



Luxembourg, 13 December 2024

## Environmental and Social Completion Sheet (ESCS)

### Overview

Project Name:	LAND DEGRADATION NEUTRALITY FUND (LDNF)
Project Number:	2015-0797
Country:	Regional ACP/Asia
Project Description:	Cornerstone investment in a fund targeting sustainable land use projects, promoted by the United Nations Convention to Combat Desertification (UNCCD).

### Summary of Environmental and Social Assessment at Completion

**EIB notes the following Environmental and Social performance and key outcomes at Project Completion.**

The Fund aimed to invest in sustainable land use and land reclamation (rehabilitation and restoration) projects with a global scope, focusing on sustainable agriculture and sustainable forestry projects, and addressing land degradation. The Fund had a target size of USD 300 million, but due to the Covid-19 pandemic, which coincided with LDNF's fundraising period, the final size of the LDNF reached about USD 208 million. Consequently, the initial Fund's target to restore over 500,000 hectares of degraded lands by the Fund's maturity (2033) has been adjusted to about 350,000 hectares.

The LDN Fund invested in 13 projects, with fair distribution between Africa, Asia, and Latin America, focusing on three main investment areas: sustainable forestry, agroforestry and agroecological transition projects. Sustainable forestry investments aimed to support best-in-class reforestation and afforestation projects involving local communities, to enhance resilience of ecosystems, conserve biodiversity and meet regional and global wood demand. Agroforestry investments aimed at promoting sustainable farming practices, including agro-forestry, to enhance agricultural productivity, protect ecosystems, and improve livelihoods, particularly for smallholder farmers. Agro-ecological transition projects aimed at investing in innovative solutions and smaller-scale initiatives to foster a more sustainable and resilient food system, by supporting local supply chains and organic farming.

At the end of the Fund's investment period (2023)<sup>1</sup>, the Fund's main ESG impact figures include over 138,000 hectares under SLM practices, over 106,000 employees and smallholder farmers supported (beneficiaries) and about 1.9 million tons CO<sub>2</sub> sequestered throughout the Fund's investments. The portfolio projections at fund's maturity (2033) include over 350,000 ha under SLM practices, over 163,000 beneficiaries and about 19.6 million tons of CO<sub>2</sub> sequestered. These impact Key Performance Indicators (KPIs) are deemed reasonable and achievable, in line with the reduced fund size compared to the appraisal stage.

The Fund has developed and implemented robust Environmental, Social and Governance (ESG) Policy and Environmental and Social Management System (ESMS) in consultation with relevant stakeholders, including international organisations and civil society organisations. The ESG risk assessment and mitigation across the Fund's pipeline followed closely the IFC Performance Standards and the EIB Environmental and Social Standards, with the explicit application of Free Prior and Informed Consent (FPIC) on all Indigenous and Forest Communities. In addition, and reflecting the specific nature of LDN Fund, the Fund also committed to apply the principles and practices outlined in the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests (VGGT) as related to land tenure and land use.

<sup>1</sup> [Land Degradation Neutrality Fund \(LDN\): Impact Report 2023 | Mirova](#)



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The ESMS was placed at the core of the Fund's policy framework and has been integrated into all aspects of its investment process. Environmental and Social Action Plans (ESAP) have been developed for all portfolio investments to ensure alignment with the Fund's ESMS and compliance with national legislation and international standards. ESAPs typically covered the overall ESG management cycle of the investments, with concrete actions for reinforcement of the ESG capacities and management systems of the counterparties, such as Environmental and Social Impact Assessments (ESIAs), Human Resources and Occupational Health and Safety (OHS) policies and procedures, conducting external audits on labour and working conditions, or developing Gender Action Plans (GAP).

The LDN Fund's approach to gender aspects is aligned with the objectives and principles of the UNCCD's 2018 Gender Action Plan. In September 2022, the Fund Manager became a member of the 2X Challenge Initiative. All LDN Fund's portfolio projects are intended to generate positive impact in terms of gender equality. Seven projects in the LDN Fund portfolio are currently meeting the 2X criteria on leadership, qualifying the LDN Fund for the initiative's 5<sup>th</sup> criterion.

In line with the Fund's investment strategy and ESG policy, all projects targeted achieving sustainable land use certifications that verify the application of international best practices in forestry, agriculture and agroforestry. The Fund's portfolio projects are certified or in the process of achieving certification from internationally recognized certification schemes, such as: Forest Stewardship Council (FSC), the Rainforest Alliance Certification Programme, Organic and Fairtrade Certification, or the Union for Ethical BioTrade (UEBT).

Regular monitoring on portfolio companies' ESG performance has been and continues to be performed by the Fund Manager. The Fund Manager complied with all ESG-relevant project conditions and undertakings, as defined at appraisal.

#### **Summary opinion of Environmental and Social aspects at completion:**

EIB is of the opinion that, based on reports from the Fund Manager and site visits conducted by the EIB team during Construction (the Fund's investment period), the Project has been implemented in line with EIB Environmental and Social Standards, applicable at the time of appraisal.