

# GOOD PRACTICE GUIDANCE

For National Reporting on UNCCD Strategic Objective 5



United Nations  
Convention to Combat  
Desertification



© 2025 United Nations Convention to Combat Desertification (UNCCD). All rights reserved.

Authors: Michael Koch (consultant), Karima Oustadi (consultant), Pablo Muñoz (UNCCD Global Mechanism) and Munazza Naqvi (UNCCD Global Mechanism).

Acknowledgements: We would like to thank the OECD colleagues for valuable exchanges on default data for the UNCCD reporting, with special appreciation to Giorgio Gualberti and Maria Tsiranidou.

Editing and layout: Annabel Dsouza

Cover image credit: Freepik.com/The Yuri Arcurs Collection

Suggested citation: UNCCD Global Mechanism, 2025. Good Practice Guidance for National Reporting on UNCCD Strategic Objective 5. United Nations Convention to Combat Desertification (UNCCD). Bonn, Germany.

Disclaimer: The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the UNCCD concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers and boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by the UNCCD in preference to others of a similar nature that are not mentioned. The views expressed in this information product are those of the authors and do not necessarily reflect the views or policies of the UNCCD. The UNCCD encourages the use, reproduction and dissemination of material in this information product. Except where otherwise indicated, material may be copied, downloaded and printed for private study, research and teaching purposes, or for use in non-commercial products or services, provided that appropriate acknowledgement of the UNCCD as the source and copyright holder is given and that the UNCCD's endorsement of users' views, products or services is not implied in any way.

Contributing Partner



Global Mechanism of the UNCCD  
Platz der Vereinten Nationen 1  
D-53113 Bonn, Germany  
Tel: +49 (0) 228 815 2873  
[www.unccd.int/about-us/global-mechanism](http://www.unccd.int/about-us/global-mechanism)

|          |   |    |
|----------|---|----|
| <b>1</b> | <b>Introduction</b>   | 6  |
| 1.1      | UNCCD Strategic Objective 5   | 6  |
| 1.2      | Indicators for SO5 monitoring   | 7  |
| 1.3      | Purpose of this Good Practice Guidance  | 7  |
| 1.4      | Structure of the GPG  | 8  |
| <b>2</b> | <b>Overview of approach</b>   | 9  |
| 2.1      | Classification of resource flows  | 9  |
| 2.2      | Statistical standards   | 11 |
| 2.3      | Default data sources for SO5  | 12 |
| 2.4      | Provision of default data   | 12 |
| 2.4.1    | Data definitions  | 12 |
| <b>3</b> | <b>SO5 progress indicators</b>  | 13 |
| 3.1      | International public resources (SO5-1)  | 13 |
| 3.1.1    | Default data source and taxonomy for SO5-1  | 13 |
| 3.1.2    | Definition of relevance to DLDD   | 16 |
| 3.2      | Domestic public resources (SO5-2)   | 18 |
| 3.2.1    | Default data source and taxonomy for SO5-2  | 21 |
| 3.2.2    | Definition of relevance to DLDD   | 23 |
| 3.3      | International and domestic private resources (SO5-3)                                  | 24 |
| 3.3.1    | Default data source and taxonomy for SO5-3  | 25 |
| 3.3.2    | Definition of relevance to DLDD   | 27 |
| 3.4      | Technology transfer (SO5-4)   | 27 |
| 3.4.1    | Possible taxonomies for SO5-4   | 28 |
| 3.5      | Future support for activities related to the implementation of the Convention (SO5-5) | 32 |
| 3.6      | Limitations   | 33 |
| <b>4</b> | <b>Other data sources for SO5</b>   | 34 |
| <b>5</b> | <b>Concluding remarks</b>   | 37 |
|          | References  | 38 |
|          | Appendix 1: Non-exhaustive list of DLDD-related actions                               | 40 |
|          | Appendix 2: Recording financial flows between origin and destination sources          | 42 |

## FIGURES

Figure 1 OECD DAC Methodology to identify DLDD-related development finance

Figure 2 DLDD relevant keywords employed in the OECD DAC Methodology to identify DLDD-related development finance

