

**Independent evaluation of economic valuation
activities of the Global Mechanism**

The purpose of this evaluation is to make an independent assessment of the relevance, efficiency, effectiveness and sustainability of work on the economic valuation of land enabled by the Global Mechanism of the UNCCD, with a focus on three countries: Cambodia, Panama and Zambia.

The methodology for this evaluation was developed through an extensive review of documentation, including case study reports and descriptions of the technical approach to assessing the value of land. It also involved interviews with stakeholders from the three focus countries and with staff at the GM, consultants involved in country research and others able to talk to the concept of the economic value of land and the work of the GM at a broad level.

This evaluation has been commissioned by the UNCCD Evaluation Office and authored by Jeremy Smith in July-September 2016. The views expressed are those of the authors and do not necessarily reflect those of the UNCCD secretariat or the Global Mechanism.

EVALUATION PURPOSE AND SCOPE

The purpose of this evaluation is to make an independent assessment of the relevance, efficiency, effectiveness and sustainability of work on the economic valuation of land enabled by the Global Mechanism (GM), with a focus on three countries (Cambodia, Panama and Zambia). These activities are part of the GM's long-term work to help to make the case for financing sustainable land management (SLM) initiatives by demonstrating the economic benefits of SLM and the costs of unsustainable land use.

Work on the economic valuation of land acquired renewed importance following the adoption of Land Degradation Neutrality (LDN) as a key vehicle for implementation of the United Nations Convention to Combat Desertification (UNCCD) at the October 2015 Conference of Parties (COP). The evaluation should explore whether the GM's work on economic valuation influenced the COP and seek to identify what is needed to fulfil the promise of economic valuation as a motor for efforts to achieve LDN. Since economic valuation is considered to be a central element of – and “*conceptually linked*” to – the Integrated Policy Assessment Tool (IPAT) that is being developed by the GM in support of implementation of the goal of LDN,¹ the evaluation should provide input useful in the development and application of the IPAT.

The Terms of Reference for the evaluation indicate that it should “*reconstruct a theory of change for economic valuation as a tool for improving resource mobilization for sustainable land management, which will be the conceptual starting point for considering the progress made and identifying the lessons learned*”.² This serves to situate the scope of the evaluation at a broad strategic level. It does not go into fine detail in the assessment of individual activities, but reviews them as part of a focus on strategy and added value.

The GM's interventions have been undertaken in what is an increasingly crowded landscape of methodologies and initiatives. How distinct its role has been compared with other entities, including the Economics of Land Degradation (ELD) Initiative, and what its role should be in the coming period are important subsidiary questions for the evaluation.

Methodology

The methodology for this evaluation was developed through an extensive review of documentation, including case study reports and descriptions of the technical approach to assessing the value of land. It also drew upon an initial call with a key interlocutor at the ELD Initiative and some early input from other interviewees.

1 *Terms of reference, Evaluation of the economic valuation activities of the Global Mechanism*, p2.

2 *Ibid.*, p3.

The methodology, main lines of inquiry and a first outline of the theory of change behind the GM's interventions were conveyed in an Inception Report which was ratified by the UNCCD Evaluation Office in mid-August 2016.

It had been intended to talk with the key staff member at the GM at the outset of the process, but this proved impossible due to holiday absence. Instead, this discussion came at a stage when most other interviews had been conducted and so served a purpose of testing initial hypotheses, as well as elaborating the evaluator's understanding of the approach employed.

The evaluation involved interviews with stakeholders from the three focus countries and with staff at the GM, consultants involved in country research and others able to talk to the concept of the economic value of land and the work of the GM at a broad level.

THEORY OF CHANGE

Demonstrating the economic value of land works to a number of strategic assumptions, specifically that:

- Land degradation is a product of poor decision-making about the use of land and / or the free run of irrational, unsustainable land use. In turn, land degradation reflects insufficient information as to the costs and benefits of different land uses and the full spectrum of values that can be derived from the land.
- Providing decision-makers with better information about the total value of land enables them to take better, more evidence-based decisions that make SLM a priority within plans and budgets.
- Demonstrating the economic value of land takes interest in the UNCCD beyond the Ministry of Environment (or its equivalent) to the Ministry of Finance, underwrites political and institutional progress towards SLM and encourages public and private investment in land.

As such, work on economic valuation of land is central *“to creat[ing] an enabling environment for increased, stable and predictable funding for sustainable land management”*.³ It has the goal to *“increase public and private investments in SLM through the generation of scientifically rigorous arguments to demonstrate the economic benefits of SLM as opposed to the costs of unsustainable business-as-usual practices [via] identification of barriers to SLM and incentives, assessment of alternative scenarios, evaluation of risks and*

3 *Terms of reference, Evaluation of the economic valuation activities of the Global Mechanism, p2.*

*potential returns on investment [and] mainstreaming into relevant development frameworks”.*⁴

This assertion of the potential of work on the economic valuation of land to unlock the door to a higher level of commitment to implement the Convention has several elements:

- Basing decisions on the use of land on a more comprehensive analysis of land resources and a wider meaning of degradation that includes impacts on carbon sequestration, water flows and a whole range of other ecosystem services, not just degradation of soils.
- Reframing the case for SLM in economic rather than ecological terms and, recognising countries' budget limitations, demonstrating its value to national development. The crux here is to win recognition for the “crucial importance [of SLM] as a positive development force, rather than just a response to environmental degradation”.⁵
- As an extension of this, the need to offer positive reasons for change based on the socio-economic opportunities stemming from SLM as much as, if not more than, negative reasons for change based on the costs of land degradation. As one involved in the genesis of the GM's work on economic valuation argues, in striving to make a positive argument to persuade governments that SLM options are worth pursuing, the idea is “not to preach to the choir, but to convert the congregation”.⁶
- Using language that this 'congregation' – i.e. decision-makers outside environmental / agricultural Ministries – understands and relates to. That the desire to uphold a high standard of scientific rigour is retained alongside this element of political resonance situates promoting the economic value of land as both a technical exercise and a political challenge of communicating the opportunities of SLM and connecting research findings into policy-making processes. Reflecting this belief that “*mainstreaming ecosystem services in decision-making is a communications challenge – politicians need stories as well as facts*”,⁷ the GM's approach eschews highly technical approaches accessible only to specialists. Instead, it is intended to be “*straightforward, logical and intuitive: a framework that can be explained and understood in non-technical terms*”.⁸

4 *Economic Valuation of Land: Supporting Evidence-Based Decision Making, Training and Information Events*, WGRI-3-UNCBD, 27 May 2010, slide 8.

