

Land Degradation Neutrality Presentation : Concept and Fund

A known emergency : Land degradation is a worldwide problem, with both global and local impacts upon agricultural productivity, climate change, biodiversity and the functioning and rendering of ecosystem services. To address the land degradation issue inevitably requires that all aspects of sustainable development¹ be considered, and this is a complex approach still too rarely handled as such, be it in scientific efforts or public policy decisions. Article 1 of the United Nations Convention to Combat Desertification (UNCCD) refers to land degradation, giving the convention the mandate to combat the phenomenon, albeit with a limitation of its field of competence to arid, semi-arid and dry sub-humid areas corresponding to 44% of the Earth's land surface.

Given current indicator trends - both in terms of current degradation and its consequences, and of future trends - sustainable land management has become urgent if food security is to be ensured as the world population increases, agricultural productivity stagnates, and the land surfaces available for agriculture shrink. However, what is most disturbing is the pressure exerted on the natural resources needed for agriculture and food, caused by declines in fertility, loss of biodiversity, land and water pollution, and gradually leading to progressive deterioration of our inherited natural food-growing resources. The emergency is therefore very real. And all the more so because this situation also comes with an assortment of international instabilities, particularly related to population displacements.

The objectives of Land degradation neutrality (LDN) is therefore targeted directly at global food security (by enabling productive potential to be maintained, or possibly increased, via degradation reduction and degraded land restoration intensification) and, more broadly, at ecosystem preservation and restoration.

LDN is positioned at the crossroads of the three Rio conventions and must enable: (1) productive farmland degradation to be prevented; (2) biodiversity erosion to be slowed; (3) climate change to be combated. Included in the Sustainable Development Goals (SDGs) – and in particular in Objective 15 and Target 15.3 - neutrality is at the heart of sustainable development issues and will be discussed at the next UNCCD Conference of Parties at the High-level Segment Ministerial Round Table, and during various parallel events (IRD, OSS, GTD, others) on the basis of the Intergovernmental Working Group's Report².

Since the end of 2014, in partnership with the UNCCD Secretariat, a major project funded by the Republic of Korea has begun implementing LDN pilot actions in close to fifteen countries. The first results of these experiments will help shed light upon LDN implementation at a larger scale.

¹ Sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" defined in 1987 by the Brundtland Commission, chaired by Gro Harlem Brundtland, Norwegian Prime Minister.

In 1992, the Rio Earth Summit, held under the auspices of the UN, formalized the sustainable development concept and that of the three pillars (economic / ecological / social): Development that is economically efficient, socially equitable and ecologically sustainable.

² [http://www.unccd.int/en/about-the-convention/official-documents/Pages/SymbolDetail.aspx?k=ICCD/COP\(12\)/4&ctx=COP\(12\)](http://www.unccd.int/en/about-the-convention/official-documents/Pages/SymbolDetail.aspx?k=ICCD/COP(12)/4&ctx=COP(12))

5 challenges to overcome

At this point, however, it appears necessary to call attention to a series of questions concerning at least five challenges associated with LDN implementation.

- Firstly, the **clarification and precise definition** of the concept. Given the different scientific uncertainties concerning its field of application, justification and calculation method, and the impact of these on whether it actually constitutes progress in the environmental, agronomic and development fields, the Science-Policy Interface's ongoing work appears insufficient.
- In terms of the actual LDN implementation by entities and associated responsibilities, there is the question of the global instrument and its **national declarations**, intended to translate the concept into national action plans. If one considers that, by virtue of its mandate, the UNCCD is an appropriate instrument, the question remains, however, of the geographical field of application, which for the UNCCD is supposed to be limited to arid, semi-arid and dry sub-humid areas.
- In terms of **implementation**, several approaches are possible:
 - (i) The LDN approach can be global (between countries for instance) or territorial (within a same country, between regions). The actions to be carried out may also be divided up between several levels: a macro approach for the restoration of very large areas (e.g. large scale commercial restoration) or a micro approach combining several small projects (e.g.: rural territories development support).
 - (ii) This raises the question of the intensity of efforts to be produced and the arbitration between degradation reduction actions and land restoration actions, which both ultimately contribute to neutrality.
 - (iii) This also raises the serious question of actor involvement: of the farmers and the countless peasants and farming communities that are in need and hold in their hands 70% of world agricultural production. Successful LDN implementation depends upon their support, and requires that LDN contribute to paid productive actions. This question is key.
- As far as **monitoring and evaluation methods** are concerned, there is at present no authoritative method to measure the state of land degradation / restoration. Affected area delimitation at national levels does not always enable restoration needs to be estimated, and the evaluation of ecosystem services and food security improvement remains a complex subject.
- Finally, there is the question of **funding**: land degradation reduction and degraded land restoration requires significant investments (restoration being more or less onerous depending on land type), in particular when significant surfaces must be restored. In this sense, funding origin and remuneration as well as governance methodologies enabling public interest to be prioritized are issues that must be addressed beforehand.

