

The Drought Resilience Investment Facility

From Reactive Responses to Long-Term Investments



United Nations
Convention to Combat
Desertification

United for land

Rising Costs of Drought



United Nations
Convention to Combat
Desertification

Increased frequency and intensity of droughts, threatening livelihoods, ecosystems, and economies.

Between 2000-2019, over **1.4 billion people** were **affected** by droughts, which made up **15% of all natural disasters**. *(Source)*

By 2050, floods and droughts could **cost the global economy USD 5.6 trillion**. *(Source)*

Drought resilience remains chronically underfunded, with most finance still focused on **emergency response rather than preventive or investable solutions**.



Closing the Financing Gap

UNCCD is driving a comprehensive approach to drought resilience finance:

Riyadh Global Drought Resilience Partnership (RGDRP)

- Launched at COP16 under the leadership of the Saudi Presidency.
- Connects 75 vulnerable countries to technical, financial and knowledge resources.
- Blends pooled funding with parallel financing.

Strengthening National Capacities



Drought Resilience Investment Facility (DRIF)

- Endorsed and supported by Luxembourg.
- Operationalizes the financing pillar of the International Drought Resilience Alliance (IDRA) and Business 4 Land.
- Complements the RGDRP by targeting the private investment space.

Scaling Private Investment

DRIF: Drought Resilience Investment Facility



United Nations
Convention to Combat
Desertification

A blended finance fund to channel private and public capital into drought resilience, land restoration, and climate adaptation projects in vulnerable regions.

The fund runs under the **Finance Pillar of the Business for Land (B4L)** initiative, which **brings together the private sector and partners** to advance sustainable land management through three interconnected pillars: **Business Operations & Value Chains, Finance, and Advocacy.**

Built on lessons learned from the Land Degradation Neutrality Fund

- Lower ticket size
- Early-stage pipeline development
- Concessional capital must be paired with technical assistance as impact and bankability grow together

“**Making resilience an asset class.**”

Key Characteristics

Infrastructure Fund

An investment fund focused on drought resilient infrastructure.



Water Infrastructure



Sustainable Agriculture



Nature-Based Solutions

Set-Up Backed by Luxembourg Ministry of Foreign Affairs, Housed within the Luxembourg Earth Impact Fund (LEIF)

Geographic Scope

- Lower- and Upper Middle Income Countries.
- Initial focus on regions most in need.
- Will maintain flexibility.



Key Characteristics

- Total Capital:** USD 300–400 million
- Public Capital:** USD 30–40 million in
- Ticket Size:** USD 5-20 million per investment
- Rate of Return:** 8-12% depending on sector level performance and level of concessional financing secured

Type of Capital	Cost of Capital
Non-repayable	/
Concessional	4.5%
Institutional	10%

Future Plans: Addition of an Innovation Hub to provide catalytic Technical Assistance and financial support to support pipeline development and investment readiness.

Technical Assistance Facility



United Nations
Convention to Combat
Desertification

Alongside the fund, the plan is to set up a Technical Assistance Facility sitting alongside the Infrastructure Fund

- to support stakeholder dialogue and provide capacity building assistance (pre-investment and post-investment)
- help ensure an adequate pipeline of bankable projects
- promote the long-term success of the fund's investments



United Nations
Convention to Combat
Desertification

Current Status

DRIF is housed within the **Luxembourg Earth Impact Fund (LEIF)**.

Parallel **processes are underway** for **first-loss capital mobilisation** and **fund manager selection**.


The **Luxembourg Ministry of Foreign Affairs** has pledged **EUR 2 million in seed funding**, reaffirming its commitment to global cooperation and green investment.

The **Luxembourg Ministry of Finance** is also contributing to the **first-loss tranche**.

Additional **soft commitments** are being explored.

Launch in August at COP17 in Mongolia






Project Pipeline (Examples – TBC)

Water Infrastructure

- **Irrigation efficiency upgrades** (drip, pivot, pressure systems)
- **Rural and peri-urban water supply systems**
- **Water storage and retention infrastructure** (ponds, reservoirs, off-river storage)
- **Wastewater treatment & reuse for agriculture**
- **Groundwater recharge systems** (managed aquifer recharge, infiltration basins)
- **Digital water management** (smart metering, leak detection, AI-based water allocation)



Project Pipeline (Examples – TBC)

Nature-Based Solutions (NBS)

- **Watershed restoration** improving downstream water availability
- **Agroforestry systems** (shade-grown crops, mixed tree–crop systems)
- **Rangeland and grassland restoration** to increase soil moisture and fodder stability
- **Wetland restoration** functioning as natural water storage
- **Soil & water conservation** (terraces, swales, contour bunding)
- **Mangrove/coastal ecosystem restoration** for salinity control and groundwater protection



Project Pipeline (Examples – TBC)

Sustainable Agriculture

- **Climate-smart crop systems** (drought-tolerant varieties, rotation systems)
- **Regenerative agriculture transitions** (soil organic matter, moisture retention)
- **Post-harvest loss reduction infrastructure** (cold chains, storage, processing)
- **Digital agriculture platforms** for farm-level water and input optimization
- **Resilient livestock systems** (sustainable grazing, fodder systems)
- **Value-chain resilience** investments tied to long-term offtake agreements