5 *Economic Valuation of Land: An Innovative and Scalable Approach to Advance Sustainable Land Management*, The Global Mechanism of the United Nations Convention to Combat Desertification; C. Mersmann, S. Quatrini, B. Buric, J.Schild, A.Asen; November 2010, p4.

6 Where not otherwise referenced, quotes are taken from interviews. Respondents are not named, but distinctions are drawn between respondents with a national or an international scope to their comments, where this does not compromise anonymity.

7 *Strategies for Promoting Ecosystem Services in Central America*; <http://www.capacitybuildingoslo.com/7-strategies-for-promoting-ecosystem-services-in-central-america/>

8 *Economic Valuation of Land: An Innovative and Scalable Approach to Advance Sustainable Land Management*, The Global Mechanism of the United Nations Convention to Combat Desertification; C. Mersmann, S.

- Not making the best the enemy of the good: neither is it claimed that the methodology for assessing the economic value of land is perfect, nor are there any expectations that it generates perfect results.⁹ The crux is the utility of the approach, not its absolute methodological precision. The methodology is:
 - simple enough to be readily adopted and replicated by governments;
 - realistic about data and capacity constraints and adaptable to local realities;¹⁰
 - intended to generate 'ball-park' figures quickly and cheaply as a means to catalyse policy discussion.

For one closely involved in the design of the GM's work, other specific methodologies may be technically preferable, but are “*unusable unless [a country has] huge external funding*”. The principle here is that “*if something cannot be applied by governments themselves, [the GM] should not be doing it*”. In turn, a straightforward methodology is backed up by a strong commitment to building capacity of local stakeholders both through training events and through their involvement in the research process.

What this means in practice is that the GM has worked less to a fixed, off-the-shelf methodology and more to a menu. Under a principle of needing “*multi-model combinations to generate comprehensive and internally consistent results*”, its experts and consultants selectively mine different methodologies, including the Economics of Ecosystems and Biodiversity, the Integrated Valuation of Ecosystems Services and Tradeoffs (InVEST), Land Degradation Assessment in Drylands and the OECD Driver-Pressure-State-Impact-Response Framework.¹¹

The GM's approach has been applied in six countries – Cambodia, Costa Rica, Eritrea, Panama, Tanzania and Zambia – which serve as test cases for using economic argumentation to advance political support for SLM at the national level and to secure investment for concrete initiatives in areas of acute land degradation.

Quatrini, B. Buric, J.Schild, A.Asen; November 2010, p4.

9 In summary, the GM's methodology, developed with the support of the Stockholm Environmental Institute, involves five stages: (i) mapping land use types for a given area; (ii) identifying the mix of ecosystem services derived from different land use types; (iii) analysing the contribution of land to both local livelihoods and national economic development; (iv) gauging current and anticipated land degradation pressures; (v) identifying the likely benefits of alternative, sustainable land use, including by assessing the economic feasibility of different development options, the costs and benefits to different stakeholders, the national and local impacts and the broader poverty reduction potential; derived from *Economic Valuation of Land: An Innovative and Scalable Approach to Advance Sustainable Land Management*, The Global Mechanism of the United Nations Convention to Combat Desertification; C. Mersmann, S. Quatrini, B. Buric, J.Schild, A.Asen; November 2010.

10 Land use analysis, for example, is based on GIS analysis which should “*present no particular challenges for most countries*”; *Ibid.*, p15.

11 *Economic Valuation of Land: Supporting Evidence-Based Decision Making – Methodology for Assessing Costs of Degradation and Benefits of SLM*; Stacey Noel & John Soussan, commissioned by the Global Mechanism, September 2010

Findings and learnings from the GM's experience at the country level should form an input to advocacy at the regional and global levels, strengthening the evidence base for the promotion and adoption of SLM practices. This situates mobilising international political traction and connecting the national with the international / inter-governmental as a final element to the theory of change.

STRATEGIC APPROACH

Messaging

International stakeholders are convinced that it is essential to engage states with solutions and economic opportunities rather than problems and environmental costs. For one consultant, *“states want to know about solutions that are feasible for them [and] argumentation about the costs of land degradation will be of no interest to those outside immediately affected Ministries.”* More than that, work on economic valuation helps the UNCCD overcome the structural problem that *“land degradation and desertification is a terrible message”* and helps to shift the discourse to a more positive footing about how land can be managed for the maximum collective benefit.

From the country level too, there is a strong signal that trying to scare governments into action does not work. In Zambia, negative messaging around the costs of inaction are reported to have *“had no impact on the planning or budgeting process... We need to deploy a positive message of the value of these resources rather than a doomsday message”*.

In Panama, a message that healthy soils underwrite food sovereignty plays well in the national political context. At the same time, there is a note of caution around the use of descriptions of the economic value of land, given suspicion in some political and civil society circles towards development solutions that appear to privilege economic growth at the expense of social / environmental improvements. This led those involved in the Panama study to be careful in their use of language when describing different values and options.