Figure 3 Budget share of domestic public expenditure on environmental protection (2018 - 2023, in %)

Figure 4 OECD PINE Database – Environmental domains

Figure 5 Flows of international and domestic private resources under SO5-3

Figure 6 Estimated annual financial needs (financing gap) for the UNCCD (2025-2030 in USD billion)

## TABLES

Table 1 Classification of resource flows

Table 2 OECD DAC CRS - Selected SDG Focus, Sector codes and Purpose codes

Table 3 Definitions used in “Investing in Land’s Future - Financial needs assessment for UNCCD” (UNCCD, 2024)

Table 4 UNCCD Sustainable Land Management technology groups

## BOXES

Box 1 SEEA principles on recording financial flows for protecting terrestrial ecosystems

Box 2 Terms, definitions and methodologies of the SO5-1 data

Box 3 Illustrative example of public expenditure on environmental protection

Box 4 Terms, definitions and methodologies of the SO5-2 data

Box 5 Terms, definitions and methodologies of the SO5-3 data

Box 6 How large is the global land financing gap for the UNCCD?

# ACRONYMS

|        |   |
|--------|---|
| ATECO  | Alpha-numeric Codes For Economic Activities<br>(Italian National Institute of Statistics) |
| CBD    | Convention on Biological Diversity  |
| COP    | Conference of the Parties   |
| CRS    | Creditor Reporting System of the OECD DAC   |
| DAC    | Development Assistance Committee of the OECD  |
| DLDD   | Desertification, Land Degradation and Drought   |
| FDI    | Foreign Direct Investment   |
| FNA    | Financial Needs Assessment  |
| GEF    | Global Environment Facility   |
| GFS    | Government Finance Statistics of the IMF  |
| GM     | Global Mechanism of the UNCCD   |
| GPG    | Good Practice Guidance  |
| IFC    | International Finance Corporation   |
| IMF    | International Monetary Fund   |
| LDN    | Land Degradation Neutrality   |
| MDG    | Multilateral Development Bank   |
| MPGs   | Modalities, Procedures and Guidelines of the UNFCCC                                       |
| NACE   | Statistical Classification of Economic Activities in the European<br>Community            |
| NAP    | National Action Programme to Combat Desertification                                       |
| NFP    | National Focal Point for UNCCD  |
| NGO    | Non Governmental Organization   |
| ODA    | Official Development Assistance   |
| OECD   | Organisation for Economic Co-operation and Development                                    |
| OOF    | Other Official Flows  |
| PINE   | Policy Instruments for the Environment, an OECD Database                                  |
| PPP    | Public-Private Partnership  |
| PRAIS  | Performance Review and Assessment of Implementation System of<br>the UNCCD                |
| PRI    | UN Principles for Responsible Investment  |
| R&D    | Research and Development  |
| SEEA   | System of Environmental-Economic Accounting   |
| SLM    | Sustainable Land Management   |
| SO     | Strategic Objective   |
| TOSSD  | Total Official Support for Sustainable Development, an OECD Database                      |
| UNCCD  | United Nations Convention to Combat Desertification                                       |
| UNFCCC | United Nations Framework Convention on Climate Change                                     |
| USD    | United States Dollars   |
| WBCSD  | World Business Council for Sustainable Development  |
| WBG    | World Bank Group  |

# 1. INTRODUCTION

Desertification, land degradation, and drought (DLDD) pose significant threats to food security, water, resources, and livelihoods, especially in vulnerable regions, often exacerbating poverty, inequality, migration, and conflict. The 2018-2030 Strategic Framework of the United Nations Convention to Combat Desertification (UNCCD)<sup>1</sup> provides a vision and associated strategic objectives that guide the implementation of the Convention. This Strategic Framework envisions a future that avoids, minimizes, and reverses desertification/land degradation and mitigates the effects of drought in affected areas at all levels and strives to achieve a land degradation-neutral world consistent with the 2030 Agenda for Sustainable Development, within the scope of the Convention.

The following **five strategic objectives** guide the actions of all UNCCD stakeholders and partners in the period 2018–2030. Meeting these long-term objectives contributes to achieving the above-mentioned vision within the scope of the Convention, taking into account particular regional and national conditions.

