

## Annex 2

### Checklist of questions

The objectives of this score card are to: i) indicate what questions to ask when identifying the most appropriate market-based mechanisms; and ii) ensure a structured approach to identifying the mechanisms. Some of the criteria are more important than others. Therefore, no weights have been attached to the criteria, and this may cause a certain bias in the scoring.

Instructions:

- The first sub-category, "Institutional capacity", has been filled in as an example.
- A clear yes to the question = 4.
- A clear no to the questions = 1.
- An answer closer to yes than no = 3.
- An answer closer to no than yes = 2.
- Evaluate each question and assign an average score for each sub-category.
- Insert the average score for each sub-category in the score card (see Score card Excel sheet, Table 3 Country evaluation results).

National/local context		No		Yes		Avg. score 1 – 4
Institutional capacity		1	2	3	4	
<b>A</b>	Do public institutions have sufficient capacity to implement projects of some size, from the beginning to the end? Are there examples of national projects directed towards the preservation of natural resources and the environment? Are the institutions familiar with the implementation of development projects?		x			
<b>B</b>	Are universities, research centres and NGOs able to provide technical support for SLMPs (e.g., with expertise in agriculture, forestry, soil science, hydrology)? Are these involved in extension activities at the local level? Do those generate knowledge and promote the application of SLMPs?			x		
<b>C</b>	Do agricultural producers have knowledge about SLMPs, and are they aware of the different options and technologies? Are they testing new technologies? Are there producers known for the use of innovative land management practices?			x		
<b>D</b>	Can government institutions benefit from fiscal revenues? Are current budgets for the institutions in charge of promoting SLMPs limited?				x	
<b>E</b>	Are government institutions facing budget cuts or deficits?				x	
Sub-category score						3
Governance		1	2	3	4	
<b>A</b>	Does the government have a clear strategic vision regarding desertification and land degradation? Is there a policy? Is desertification a topic of importance?					
<b>B</b>	Has the UNCCD National Action Plan been completed?					
<b>C</b>	Is land degradation/desertification a priority in development plans?					
<b>D</b>	Are the government and its institutions transparent and free of corruption that might hamper efforts to reduce land degradation or result in the misallocation of					

	funds?					
<b>E</b>	Is the government able to carry out important national projects, execute decisions and pass appropriate legislation?					
<b>F</b>	Do the government institutions dealing with UNCCD and land management-related issues have strong finances? (If they have sufficient funding, the score will be 1 because they do not need more.)					
<b>G</b>	Are there spaces where citizens can participate freely and have their opinions and interests heard (councils, development associations, churches, forums, municipalities, etc.)?					
<b>Sub-category score</b>						
<b>Macroeconomics</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Does the national economic orientation allow for market-based instruments as a means of solving environmental problems?					
<b>B</b>	Is there a long-term vision that would allow for economic measures to support long-term concerns, such as a sustainable environment (e.g. green taxes)?					
<b>C</b>	Would the private sector be willing to pay a user fee (for example on water)?					
<b>D</b>	Is society in general willing to increase the cost of using natural resources or other goods and services? (Governments facing budget deficits might find it appealing to implement any instrument that could generate fresh financial resources.)					
<b>E</b>	From an economic perspective, does society in general consider land degradation an important issue that may reduce output, increase poverty and reduce human development? Is there a threat to endangered or important ecosystems? Are cultural practices restricting access to markets?					
<b>F</b>	Is the personal income level in general, or within certain groups, high enough to allow payments for environmental services?					
<b>G</b>	Are there studies quantifying the economic costs of inaction?					
<b>Sub-category score</b>						
<b>Regulatory framework</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Do the Constitution and other laws recognize citizens' rights to a healthy environment?					
<b>B</b>	Does national legislation address the problem of desertification or land degradation (e.g., is the country a signatory of the United Nations conventions on climate change and desertification)?					
<b>C</b>	Is there a well-defined environmental regulatory framework that considers compensation for environmental impacts?					
<b>D</b>	Does legislation define the concept of environmental services and explicitly include halting land degradation?					
<b>E</b>	Are laws and legislation to protect the environment and prevent land degradation enforced?					