Outside individual countries, the GM has drawn criticism for purportedly providing an argument for the privatization of land for similar reasons of scepticism towards the giving of an economic value to ecosystem services.¹² The GM has refuted the logic that giving an ecosystem service an economic value is a step towards its commodification, seeing this rather as a means to enable decision-making by providing a comparison of the value of the total set of services derived from land.¹³ Neither is the GM a neutral service-provider: it takes

12 *Putting a price on the rivers and rain diminishes us all*, George Monbiot, The Guardian, 6 August 2012; www.theguardian.com/commentisfree/2012/aug/06/price-rivers-rain-greatest-privatisation

13 An analogy is also drawn with spending decisions that implicitly put a value on human life, none of which can

a position against, for example, the possibility of conventional markets acting as a mechanism for managing non-rivalrous, non-excludable resources and asserts that “*Many natural capital assets are, and should remain, common property and should be managed as public goods*”.¹⁴ At the same time, the GM has benefitted from a wider trend towards acceptance that the market can be bent – through use of a gamut of incentives, subsidies and other mechanisms – towards meeting environmental and social goods, a trend first begun with the Stern Report on the Economics of Climate Change. As such, the principle of using those arguments that most resonate with those with ultimate responsibility for decisions relating to the use of land has become, and should continue to be, easier to apply.

Methodology

If one premise of the GM's approach is that the precise results of economic valuation analysis are less important than a broad indication of comparative value, the crux is whether there is a sufficient level and depth of research to generate this sort of a strong, top-line argument.

The first major study – undertaken in Zambia – was undermined by problems with the data¹⁵ and had gaps in terms of estimates of non-use values.¹⁶ It is interpreted by one respondent as having made a case for converting forests to charcoal production and hence to have “*generated results that are intuitively wrong or skewed towards economic value*” without taking communities' livelihoods or other, more amorphous forms of value into account, conclusions said to reflect problems with ascribing the right economic values to particular land uses. In this case, the methodology used in the GM study is compared unfavorably with another study which employed an incentive and market-based mechanism approach. This latter approach is said to have involved “*a more open and robust process for selecting the mechanisms that suited the Zambian context*” and to have lent itself more easily to the necessary stages of consultation on different scenarios.

Work done in other countries was able to learn from the experience in Zambia. There was more scope for longer-term engagement in Cambodia, which bore fruit in that the methodology employed is judged to have been “*reasonably simple, but produced fairly*

be said to encourage a market trade in humans; *Response to George Monbiot: The valuation of nature and ecosystem services is not privatization*; Robert Costanza, Simone Quatrini and Siv Øystese; <http://www.climatechangenews.com/2012/08/15/response-to-monbiot-valuation-is-not-privatization/>

14 *Response to George Monbiot: The valuation of nature and ecosystem services is not privatization*; Robert Costanza, Simone Quatrini and Siv Øystese; <http://www.climatechangenews.com/2012/08/15/response-to-monbiot-valuation-is-not-privatization/>

15 This serves to prove the point that the methodology is “*highly contingent*” on the quality of data; *Economic Valuation of Land: An Innovative and Scalable Approach to Advance Sustainable Land Management*, The Global Mechanism of the United Nations Convention to Combat Desertification; C. Mersmann, S. Quatrini, B. Buric, J.Schild, A.Asen; November 2010, p.12. Work done in Tanzania is also said to have suffered from limitations with the data available.

16 *Assessing the Value of Land and Costs of Land Degradation in Zambia*; L.M. Chabala, E. Kuntashula, P. Hamukwala, B.H. Chishala and E. Phiri, for the Global Mechanism, p48.

credible results". It succeeded in taking into account spatial variations in the supply of, and demand for, ecosystem services and is acknowledged to be flexible and easy to apply to other contexts.¹⁷

There was an issue of the study having been obliged to use maps that may not have been entirely up-to-date and which showed, for example, land converted to plantations still as forests. The study could only make passing comment on how real land use is somewhat different to that presented in the maps on which it relied.

In Panama, the research produced "*reliable 'ball-park' data*" which, critically, is judged to be "*good enough to inform policy-making*". One of those involved reports having cross-checked the methodology in other settings and found that it compares well. A strong onus was placed on a participatory approach to the development of benchmarks and scenarios given the sensitivity of the question of the use of land in a context of resource competition. There is some sense that ideally there would have been more time (and resources) for this phase, but without this having a major impact on the quality or social acceptability of the results: a government official confirms that the study supports "*effective promotion of sustainable land management [by] using technically reliable and validated participatory information*".

There is some hankering after greater depth of analysis, which seems to reflect experts' preference for complexity and an academic standard of research. Nonetheless, in Panama and in Cambodia as well, there is satisfaction with the outputs of the studies, which suggests that the balance which the GM set out to achieve was met.

OUTPUTS AND OUTCOMES

The GM is lauded for the way it has gone about engaging national-level stakeholders and avoiding the pitfall of having studies led by external consultants which lack domestic buy-in. Its staff are noted to have invested heavily in relationship-building with national-level stakeholders. In Panama, for example, it is noted to have been very careful in how it cultivated relationships with the public officials who facilitated the study.

More than one respondent judges that the GM has a good technical profile and is effective in bridging the Convention and the academic community. The outputs of the different country studies are noted not only for their decent level of rigour, but also for the interesting and novel findings that they produce. There is a tendency to generate high values for forest

17 In Vietnam too, the GM's approach was used "*because it was robust enough, quick, drew on data that was realistically available and is something a province can do itself*". More specifically, the study in Quang Nam is said to have shown GIS to be "*a much-quicker and more accurate method of generating forest inventories than detailed ground surveys*"; *Scaling Up Payments For Forest Environmental Services In Viet Nam Lessons And Insights From Quang Nam*; p.vii. <http://www.adb.org/sites/default/files/publication/42802/scaling-payments-forest-environmental-services-vietnam.pdf>

carbon sequestration¹⁸, as well as other unexpected, but significant results, such as the contribution of agriculture to greenhouse gas emissions. The solution to group together rural households in Vietnam for the purpose of forest protection and maintenance is both more efficient in terms of contracting and also chimes better with a culture of communal cooperation than other options.¹⁹

From Cambodia, one expert observer judges that the GM *“did interesting technical work, the products were high quality ones and make a strong case for sustainable management... The government will have got a lot out of it”*.