**Strategic objective 1:** To improve the condition of affected ecosystems, combat desertification/land degradation, promote sustainable land management and contribute to land degradation neutrality

**Strategic objective 2:** To improve the living conditions of affected populations

**Strategic objective 3:** To mitigate, adapt to, and manage the effects of drought in order to enhance resilience of vulnerable populations and ecosystems

**Strategic objective 4:** To generate global environmental benefits through effective implementation of the UNCCD

**Strategic objective 5:** To mobilize substantial and additional financial and non-financial resources to support the implementation of the Convention by building effective partnerships at global and national level

## 1.1 UNCCD Strategic Objective 5

The Strategic Framework emphasizes the need for a focused, targeted, effective and efficient implementation of the UNCCD, which involves systematic monitoring and assessment of progress in achieving the objectives of the Convention. A vital

element of this monitoring effort is **tracking the mobilization of financial resources in support of the effective implementation of the Convention**. To this effect, the Strategic Framework lays out Strategic Objective 5 (SO5) and three associated expected impacts, 5.1, 5.2 and 5.3.

**Strategic objective 5: To mobilize substantial and additional financial and non-financial resources to support the implementation of the Convention** by building effective partnerships at the global and national levels.

**Expected impact 5.1:** Adequate and timely public and private financial resources are further mobilized and made available to affected country Parties, including through domestic resource mobilization.

**Expected impact 5.2:** International support is provided for implementing effective and targeted capacity-building and “on-the-ground interventions” in affected country Parties to support the implementation of the Convention, including through North–South, South–South and triangular cooperation.

**Expected impact 5.3:** Extensive efforts are implemented to promote technology transfer, especially on favourable terms and including on concessional and preferential terms, as mutually agreed, and to mobilize other non-financial resources.

The work on tracking financial flows for the implementation of the Convention has been guided by a series of UNCCD COP decisions over the past years. For instance, Decision 11/COP.14<sup>2</sup> requests the Global Mechanism to develop an integrated financial monitoring framework for tracking and better monitoring the resources for interventions under the Convention, including progress indicators in terms of technology transfer. It also requests to explore options to **strengthen coordination with the Organisation for Economic Co-operation and Development (OECD) to provide improved quantitative information from reporting on SO5**.

Decision 12/COP.16<sup>3</sup> establishes the mandate to develop more quantitative information on financial flows, to enhance collaboration on sourcing financial data with international partners, and to strengthen financial tracking mechanisms. Specifically, Decision 12/COP.16 requests the Global Mechanism to continue improving the tracking of financial flows, including by **integrating a good practice guide on tracking financial flows on SO5** for future reporting rounds.

<sup>1</sup> UNCCD (2017a).

<sup>2</sup> UNCCD (2019).

<sup>3</sup> UNCCD (2024b).

The tracking of financial flows for the implementation of the Convention is closely linked to other tasks mandated by COP decisions, such as the UNCCD financial needs assessment. In particular, Decision 13/COP.15<sup>4</sup> requested the Global Mechanism **to prepare a needs assessment to determine the financial requirements for the implementation of the Convention** and develop a time-bound strategy to increase fund mobilization to support country Parties in the achievement of the objectives of the Convention. In addition, decision 23/COP.15 requests the Secretariat and the Global Mechanism to examine and identify at the global level the financing needs and opportunities for drought risk reduction and resilience-building activities in relation to those already existing, including partnership with the private sector. The **Financial Needs Assessment (FNA)** for UNCCD issued in 2024 responds to these requests.<sup>5</sup> It highlights key findings and trends on the financial needs for the implementation of the Convention, as well as resource mobilization strategies and financial solutions to close the funding gap.

Current and past COP decisions have played an important role in shaping indicators, methodologies, and data used for tracking financial flows under the Convention.

## 1.2 Indicators for SO5 monitoring

The SO5 indicator framework aims to enable country Parties to report quantitative and qualitative information on financial and non-financial resources dedicated to supporting the implementation of the Convention. The set of indicators aims to provide comprehensive reporting. The intention is to identify financial resources being mobilized to combat desertification, land degradation and drought.

