

Launch of the "Land Degradation Neutrality Fund"

12/09/2017 - The "Land Degradation Neutrality Fund", supporting the Sustainable Development Goals and especially sustainable land use, was officially launched at the thirteenth session of the Conference of the Parties (COP13) of the United Nations Convention to Combat Desertification (UNCCD) taking place in Ordos, China.

Mirova is pleased to announce the launch of the "Land Degradation Neutrality Fund", a global impact investment vehicle co-promoted with the Global Mechanism of the UNCCD. With a target size of \$300 million, it aims at becoming a source of transformative capital bringing together public and private investors to fund projects that contribute significantly to land degradation neutrality.

Land degradation neutrality is one of the targets under the Sustainable Development Goal on Life on Land (Goal 15) and seeks to promote land management practices to ensure that productive land available is not mismanaged and recoverable degraded land is rehabilitated.

The legal vehicle is now created and investors will be progressively on-boarded within the next weeks. The Grand-Duchy of Luxembourg has already committed to invest €5 million in the form of junior shares, helping mitigate the risk of more senior tranches, encouraging investment from private investors. As an early supporter of the "Land Degradation Neutrality Fund", all the way through the design and structuring phases, the European Investment Bank (EIB) is currently appraising a possible financial participation, and has been followed since by the French Development Agency (AFD). The Inter-American Development Bank (IDB), some private investors, including pension funds and insurance companies have also confirmed their interest.

In addition, a separately-operated Technical Assistance Facility (TA Facility) is being set-up to support the development of promising sustainable land use activities, to build a strong portfolio of projects for the "Land Degradation Neutrality Fund". The TA Facility will be established in partnership with IDH Sustainable Trade Initiative, and funded by public institutions or private donors – including the Global Environment Facility who confirmed its commitment.

On the pipeline development, Mirova is also working with a wide range of international and local partners, such as Credit Agricole du Maroc and Fondation, to source and co-finance attractive projects that can yield both financial and development impacts.

Associated quotes

'Rehabilitating degraded land, protecting vital ecosystems and empowering sustainable business around the world is what the LDN Fund is all about, and we believe this can be achieved along with competitive market-level returns. To do so, it takes a strategic vision supported by specialist capabilities. Combining on-the-ground experience and extensive investment resources, Mirova values innovative solutions for financing sustainable development, and will demonstrate the commitment required for the natural capital investing market to develop and grow'

Philippe Zaouati, Chief Executive Officer of Mirova

'As one of the donor countries whose ODA is above 0,7% of its GNR, Luxembourg has supported for many years in particular LDCs to fight land degradation and desertification thereby contributing to sustainable livelihoods in rural areas.

The Land Degradation Neutrality Fund (LDN Fund), the set-up of which we have supported since the early days, is a promising new tool to intensify this fight through a successful public-private partnership by unlocking new channels and higher levels of impactful financing for desertification combat and land rehabilitation & restoration in order to achieve the SDG target 15.3 on land degradation neutrality by 2030.

Luxembourg's decision to invest €5 million in the LDN Fund is part of our commitment to international climate finance (€120 million between 2014 and 2020) and comes on top of our ODA.'

Dr. André Weidenhaupt, Director General at the Ministry of Sustainable development and Infrastructure.

'Reflecting the EIB's commitment to supporting climate related investment I am pleased that we have already supported this innovative, sustainable investment fund initiative with know-how. The LDN Fund is designed as a vehicle to complement innovative financing instruments with a range of technical assistance tools to provide rounded solutions for commercially promising sustainable land management projects, in ways that are greatly beneficial to local communities.'

Christopher Knowles, Head of Climate Change and Environment Division at EIB.

The investment vehicle "Land Degradation Neutrality Fund" has not been authorized by any supervisory authorities. Its investment objective, strategy and main risks are described in its regulatory documentation. Its fees, charges and performances are also described in these documents. Investments in this vehicle are mainly subject to loss of capital risk and reserved for specific investors, as defined by its regulatory documentation.

MIROVA

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