In this and other cases, the GM was meeting, not creating demand for information on the economic value of land. That country studies were supported and facilitated by governments is itself a sign of interest and receptiveness to the results of the studies. As one consultant puts it, *“we were showing people how to do something that they knew that they had to do. There was interest, but lack of understanding how to do it. The GM's work removed this blockage”*.

Positioning land as more than an environmental issue

That the Zambian case study did not make a simple case for the sustainable use of land has meant that there has not been substantial progress in elevating land to the level of cross-sectoral policy debate. The Ministry of Environment has only limited convening power to get other Ministries to listen. The situation that the technical experts are in the Ministry of Environment while power is held by the Ministry of Finance has yet to be affected. The Ministry of Finance is not hostile to the arguments raised, but its attention has not been sufficiently piqued. One local advocate refers to this Ministry as having *“taken some steps to be involved in the discussion [but] is inadequately involved”*. That one respondent talks of the need for the UNCCD to connect up to other development initiatives indicates that work on the economic valuation of land has not provided this bridge.

In a complex institutional context in Cambodia, the first challenge is to secure alignment among different environmental Ministries before the Finance Ministry and others with decisive power can be engaged. Key Ministries have sometimes overlapping interests, especially the Ministry of Agriculture and the Ministry of Environment, which does not always encourage cooperation and coordination. For one researcher, *“it's not the power or quality of the argument which determines implementation [of the Convention] – it requires*

18 As, for example, in Cambodia and Tanzania; cf. *The Values of Land Resources in the Cardamom Mountains of Cambodia*; and *Economic Valuation Assessment of Land Resources, Ecosystems Services and Resource Degradation in Tanzania*, p3. This does expose the studies to the risk of rapidly appearing dated if changes in the volatile carbon market impact the value that a study is claiming for carbon sequestration.

19 *Scaling Up Payments For Forest Environmental Services In Viet Nam Lessons And Insights From Quang Nam*; <http://www.adb.org/sites/default/files/publication/42802/scaling-payments-forest-environmental-services-vietnam.pdf>

Ministries to function well and communicate better, ingredients which are lacking in Cambodia". This suggests a ceiling on the outcomes which it is possible for the economic valuation study to have triggered. For another respondent, *"there is not much more that the project could have achieved. It did a lot with its key Ministry and with other NGOs / initiatives so it did have an impact"*. Implicitly though, its impact was much less with other, more important Ministries.

There is an argument for having refined how the Cambodia study's findings were presented. The suggestion is that *"it needed a more gentle way to convince policy-makers"*, so as to avoid giving the impression of criticizing particular parts of the government. This comment did not refer specifically to the GM, but also to NGOs and involved Ministry stakeholders, making it a symptom of the sensitivity of inter-Ministerial relationships as much as a comment on how the GM went about promoting its conclusions.

A potentially more substantial concern is that, by having to work primarily with and through the nationally-nominated UNCCD representation (the Office of the National Focal Point, NFP), the GM nails its colors to the Ministry of Agriculture, which hosts the NFP. It becomes party to the dynamic between Ministries, which can affect access to information and support from other Ministries. For one commentator, *"working only with one Ministry is pretty limiting in that it has only so much power and influence over other ministries... Spreading activities across multiple Ministries working on land use helps mitigate this issue"*. Reference was made by one interviewee to another study done for WWF which *"worked better since WWF is not tied to one Ministry and was able to reach all three key Ministries"*. This may have helped with spreading the message, but is unlikely to have fundamentally affected the relationships undermining effective action in favor of SLM, however.

Underwriting better decisions

After its economic valuation analysis, Panama was *"faced with the need for a complex process. It involves the institutional strengthening of CONALSED [National Committee against Drought and Desertification] and investment of resources from the central government and sectors of civil society in order to modify the causes and effects of land degradation and desertification in the study area and the country [and to] overcome the barriers identified in the documents and updated based on the diagnosis in this study."*²⁰ A government respondent to this evaluation agrees that *"it is appropriate [for CONALSED] to play this leadership [role] to facilitate the adoption of a management sustainable land management at all levels"*. The government has undertaken a number of important institutional changes, with the Ministry of Environment converted from a 'secondary agency' of the Ministry of Economics and Finance to a full Ministry in its own right. The government has also passed

²⁰ *Enabling investments in Sustainable Land Management in Panama through an assessment of the economic value of land and identification of incentives and market-based mechanisms Stage I*, September 2013, p84.

measures to reforest large areas of land and to endorse payments for environmental services.

There is further evidence for the currency of the concept in that the institute involved in the study reports being invited to various events involving key 'movers and shakers' and to have been asked to undertake new studies in other regions defined as a priority for land management. There is also reported to be closer cooperation with those engaged with the other Rio Conventions and with water management, an issue which has high political importance.

The drivers for this change in attitude by the government include recognition of the actual and potential severity of the impacts of land degradation and climate change and the increased strength and vitality of civil society, including indigenous peoples' rights groups, which has elevated the profile of environmental issues.

The claim made by one researcher is that the GM's country study was "*part of the justification*" for changes in policy and institutional structures. The government was moving in a certain direction and information on the economic value of land supported and helped to confirm that direction. The GM's engagement in Panama was timely and a virtuous circle was created as the study came to rest in a more fertile institutional framework.

In Cambodia, the picture is more that laying out better information on the economic value of land is a necessary, but not sufficient condition of increasing attention to the UNCCD. Even within the Ministry of Agriculture, it is said to be "*hard-going to get the NFP and the team around him to really take up the idea of [the economic value of land]. These were civil servants who have been around for some time and move very slowly*". The GM's study increased awareness of the value of natural resources and helped to increase the internal lobbying power of pro-SLM forces in government, but there is likely to be a time-lag before the information is picked up and acted upon. That the Cambodian Prime Minister is reported to have demanded regular consultation with development partners and the private sector to discuss how to protect forests does suggest that the overarching political context is becoming more favorable and that the concept of economic valuation of land has some cachet.