Tracking resources for the implementation of the Convention concerns accounting for (i) the financial and non-financial resources employed by activities that avoid, reduce, and reverse the effects of land degradation and desertification; and (ii) the preparedness for, mitigation of, and response to drought at different scales. The most relevant challenge lies in the identification of DLDD-related resources among a range of those allocated for other purposes.

**The SO5 indicator framework includes five progress indicators that are reflected in the reporting template for country Parties of the Convention.** Indicators are subject to continued further development and improvement. The current SO5 progress indicators are the following:

- **SO5-1:** International public resources
- **SO5-2:** Domestic public resources
- **SO5-3:** International and domestic private resources
- **SO5-4:** Technology transfer
- **SO5-5:** Future support for activities related to the implementation of the Convention

<sup>4</sup> UNCCD (2022a).

<sup>5</sup> UNCCD (2024a).

**Reporting by all country Parties of the UNCCD is required for the SO5-1 and SO5-2 progress indicators**, while reporting for the SO5-3 through SO5-5 indicators is encouraged for all country Parties.

The indicator framework for SO5 considers the reporting experiences under the other Rio conventions. It takes into account the monitoring, reporting and verification system under the United Nations Framework Convention on Climate Change (UNFCCC) (with its Biennial Reports and Biennial Reports); the National Communications templates; the Modalities, Procedures and Guidelines and the common tabular formats for the transparency framework for support under the Paris Agreement; and the financial reporting framework under the Convention on Biological Diversity (CBD), with the aim of increasing synergies in data collection and reporting.

## 1.3 Purpose of this GPG

Since the 2022 UNCCD reporting process and every four years thereafter, country Parties are requested to report their progress in mobilizing financial resources for the Convention using the SO5 indicator framework adopted by COP decisions 7/COP.13, 9/COP.13, and 11/COP.14. At the issuance of this document, the forthcoming reporting cycle covers the calendar years 2020-2023.

This Good Practice Guidance (GPG) provides practical advice on interpreting and reporting against the indicators under SO5. The GPG is designed to inform and assist country Parties in their financial reporting using the PRAIS template for SO5. It offers detailed information on definitions, concepts, methodologies, data sources and collection, rationale and interpretation, and limitations.

This guidance provides a comprehensive overview of the types of financial data, illustrating data sources, definitions and methodologies used in the provision of default data available to Parties, as well as other possible data sources where relevant information can be drawn. The enhanced provision of default data provides Parties with comparable terms, methods and data collection options.

At the same time, this guidance does not provide a prescriptive definition of which activities can be accounted for as being DLDD-related, nor does it exclude any. However, it includes activities, examples, and options as well as a non-exhaustive list of DLDD activities, to be applied by Parties as useful references for the identification of relevant activities.

This GPG is based, to the greatest extent possible, on internationally established methodologies and standards, and it is supported by data sets that are routinely updated, maintained, and available over the long term. Recognizing

that national circumstances and capacities vary, the GPG has been designed so that the approaches documented can be customized in response to the data availability and capacity at the country level.

This guidance may be used to support capacity development efforts to enable countries to monitor and report on SO5. The GPG may be updated periodically going forward, in line with the further development of the underlying reporting indicators for SO5. Country Parties are therefore advised to use the latest available version of this guidance when preparing their national progress reports.

## 1.4 Structure of the GPG

The GPG starts out by illustrating an overview of the underlying assumptions, definitions and methodologies,

and data sources used for the default data provided under each indicator. Subsequently, the GPG references a range of possible data sources for the consideration of Parties which might support the compilation of the indicators under SO5.