<b>F</b>	Is there a land tenure registry? <sup>1</sup>					
<b>Sub-category score</b>						
<b>Environmental awareness</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Are the social impacts of unsustainable land management practices well documented, particularly the effects and economic costs on affected industries, sectors or people?					
<b>B</b>	Does the public have adequate understanding of the benefits of SLMP?					
<b>C</b>	Does the public know the issues related to desertification and land degradation, demand solutions, and demonstrate a willingness to support initiatives to recover the costs of SLMP?					
<b>D</b>	Are there available agricultural production technologies that halt or reverse land degradation, can be implemented right away, and are not in conflict with local cultural practices?					
<b>Sub-category score</b>						
<b>Site-specific context</b>		<b>No</b>	<b>Yes</b>	<b>Avg. score 1 – 4</b>		
<b>Ecosystem type and current uses of the land</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Have ecosystem type and conditions been considered during project design?					
<b>B</b>	Does the site have serious problems with dry and degraded soil?					
<b>C</b>	Is it possible to reverse the problems?					
<b>Sub-category score</b>						
<b>Environmental Capacity and technical know-how</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Is there practical know-how about the possible solutions to land degradation and desertification at the selected site?					
<b>B</b>	Is there local knowledge about production systems that have little environmental impact and preserve land resources?					
<b>C</b>	Are there any projects or schemes (e.g., land-zoning projects, biological corridors) or other special use areas that aim to reduce land degradation and desertification and that could facilitate the development of innovative finance mechanisms?					
<b>D</b>	Can the desertification or degradation trend at the site be reversed at a reasonable cost?					
<b>E</b>	Is there enough information about the land's capacity to sustain different production systems?					
<b>Sub-category score</b>						
<b>Local Capacities</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	

<sup>1</sup> If not, it will not be possible to set up conservation banks, some types of payment for environmental services and conservation easements, as these require land tenure registration.

<b>A</b>	Are there infrastructure (energy, IT, water access) and other assets that will make it easier to implement innovative schemes and share information?					
<b>B</b>	Is there social capital in the area (networking and participation in organized groups / formal structures, education, leadership among local stakeholders, trust, reciprocity and exchange)?					
<b>C</b>	Are there spaces where citizens can participate freely and have their opinions and interests heard (councils, development associations, churches, forums, municipalities, etc.)?					
<b>Sub-category score</b>						
<b>Land Tenure</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Are there clear and separable rights to the land at the site, even if it is public or community-owned?					
<b>B</b>	Do legal registration and title to the property at the site allow the identification of individual plots of land?					
<b>Sub-category score</b>						
<b>Economics of sustainable land management practices</b>		<b>No</b>	<b>Yes</b>	<b>Avg. score 1 – 4</b>		
<b>Demand</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>On-site benefits</b>						
<b>A</b>	Are there any expected on-site net benefits (user benefits) in the short to medium term? <sup>2</sup>					
<b>Sub-category score</b>						
<b>Off-site benefits</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Are there any expected off-site net benefits (user benefits) in the short to medium term?					
<b>Sub-category score</b>						
<b>Awareness/payment culture</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Are there large beneficiaries (in size or number) with payment capacity in the area, such as well-established private companies, a city/town with many inhabitants, or sectors such as tourism, global beneficiaries (climate change, biodiversity), medical providers, bottling companies, electricity companies?					
<b>B</b>	Is the income level of intended users (buyers) high enough to result in willingness to pay for environmental amenities?					
<b>C</b>	Is there a culture of paying for services such as irrigation, water, hydroelectricity or green charges?					

<sup>2</sup> If benefits are large but cannot be realized score 1, because the barriers for implementation first need to be identified and dealt with. If benefits are low, also score 1.

<b>D</b>	Is the ratio of intervention area to total expected off-site benefits small? (If there are a large number of beneficiaries compared with the intervention area, the chances for success will increase.)					
<b>E</b>	Are the public and/or other users aware of the damage caused by current practices?					
<b>Sub-category score</b>						
<b>Supply</b>						
<b>Low opportunity cost</b>						
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
<b>A</b>	Can cultural practices regarding SLMPs be improved at a reasonable cost?					
<b>B</b>	Is the opportunity cost <sup>3</sup> of the land low?					
<b>C</b>	Are the land users at the site poor or do they have reduced personal incomes, which will make them welcome a payment for changing their behaviour?					
<b>Sub-category score</b>						

<sup>3</sup> The opportunity cost is the value of the next-best alternative that is foregone as the result of making a decision. For example, if a user generates high income from a piece of land, the opportunity cost of that land is high, because the user would require high compensation for using the land for something else, and it would be difficult to persuade him/her to modify the behavior.