There is some suggestion that there may be scope for change at a local / provincial level in Cambodia. Demand is reported from actors in local government for information on the costs and benefits of different land uses. The importance of this is of course proportional to the capacity of these actors to affect land use policy in their areas.

In Zambia, there has been little change to a situation in which large-scale investments are prioritized in spite of their impact on other ecosystem services. The country remains at an

early stage in the political process of converting rhetorical commitment to SLM – and to the economic valuation concept as a means to that end – into concrete actions in favor of SLM.

One Zambian respondent draws a parallel with neighboring Mozambique which is said to have incorporated the value of ecosystem services into Ministry of Finance planning processes, a breakthrough made without any particular GM support. While the nature of, and context for, policy and practice change in Mozambique has not been subject of any detailed examination, it supports the conclusion that political commitment is the decisive factor and that while the GM may help to direct that commitment, it does so in reaction to it more than through creating it.

Impact on the quality of, and support for, integrated financing strategies

In Zambia, a February 2012 meeting of government and business organized by the GM in the context of the development of an integrated financing strategy was the “*first of its kind in Zambia with the objective to initiate dialogue with the business community on their engagement in Sustainable Land Management implementation*”.²¹ But the shortcomings of the economic valuation study weakened the synergy between the GM's convening and finance-leveraging role and its work on economic value and so limited its mobilizing capacity.

In Panama (and Costa Rica), the suggestion is that these linkages are closer. As one tangible example, the GM facilitated dialogue between academics, the private sector, government and cooperatives at an event in August 2015. In Panama specifically, one official reports that the GM-supported work helped to “*identify opportunities for accessing new funding sources to better enable alignment of the country's National Action Program with the UNCCD 10 Year Strategy*”. Another observer indicates that having a stronger economic case for SLM has led to a more systematic effort to bring stakeholders in to provide funding, with examples given including the Panama Canal Authority and hydroelectric power companies.

Influencing international decisions

References in COP12 decisions to the importance of reconciling SLM and economic growth²² and to encouraging states to conduct research into “*value chains that capture market and non-market values and the quantification of the socioeconomic, environmental and cultural trade-offs*” of different land uses²³ indicate that economic valuation has become part of the discourse used to advance the Convention.

21 *Expanding Business Opportunities Through Sustainable Land Management: A Leadership Dialogue With The Private Sector*, p2.

22 Decision 3 “*Recall[s] that in striving to achieve SDG target 15.3, it is also important to address wider elements of the 2030 Agenda, including, inter alia, ending poverty and hunger, tackling inequality, empowering women and stimulating economic growth*”; Decision 3/COP.12 *Integration of the Sustainable Development Goals and targets into the implementation of the United Nations Convention to Combat Desertification and the Intergovernmental Working Group report on land degradation neutrality*.

23 Decision 18/COP.12 *Outcomes of the UNCCD 3rd Scientific Conference*.

This evaluation has not assessed the decision-making process at the COP, the language agreed nor the factors behind particular trends, including that towards LDN, in any great detail. What can be said is that the GM has access and clout and has undertaken presentations at, and in advance of, the COP and will have contributed to the momentum around economic valuation. Its work is part of a growing body of evidence for taking into account the full range of values to be derived from land which in turn formed part of the case for LDN.²⁴

Equally however, the GM has tended to not push itself forward. It has focused on the creation of evidence and the building of capacity at the national level. This approach was both a choice – the belief that national investment decisions require concrete information about specific settings and the generation of good examples and success stories at the micro-level – and the product of the limited level of resourcing available, which obliged the GM to find a clear, manageable niche.

The GM did foster the OSLO [Offering Sustainable Land-use Options] Consortium to consolidate knowledge and build a community of practice. However, this did not have an expansive mandate and does not fundamentally alter the picture of an institution that appears to see itself as having a limited role in communicating outside the countries where it has supported research. The GM has relied on others drawing upon its outputs. In this, however, even those notionally close to the GM admit to not making much use of the GM's studies – or even knowing the full set of countries which it has supported. One international respondent's suggestion for a report pulling together the key findings from across the country studies serves as an indicator that such an output is needed to ensure wider awareness of the work supported by the GM.

A specific claim is made that the GM's work "*provided credible arguments which led to the setting up of the [LDN] Fund*" by producing evidence of the value to the private sector of investing in various types of SLM project. Again, without a more systematic interrogation of the factors behind the adoption of the Fund and the increased involvement in SLM investments of the private sector, this claim cannot be definitively verified. One hypothesis may be though that the nature of the work of the GM means that it has had more influence on the technicalities of the Fund than the broad signal of direction given in COP decisions.²⁵

24 The status of LDN as a driver for UNCCD implementation is endorsed by reference to 'halting and reversing land degradation' in Target 15.3 of the Sustainable Development Goals agreed in September 2015.

25 Were this to be borne out, the GM would probably feel vindicated in the sense of having influence at a level where it would hope to have influence.

Contribution

In each country under review, there has been some progress towards greater commitment to UNCCD implementation to which the GM's work has contributed. It has had an important role in making the case for the utility of economic valuation studies and in demonstrating a sound methodology. It has an ongoing convening role, more its core work, into which the economic valuation work has fed (quite effectively in Panama, less so in Zambia). An important aspect to this has been the engagement of the private sector.

In Cambodia, one researcher's overall judgement is that *"the work was ahead of its time because things here are really moving towards large-scale landscapes and integrated management of them. So the work done by the GM will continue to have significance and use in the coming years"*. Another commentator from the same country agrees that the work of the GM has been useful on the basis that there is not really an institution doing similar work in the country and indeed in the wider region of South-east Asia. At the same time, it is noted to be a relatively small player – when compared with other agencies attached to other Conventions – and one lacking major regional presence. The utility of the GM's work cannot avoid the systemic problem of the relative weakness of the UNCCD *vis à vis* other inter-governmental mechanisms and the funding behind other issues.