This Good Practice Guidance will continue to evolve over time as UNCCD progress indicators, and the underlying information expected to be reported on, are being developed further under mandates provided by Parties through their COP decisions. A valuable input into these discussions is the feedback from country Parties on the practicality of the current progress indicators and the usefulness of this guidance note. Country Parties are therefore encouraged to keep the Global Mechanism apprised of their respective experiences and to come up with suggestions for improving the reporting process further. ■



## 2. OVERVIEW OF APPROACH

This GPG supports reporting on progress made concerning Strategic Objective 5 related to the mobilization of substantial and additional financial and non-financial resources to support the implementation of the Convention. This involves accounting for resources employed by activities that avoid, reduce and reverse the effects of land degradation and desertification as well as the preparedness, mitigation and response to drought at different scales—project, subnational, national, regional and global.<sup>6</sup>

Most resources that are accounted for will be financial flows, i.e., involving the transfer of monetary resources in support of DLDD-related activities. However, in practice there may also be non-financial resources mobilized and applied in support of DLDD-related activities, for instance through in-kind granting of equipment and supplies, or through the provision of expert personnel offering technical assistance and advisory services. If the monetary value of non-financial resources can be measured, such physical resources should also be included in the tracking effort at the country level. The reporting templates also allow for reporting a range of qualitative and descriptive information which might accommodate the reporting of non-financial resources.

### 2.1 Classification of resource flows

Monitoring resources mobilized to support activities that combat DLDD involves tracking financial flows from multiple sources, institutions and instruments. Table 1 provides an overview of possible resource flows. It distinguishes according to the international and domestic origin of resources, whether resources are made available by public and private providers, and whether resources are provided on concessional (below-market) or non-concessional terms.<sup>7</sup> The table also gives examples of institutions managing financial resources and the associated instruments falling within the scope of progress indicators SO5-1, SO5-2 and SO5-3.

In the following, summary descriptions of these resource flows are provided.<sup>8</sup> These can be grouped into four primary categories, as follows:



© Freepik.com/tohamina

- International public resources
- Domestic public resources
- International private resources
- Domestic private resources

Beyond the above four primary categories of resource flows, there is blended finance. This term captures financial resources that combine grants with resources financed at market terms, resulting in a softening of the terms and conditions of the final financial package provided. For instance, the result may be a lower interest rate on a loan.

Blended finance initiatives play a role in leveraging private finance, for example, for private investors to finance, build and operate public infrastructure, such as roads or ports, through Public-Private Partnerships (PPPs). Blended resources can be articulated through different instruments, including loans, equity investments, guarantees, etc. DLDD-related activities supported by blended sources of finance should report the corresponding financing amounts under each relevant source (e.g., bilateral, domestic, or private sector). The tool provided for project-level reporting (Excel worksheet) allows the consolidated reporting of activities financed through blended financial resources.

The flows described in Table 1 record resources by their sources, not by the recipients of these flows within a country. Under a complete set of information, it should be possible to account for both the origin and destination of the resources, as presented in Appendix 2.

<sup>6</sup> See Appendix 1 for a non-exhaustive list of DLDD-related actions.

<sup>7</sup> Concessional terms refer to loan agreements that are more favorable to the borrower than those generally found in the market, therefore offering a grant equivalent component. These terms can include lower interest rates, deferred repayments, or income-contingent repayments, meaning the borrower's payments are tied to their income. Concessional financing is often used for development projects or to provide support to countries facing economic challenges. The grant equivalent measure is used by the OECD to define Official Development Assistance (ODA) flows. See OECD (2025).

<sup>8</sup> Among others, the following sources are used in this context: OECD (2024a), Schmid-Traub, G./ Sachs, J. (2015), United Nations (2014).