Create a new fund to finance land degradation neutrality?

In order to make the LDN concept operational, a Land Degradation Neutrality Fund (LDNF) is currently under discussion via the UNCCD's Global Mechanism.

▪ The Fund and its Guiding Principles

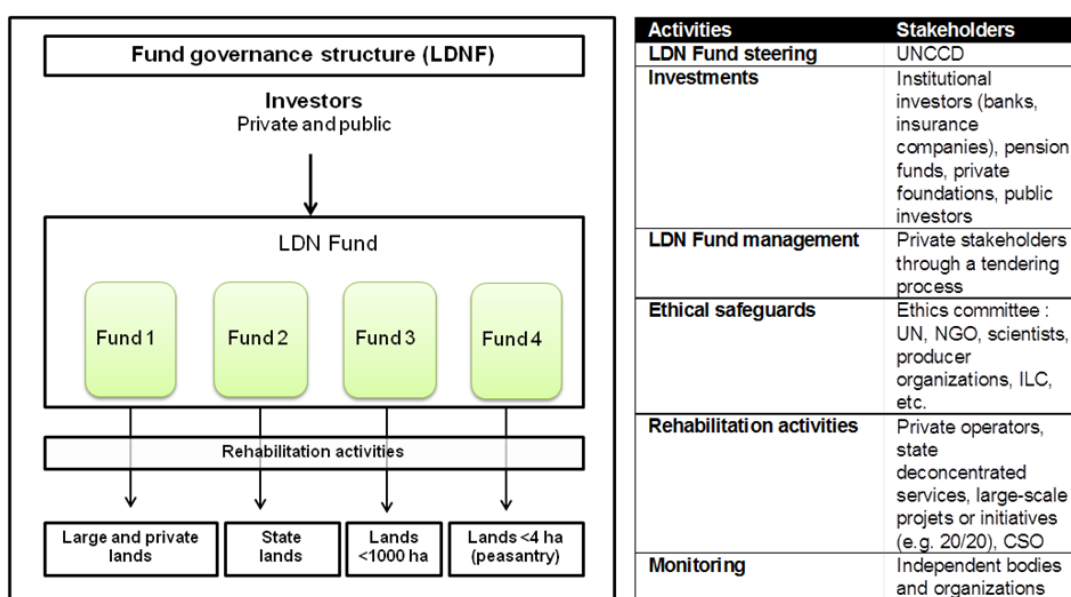
The justification of the fund's creation is based upon estimates of degraded lands totaling 2 billion hectares and the need to increase food production by approximately 75 % by 2050. It is also based upon restoration cost estimates and the postulate of insufficient public funding, which thereby promotes private investment. The LDNF aims to finance degraded land restoration. It appears to focus on large-scale projects, but should include numerous smaller restoration projects. The objective is to annually mobilize 2 billion USD enabling the rehabilitation of a minimum of 12 million hectares (which is equivalent to what we destroy each year). The fund should contribute to reduce CO2 emission efforts, as well as climate change adaptation, especially to contribute to food security.

▪ Envisaged Operational Elements (Fig. 1):

The structure of the Fund will be that of an investment platform, for the most part financed through private investor loans (predominantly pension funds), as well as some public funds (chiefly to provide guarantees). The platform will offer loans to operators in order to provide necessary resources for the implementation of those land restoration projects identified as having sufficient economic profitability potential (enabling high remuneration) and a compatible land ownership status. The LDNF economic model is based upon the assumption that neutrality implementation is profitable thanks to income from restored land exploitation (what is not yet proved). The investment mechanism will typically follow four phases³:

- (1) Access to land is secured, and the fund acquires concession licenses on degraded lands via leasing or license attribution;
- (2) Land rehabilitation is outsourced to external partner operators (on a LDNF loan basis) against a leasing fee.
- (3) Land is contracted for sustainable production and management against a concession or leasing fee for the landowner. Projects should enable improved carbon sequestration and carbon credits are paid to the platform;
- (4) Rehabilitated land is returned to landowners or land concessions are sold to new investors.

Within the LDNF framework, public funds serve mainly to cover the risks associated with certain private investments and provide a guarantee to investors. They will also go towards financing the small-scale producer fund.