Respondents from more than one country raise an issue of the apparently limited scale of follow-up work done after a study was published. Across the different countries with which the GM has worked, there have been follow-up events, including public-private dialogues designed to mobilize resources and investment in the types of programme which the economic valuation studies justify, but GM staff would not themselves deny that the scale of follow-up activities has been limited by the resources available to the programme. The effect has been that in Zambia, *"the GM did good work, but this has not been sustained... It's one thing to do a study at the national level, but the challenge is to follow it through"*. In South-east Asia too, there is an impression that there was not much of a dissemination strategy for either the Cambodia or Vietnam papers and that it was not clear what follow-up was planned with the governments concerned.

It is important to note too that the significance and likely sustainability of the policy impact in the countries where the GM has worked is affected by external factors beyond its control including changes in government and shifts in political priorities.

THE GM'S NICHE

Initially a pioneer in work on the economic valuation of land, the GM has been joined by various other initiatives, including the ELD Initiative, the Economics of Ecosystems and Biodiversity Initiative and the World Bank's Wealth Accounting and the Valuation of

Ecosystem Services.²⁶ As such, the GM has become part of a broad movement of research and testing during a phase of incubating the concept of economic valuation until it garnered sufficient political traction.

The analysis that follows focuses on the OSLO Consortium, the GM's own creation, and the ELD Initiative, its closest comparator. The broad point should also be noted that there has been a tendency for these and other initiatives to operate in silos and to view each other as competitors as much as allies. Insufficient effort has been made, it would seem, to categorise each initiative and place them in the context of the collective effort.

The OSLO Consortium

The GM formed the OSLO Consortium to promote the economic case for SLM. With members drawn from UN agencies, academia and governments including Cambodia and Zambia, as well as mostly Scandinavian donors, the OSLO Consortium *“aims to promote responsible land-use by demonstrating the total economic value of terrestrial ecosystems and generating socio-economically viable and environmentally sustainable land use options”*.²⁷

Among country-level respondents to this evaluation, however, most are not aware of the existence of the Consortium and / or have had little or no contact with it. The Consortium appears to have quickly run out of steam.²⁸ It has functioned as an academic community and a forum where experts can connect with other experts, but its ambitious objective – *“to act a platform for mainstreaming a new paradigm of sustainable land use”* – has not been met.²⁹

The Consortium has not been well-resourced and the scope of its studies has militated against it building much of a profile. A slow succession of national-level studies may generate the interest of specialists, but has not itself engendered snowballing attention to the issue of the economic valuation of land.

The Consortium is said to have been caught up in internal politicking – c.2012-13 – between the GM and the UNCCD Secretariat. Even without the destabilising effect of this 'border dispute', it is arguable that the Consortium did not have (the capacity for) a sufficiently holistic approach to building momentum around the economic valuation of land as a mobilising concept for the UNCCD at the global, regional and national levels. As a vehicle for the GM's work on economic valuation, the Consortium has had only limited utility, therefore.

26 This last named entity is judged by one international observer to be *“a strong, robust player”* capable of sustained engagement with many countries, albeit with a focus that goes beyond land management.

27 www.theoslo.net/about/

28 The Consortium's main webpage (www.theoslo.net) has no new content after 2012. A secondary microsite (www.capacitybuildingoslo.com) has an up-to-date events page, but its latest blog is from 2014 and its latest tweets from 2015.

29 www.capacitybuildingoslo.com/about/

The ELD Initiative

With an aim to “*highlight the value of sustainable land management and provide a global approach for analysis of the economics of land degradation*”,³⁰ the ELD Initiative has a notionally similar purpose to the OSLO Consortium and employs a similar range of activities (developing and testing a methodology, encouraging the mainstreaming of SLM approaches, delivering online and offline training, convening events and conferences).³¹

At one level, there appears to be a complementary dynamic between the OSLO Consortium and the ELD Initiative, with the former beavering away at the national level and the latter more active in terms of international advocacy around the economic dimensions to land. The ELD Initiative learned from the GM's methodological approach and there has been cooperation around particular events. There is the suggestion that synergies have not been maximised, however. Although the ELD Initiative highlights GM studies in one of its flagship reports³² and references them in the list of cases studies on its website,³³ the impression remains that the GM's outputs are not used as much as they could be in the work of the ELD Initiative.

Behind this impression, it appears that the ELD Initiative operates in a somewhat different sphere to the OSLO Consortium. It takes a more overtly political approach to the promotion of its agenda. One respondent closely associated with the ELD Initiative admits that the GM's work has probably been “*scientifically more rigorous*”, but since it is felt to have been done “*from an intellectual perspective rather than from a political perspective*”, it is “*probably less relevant*”. The ELD Initiative is more explicit about wanting to make its agenda “*an integral part of policy strategies and decision-making [and] to raise SLM to a higher level of priority on global and national agenda and establish a global standard for land degradation*”.³⁴ It works to a different theory of change in terms of the dynamic between the national and the global levels: while the GM's model assumed a gradual accumulation of positive case studies from the national level, with an implicit precedent-setting impact on inter-governmental debate, the ELD Initiative “*generates big numbers [and its] messaging was more political and relevant for the UNCCD political process*”. Its *modus operandi* is better suited to the need to mobilise top-line support for the importance of the economic dimensions to land. While the GM's methodology was designed on the basis of generating enough technical detail to win

30 www.eld-initiative.org/index.php?id=23

31 There seems little to the semantic difference between 'the economics of land degradation', a negative branding against degradation and 'the economic valuation of land', a positive branding in favour of socially, environmentally and economically sustainable use of land. The OSLO branding may be preferable to that of the ELD initiative – even if it makes people wonder what it has to do with Norway – but this has not had a decisive effect on their respective ability to build a profile.

