAF support. At the end of each year of the TAF project the PMU will meet with the project developer and assess their progress against the scorecard and provide a 'provisional' score against each indicator. This process will be guided by a standardised assessment approach which will be developed by the TAF PMU as part of the TAF Operational Manual, to help achieve consistency in the assessment process across project developers. The last assessment will occur within 3 months of the TAF project ending for each developer.

The TAF PMU will assess the most suitable and cost-effective way of maintaining consistency and objectivity in these assessments. At the end of each year a 'moderation' session will be held, whereby all technical TAF PMU staff and relevant technical experts from within IDH (and potentially independent technical experts as needed) (a minimum of 5 attendees) will be invited to review the provisional scoring of each project and agree any adjustments that need to be taken for the scoring of individual projects. It will only be after this process that scores will be reported to project developers and included in the Project Progress Report for review by the Donor Committee and the TAF and LDN Fund annual meeting.

The full approach to scorecard assessments and ways to achieve objectivity in the assessment process will be described in the TAF Operational Manual during Year 1.

### **Example indicators**

A set of standardized indicators will be developed which can be applied across TAF projects for the purposes of comparison. For illustration purposes the areas mentioned below provide examples of what may be included in this scorecard.

#### **Changes in business practices**

- Development of and compliance with voluntary and legal standards on sustainable commodity production
- Development, implementation and scaling of inclusive commercial smallholder outgrower programmes
- Improved gender sensitivity and inclusivity in business management

#### **Improved field-level sustainability**

- # of hectares where protection and restoration interventions are implemented
- # of hectares where sustainable production / land rehabilitation / sustainable intensification interventions are implemented

- Increases in profitability for participating farmers
- # of producers / workers / community members trained on key subjects for sustainable production, environmental and social sustainability
- # smallholder producers organized / aggregated
- Increase in % of production produced according to a sustainability certification standard
- Reduction in GHG intensity of production