

# Land Degradation Neutrality Fund

**Critical transitions:**



**Innovation:** Blended finance funds

**Geographic focus:** Developing countries in South America, Africa and South-East Asia

**\$:** \$300 million (target)



Land Degradation Neutrality Fund (LDN) is a blended finance vehicle investing in projects that directly or indirectly reduce or reverse land degradation. It invests debt (mezzanine, profit-sharing loans) and equity (minority and majority positions), with investment sizes ranging from \$5-20 million and a tenure of 10 to 15 years. The target size of the fund is \$300 million, of which 20-30% are reserved for first loss capital.<sup>84</sup> Through its investments, the LDN aims to fill the market gap of providing financing with long tenure terms, flexible repayment structures and longer grace periods to land restoration activities.<sup>85</sup> The fund is co-sponsored by the United Nations Convention to Combat Desertification, and investors include the EIB (\$50 million) and French Agency for Development as anchor investors, private capital providers like Fondation, BNP Paribas, and the de-risking partners IDB Invest, GEF and the Government of Luxemburg (amongst others). LDN also includes a technical assistance facility, which is managed by IDH, to provide pipeline for the investment fund. LDN's goal is to transition half a million hectares of land to sustainable land management practices, expected to result in the storage of 35 million tons of CO<sub>2</sub> equivalent and create or support 100 thousand jobs. Within its impact framework, the fund is also committed to promoting gender equality and social inclusion.<sup>86</sup> An example investment of the LDN is the Urapi programme, which is, in partnership with four Peruvian coffee cooperatives, implementing agroforestry projects on 9,000 hectares of degraded land.<sup>87</sup>

**Stakeholders:**

Mirova Natural Capital (former Althelia); United Nations Convention to Combat Desertification (UNCCD); IDH; The Rockefeller Foundation; Government of France; Government of Luxemburg; Government of Norway; GEF; European Investment Bank; Fondation; BNP Paribas; IDB Invest

**Status:**

● Operational