32 *The Value of Land – Prosperous lands & positive rewards through sustainable land management*, September 2015; http://eld-initiative.org/fileadmin/pdf/ELD-main-report_en_10_web_72dpi.pdf

33 <http://eld-initiative.org/index.php?id=123&L=-1#sp43>

34 *Economic Valuation Of Land: An Approach To Advance Sustainable Development In The Context Of A Green Economy, Rio+20 Side Event Concept Note*, June 2012, p3.

the political case, the OSLO Consortium tended to accumulate technical detail without a coherent approach to using it to win the political case and, certainly in the eyes of outsiders, reverted to being a forum for technical specialists.

The effect is that even those close to the Consortium feel that its energy has been absorbed by the ELD initiative. The GM's work on the economic valuation of land predates the ELD Initiative, but the former has been overtaken by the latter, since it has tended to operate below the radar at the national level as a conscious strategic choice.

PROSPECTS

A new framework for the economic valuation of land

If previously the GM lacked the institutional / policy frame that LDN provides, LDN is now a catalyst for greater alignment of institutional structures, given a history of siloing and territoriality between the Secretariat and the GM. The role of the GM – to support target-setting and foster the Impact Investment Fund for LDN – is clear and integral to the next phase of developing and applying the LDN concept. For one insider, *“it is no longer the case that the GM is doing the economics work for the Secretariat off to the side. Now it is doing economics for the Fund and for the target-setting process”*.

While LDN planning requires assessments of land capability, resilience and the wider political enabling environment, socio-economic factors are critical since they form the key part of the case for resource mobilization and for balancing LDN with other social and economic imperatives. The economic valuation of land is a correspondingly key part of the case for LDN, one that is particularly important to laying out the relative merits of different options for rehabilitating land.

As such, LDN emerges alongside or even replaces the process of developing integrated financial strategies as the main driver for work on the economic valuation of land.³⁵ Its dependence on economic argumentation means that LDN gives a home to future work on the economic valuation of land. Talking of the economics of land is, for one national-level stakeholder, *“a very good way of engaging stakeholders in the benefits of LDN... If you want people to strive for LDN, you need the economic valuation of land.”* In turn, with valuations and scenarios for different land uses forming a key input to the development of national

35 The economic value of land was a central element of a Government of Norway-funded project designed to support countries in formulating and implementing integrated financing strategies and investment frameworks. *Terms of Reference Project Coordinator for the project 'Triggering investments in sustainable land management' Land, Private Finance and Investment (LPFI) Programme of the Global Mechanism of the UNCCD (2011-4)*, p2.

targets, LDN solves the question of how the work supported by the GM in individual countries can be followed-up.

The other side to this is that, in the absence of the overarching frame and focus that LDN could now provide and given too the initial 'immaturity' of the concept of the economics of land and the multiplicity of agencies exploring different ideas relating to it, an approach to prove the concept and test a methodology through national-level case studies was a reasonable one to have taken.

An emerging convergence of roles?

Several trends suggest that closer cooperation between the GM and the ELD Initiative may become possible. The ELD Initiative is switching focus to the national level, with an aim of “*facilitat[ing] engagement between stakeholders to identify options and pathways to action that can help tackle or adapt to the challenges of land degradation*”.³⁶ The frame for this national-level engagement is provided by LDN, for which the UNCCD – and hence the GM – acts as the custodian. For the ELD Initiative to insert its thinking into the growing LDN agenda, it has to do so alongside the GM, also reflecting that the GM has institutional channels into 90+ countries which the ELD Initiative would rather work through than duplicate. A new division of labor is emerging under which the GM can create the structures for working towards LDN – tools, workshops, a network of national coordinators – into which the ELD Initiative can feed. LDN hinges on setting national-level targets, which warrants its own methodology and serves to pull the different strands of the economics of land degradation and the economic valuation of land together.

Striking a note of caution

For some respondents, the importance of LDN is open to question. One international researcher argues that the concept is hard to communicate and runs against the spirit of work on economic valuation, which is to present a positive case of the full range of socio-economic value held in land.³⁷

The picture from on the ground in the three countries under review is mixed. In Zambia, the impression is that LDN will not have a dramatic effect of unlocking the door to stronger institutional commitment to SLM. In Cambodia, by positive contrast, awareness of the UNCCD among high-level decision-makers is said to have increased once messages were conveyed under an LDN umbrella.

36 ELD Initiative Practitioner’s Guide, *Pathways and Options for Action and Stakeholder Engagement*; October 2015, p5.

37 The same respondent asserts that LDN is attractive for enabling consensus-building within the UNCCD and that this value is out of proportion – and distracts attention from – its patchy resonance externally.

How significant the concept of LDN proves to be may not be the argument to have, however. LDN is a concept with a lot of political capital currently invested in it. To support countries' efforts to achieve LDN, the GM is developing a tool to “assist national decision makers to identify and evaluate alternative scenarios to achieve LDN, with a special focus on the quantification of environmental and socio-economic co-benefits provided by land as an accelerator of other SDGs”.³⁸ This LDN-IPAT should guide states in analysing the costs and benefits of different LDN scenarios, in weighing different policy and regulatory enablers and in fleshing out LDN investment plans.³⁹

It will be essential for the LDN-IPAT to allow for sufficient flexibility to cope with national specificities in terms of the resonance of LDN and its likely use and importance in building momentum around the Convention. In both Cambodia and Panama, different respondents highlight the importance of leading with / connecting to nationally important agenda. In Cambodia, a simple message of LDN is likely to be less effective than one which piggy-backs the support already in place within the Ministry of Environment for forest restoration and reforming economic land concessions. In Panama, promoting LDN should learn from the experience of REDD+ in being sensitive to social context and culturally amenable to indigenous groups in how payments for ecosystem services are used.⁴⁰

Both economic valuation of land and LDN have the potential to take the Convention beyond arid lands and less developed states. The LDN-IPAT will need to prove itself adaptable to a wider range of states than may typically have been the case with GM outputs, and also those of the Secretariat.

