

# LDN TAF pre-investment Eligibility Criteria

## **(1) Country of project activities**

The LDN TAF will limit its assistance to projects in developing countries in accordance with the Development Assistance Committee (DAC) list of Official Development Assistance (ODA) recipients.

Countries that are under US and EU embargo are not eligible to support by the LDN TAF.

## **(2) Country of registration of the project developer**

The LDN TAF will not enter into contracts with project Developers listed by the EC as non-cooperative jurisdictions for tax purposes.

## **(3) International environmental and labour standards**

The LDN TAF will only enter into contract with project developers that ensure that all of their suppliers, contractors, subcontractors, consultants or subconsultants comply with international environmental and labour standards, consistent with laws and regulations applicable in the country of implementation of the Contract, including the fundamental conventions of the International Labour Organisation (ILO) and international environmental treaties.

## **(4) Potential to become an investable project for the LDN Fund within 24 months**

The LDN TAF only provides pre-investment TA to projects that can demonstrate the potential to be investable by LDN Fund within 24 months. In exceptional cases longer timeframes will be considered.

The investment project must have 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*: projects must demonstrate 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 A).
- *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).

## **(5) Eligible TA request**

The pre-investment TA requested must be in line with the LDN TAF mandate. See Appendix B for an overview of eligible TA activities. The requested TA has to contribute to making the project investable by LDN Fund.

**(6) 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 or can commercially be financed.

**(7) Commitment of project developer**

The project developer demonstrates sufficient ownership through commitment of their own time and resources to the TA process.

IDH reserves the right to alter the eligibility criteria.

## Appendix A: Exclusionary and Due Diligence Screens

The long-term objective for the LDN 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 these 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, HCV and HCS should be avoided.

## Appendix B: LDN TAF Eligible TA activities

Technical assistance can be provided to selected projects in project development stage for:

- I. Enhancing technical, operational and financial design and structures to avoid or reduce new degradation via Sustainable Land Management (SLM) and reverse past degradation via restoration, in line with the LDN Scientific Framework
- II. Project preparation support related to broader social and environmental impact, to improve co-benefits

The type of project developer activities that will be eligible for pre-investment TA funding include:

- 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;
- Design of interventions to support producer organizations financial management, financial literacy, and operational capabilities. Design inventory management systems and internal controls tailored to their business. Design interventions to build enterprise resilience through stronger governance and executive leadership, improve accounting procedures and strengthen financial reporting and analysis. Assess feasibility of technological solutions to streamline their operations and inform decision making;
- 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.);
- 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 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, 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.