Note : The Table above is based upon the Desertification Working Group (GTD - France)'s interpretation

Point of view of civil society: yes...but

While the GTD welcomes the LDN principle, as well as the Desertification Convention's commitment to LDN, it nonetheless expresses reservations, in particular concerning the risk of creating a system that legitimizes the 'right to degrade' and encourages land grabbing. The GTD takes full measure of the financial challenge posed by LDN implementation, but does not consider the Fund project, as it is currently presented, to be an acceptable proposal. GTD asks that, in partnership with the appropriate structures (World Resources Institute, World Bank, etc.), the UNCCD and Global Mechanism organize a consultation on innovative funding opportunities (public and private) - existing or to be imagined – that will enable LDN funding with benefit for small familial farmer; and that the results of this consultation be submitted to party countries for their opinion.

GTD Position LDN Concept Limits and Interrogations

- The current LDN focus is to facilitate concept implementation with a land degradation compensation objective: the risk is then that degradation be legitimized via restoration, and to thereby create a 'right to degrade' which is unacceptable;
- The substitution principle applied to elements of natural capital - in this case, land restoration in one area to compensate degradation in another - is not sustainable. Especially, if a global approach to LDN is adopted: a territorial approach to evaluation and implementation of the LDN concept must be encouraged;
- LDN implementation questions the ownership status of the land in which it would be necessary to invest, and in particular written or oral rights, land use rights, and those persons entitled to land use: safeguards must be established in the face of grabbing land phenomena. A clear reference to the Voluntary Guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security, officially approved by the Committee on World Food Security (CFS) May 11, 2012, is a prerequisite, but is not enough.

GTD Position Elements regarding the LDN Fund as presented by the UNCCD

▪ Concerning the current fund orientation

- The restoration objective of 12 million hectares is low in the face of global needs;
- The fund focuses almost exclusively upon degraded land restoration and does not attempt to tackle the source of the problem, namely land degradation itself and the combat against degradation;
- There is a risk that land degradation phenomena simply be shifted geographically;
- It de facto excludes land whose tenure is unclear, which is "commendable" in one sense (as it can become an incentive for ownership right clarification at a national level), but which is not a sustainable option, given the objectives and needs of a numerous populations around the world, and who would as a result be discarded from the process;
- It highlights the non-modification of property rights, but the concession system is not risk-free for populations nor for those persons entitled to land use: the land grabbing and financialization risk is real;
- In some cases, it will increase land value and could promote land grabbing by the fund and thus generate commoditization and land grabbing impulses.

▪ Concerning the Current Fund Structuration:

- It is mainly based upon private funds and considers public funds only as guarantee funds for higher risk areas, or for use in expensive restoration projects: this may amount to a form of loss mutualization and profit privatization;
- It accumulates intermediaries (pension funds, managers, operators, land owners) and therefore their remuneration requirements. The proposed economic model raises questions. Returns on investment are essential for investors and would seem to require highly financially profitable agricultural models: what room will remain for environmental benefits and food security? How can sustainable land management and short-term profitability be conciliated?
- The funding platform model remains unclear and its launching premature, particularly in light of the methodological challenges inherent to land condition and restoration monitoring and evaluation;
- The reduction of civil society's involvement to the framework of an ethical committee – and what is more, a uniquely advisory involvement - is by no means satisfactory. Civil society must be in the steering committee and be able to position itself both as a counter-power, and as a stakeholder on an issue that cannot merely be treated as in terms of economics.

▪ Issues Applying Specifically to the Sahel⁴:

- The protection of those populations entitled to land use, be they small family farmers or pastoralists, who do not have land titles, but usage rights, sometimes since generations back, is paramount (risk of appropriation by States, local elites, private investors, etc.);
- The fund can only be implemented in areas where land ownership and user rights are not subject to dispute and conflict. In the Sahel, in a context of cultivable land scarcity, demographic pressure caused by population exodus creates all kinds of conflicts: the fund de facto excludes thousands of hectares in need of attention;
- The governance of such a system in Sahelian areas raises the question of the capacity of Sahelian States to ensure both equitable access to the fund, and public interest protection;
- Land restoration will take longer in the Sahel as we should not only see the cultivated land or path but a more global landscape restoration (embocagement, forest plantations,...)... This delay may not coincide with the short-term investment returns required;
- Fund beneficiary categorization seems to give priority to a large-scale agriculture that is industrial and unsuited to Sahel drylands, as the Sahel has a greater need for family farming. In order to slow the current land degradation process, the fund must also accompany farmers in their conversions from conventional agriculture to more environmentally respectful forms of agriculture, such as agro-ecology, agro-forestry, organic farming, etc.
- The monitoring and evaluation of land condition and implemented projects is truly problematic. This is an even greater concern for Sahelian Africa, where there are few effective degradation measurement tools.

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