The future nature of economic valuation work

From the country-level, there is a strong signal of the need to “shift from project-based interventions to a more comprehensive approach”, that is, an approach which operates to a different scale and allows for decisions to be made at the national level. Economic valuation of land, for this view, should focus on providing top-line information on environmental threats, economic opportunities and development options.

³⁸ *Terms of reference, Evaluation of the economic valuation activities of the Global Mechanism*, p2.

³⁹ *LDN Integrated Policy Assessment Tool (LDN-IPAT): Translating Countries' Commitments into Actions – Concept Note for Discussion*, 30 June 2016, SEI, Millennium Institute, UNCCD-GM; p2-3. Specifically, the LDN-IPAT project aims to “build a country-level model based on environmental, social and economic dimensions of sustainable development with a particular focus on land-based ecosystem services; develop and evaluate LDN scenarios on a national scale of investment needs and co-benefits, taking into consideration drivers of land degradation; model LDN contributions to other SDGs regarding multiple physical and monetary variables; simulate and identify national policies that foster LDN investments”; *Ibid.*, p3.

⁴⁰ Neither is deploying arguments based on the economic dimensions to land contingent on garnering attention on LDN. In some cases, including Zambia, the potential for 'green jobs' in rural areas to slow the drift to cities and reduce the numbers seeking to emigrate may constitute the best argument for investing in the sustainable use of land.

Recognising that states' focus will be national LDN targets, the GM, for several stakeholders, needs to align its research and tools with this broader ambition. The implication is that *“we need to calibrate the tools / models with national-level information. Now it's more about evaluating policy options for the future, [assessing] which instruments may be creating perverse incentives to degrade land and so on”*.

This suggests that the GM's focus should be less to support the collection of data on the relative value of land and more to facilitate the process of analyzing data and discussing options. There is strong support from international and national stakeholders alike for mainstreaming the Convention within wider development processes and for using economic argumentation to that end. Here is the UNCCD's implementation problem in a nutshell, however. In Zambia, *“there are not enough people with the skills and understanding to mainstream SLM in development planning. We need to get economists and planners more involved in understanding the environmental side more than getting environmentalists to understand economics”*. Here and elsewhere, the suggestion is that a long and sustained process of advocacy – from the inside by NFPs and from the outside by civil society and others – will be needed to secure the transition from rhetorical commitment to changes in practice even in cases where the concept of the economic valuation of land has been embraced.

At the same time, there is an argument for further micro-level studies, alongside generating messages for the broader policy community, reflecting the logic that impacting specific investment decisions requires data about real, on-the-ground problems and options. In that the GM's country case studies have exposed some challenges in assessing the value of land, there is a risk to a purely macro-level approach of eliding rather than resolving the problem of data in some countries and taking for granted these states' ability to generate enough information to be able to take rational decisions. The need to generate evidence to inform decisions relating to the LDN Fund may be the motor for further micro-level studies, similar in scope to those that the GM has enabled. This does not mean that the GM should carry on in the same role as that it played in Cambodia, Panama, Zambia and elsewhere, but that it can advise and facilitate new studies undertaken to justify LDN Fund grants, drawing upon the methodology and the experience that it has accumulated.

In summary, the question of the scope of the GM's role has at least three dimensions⁴¹:

- whether it is sufficient for the GM to help states 'join the dots' by collating and distilling existing material on the economic valuation of land, adapting it to the LDN target-setting

41 A tangential question to this – and not one that necessarily needs addressing in relation to future work on economic valuation – is the balance of roles of the GM and the Secretariat. This case contrasts with that of testing the LDN concept where the Secretariat led a piloting phase and the GM became involved only at the point of helping to fund a wider roll-out.

process and helping to lay out options and trade-offs. The counter argument is that states need the help of the GM in filling gaps in information without which rational choices between well-defined options cannot be made.

- Whether it is the role of the GM to advise governments and corporate actors on the issue of which tools to use and how to use them or whether deeper engagement to build states' (and companies') capacity to conduct economic valuation studies themselves is needed.
- Whether by implication of the two preceding points it is possible to provide general support to all states engaged in setting LDN targets or whether it is necessary to work with a limited number in developing and testing ways to meet an LDN goal. In turn, choosing to provide a more intense form of support to a small number of champions to enable them to develop strong, economic valuation-based LDN plans raises the question of what support can and should be accorded to other states.

There may be no right answer to this tension between depth and breadth of support. The logic is, however, that the economic valuation methodology is relatively simple to apply while the findings of other studies with a similar scope should provide relevant input to the formation of LDN plans. This evaluation takes the view that it may be legitimate to have a further phase of testing ways to adapt economic valuation studies to the needs of LDN target-setting, but it nevertheless seems reasonable to assume that the GM should be able to move quite quickly to providing less intense support to a larger number of states.

Recommendations

1. While demonstrating the economic value of land is not the key to unlocking committed implementation of the Convention, it is a useful argument to deploy in a context which may be becoming more favorable. In trying to ensure that the findings of economic valuation studies are acted upon and are translated into strong LDN plans and targets, the GM needs to
 - be sensitive to the need to tailor findings to national political and cultural context;
 - remain committed to utility of methodology (over absolute methodological precision) and simplicity of output.
2. The GM should consider the value of a short report summarizing the experience of the six countries and / or a checklist of lessons learned to aid other states intent on embarking on economic valuation analysis.
3. The GM should, in the first instance, work with a cohort of states to test how intense the process of developing economic valuation-based LDN plans is and how feasible it is for states to develop such plans with lighter forms of support. It should do so with a clear understanding at the outset how it expects to move from a phase of working with these

pioneers / champions to enabling a larger number of states to develop LDN plans. It should also plot a more systematic approach to transmitting findings to the international level, either through a reinvigorated OSLO Consortium or through other channels.

4. The GM needs to be clearer as to how it works with others. Whatever the exact role it takes in the next phase, its choice about the space to occupy should be taken in conscious awareness of, and as a result of dialogue with, other key actors.