**Table 1: Classification of resource flows**

| ORIGIN/<br>SOURCES | INTERNATIONAL  |  | DOMESTIC  |  |
|--------------------|--|--|---|--|
| PUBLIC             | CONCESSIONAL   | NON-CONCESSIONAL   | CONCESSIONAL  | NON-CONCESSIONAL   |
|                    | <b>Official Development Assistance (ODA)</b> <ul style="list-style-type: none"> <li>● Bilateral ODA</li> <li>● Multilateral ODA</li> <li>● Multi-bi ODA</li> </ul>                 | <b>Other Official Flows (OOF)</b> <ul style="list-style-type: none"> <li>● Export credits</li> <li>● Export guarantees and insurance</li> </ul>  | <b>Domestic budgetary expenditure and public investment</b> <ul style="list-style-type: none"> <li>● Subsidies for sustainable practices</li> <li>● Grants</li> <li>● Equity</li> <li>● Loans, bonds</li> <li>● Guarantees</li> </ul>   | <b>Domestic revenues and borrowing</b> <ul style="list-style-type: none"> <li>● Taxes, excises, duties</li> <li>● Fees, fines</li> <li>● Bonds</li> <li>● Debt issuance instruments</li> </ul> |
|                    | <i>INSTITUTIONS</i>  |  | <i>INSTITUTIONS</i>   |  |
|                    | <ul style="list-style-type: none"> <li>● Donor countries</li> <li>● UN Agencies</li> <li>● Multilateral banks</li> <li>● International funds</li> <li>● MDB trust funds</li> </ul> | <ul style="list-style-type: none"> <li>● Export/import banks</li> <li>● Guarantee agencies</li> <li>● Sovereign wealth funds</li> </ul>  | <ul style="list-style-type: none"> <li>● Government ministries</li> <li>● Government agencies and institutions</li> <li>● Regional and local authorities</li> <li>● Public enterprises</li> <li>● National development banks</li> </ul> |  |
| PRIVATE            | <b>Foreign non-commercial financing</b> <ul style="list-style-type: none"> <li>● Charitable grants</li> <li>● Diaspora giving</li> </ul>   | <b>Foreign commercial financing</b> <ul style="list-style-type: none"> <li>● Equity, including FDI</li> <li>● Loans, bonds</li> <li>● Guarantees and insurance</li> <li>● Derivatives</li> </ul> | <b>Domestic non-commercial financing</b> <ul style="list-style-type: none"> <li>● Charitable grants</li> <li>● In-kind contributions</li> </ul>   | <b>Domestic commercial financing</b> <ul style="list-style-type: none"> <li>● Equity</li> <li>● Loans, bonds</li> <li>● Guarantees and insurance</li> <li>● Derivatives</li> </ul>             |
|                    | <i>INSTITUTIONS</i>  |  | <i>INSTITUTIONS</i>   |  |
|                    | <ul style="list-style-type: none"> <li>● Foreign foundations</li> <li>● International NGOs</li> <li>● Households</li> <li>● Private corporations</li> </ul>                        | <ul style="list-style-type: none"> <li>● Corporations</li> <li>● Impact investors</li> <li>● Commercial banks</li> <li>● Insurances</li> </ul>   | <ul style="list-style-type: none"> <li>● National foundations</li> <li>● Local NGOs</li> <li>● Households</li> <li>● Private corporations</li> </ul>  | <ul style="list-style-type: none"> <li>● Corporations</li> <li>● Pension funds</li> <li>● Commercial banks</li> <li>● Microfinance institutions</li> <li>● Insurances</li> </ul>               |
|                    |  |  |   |  |

Source: Global Mechanism

## 2.2 Statistical standards

For **international financial resources**, the statistical reference standard is developed by the OECD Development Assistance Committee in the context of the Creditor Reporting System and the Total Official Support for Sustainable Development, whose methodologies and definitions are included in the relevant Reporting Directives. Related data collection is often undertaken at the national level by central administrations involved in development cooperation and contributions to multilateral institutions, such as the Ministries of Foreign Affairs and Ministries of Economy and Finance.

For **domestic financial resources**, the range of resource flows discussed here should be recorded by the national statistical office, the Ministries of Economy and Finance, and the central banks of a given country, applying statistical standards such as those described in the System of National Accounts<sup>9</sup>, the Government Finance Statistics Manual, and the Monetary and Financial Statistics Manual<sup>10</sup> and Compilation Guide<sup>11</sup>.

**The System of Environmental-Economic Accounting (SEEA) Central Framework**<sup>12</sup> provides an internationally endorsed statistical standard on several issues, including for recording expenditures related to environmental protection and resource management. Box 1 highlights specific guidelines from SEEA that are relevant for tracking resources for UNCCD.

### Box 1: SEEA principles on recording financial flows for protecting terrestrial ecosystems

The SEEA Central Framework (Chapter 4) describes, among other topics, a standard approach for recording expenditures on environmental activities, which are those that have a purpose of either environmental protection or resource management. Environmental protection activities are those activities whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation of the environment. (SEEA Central Framework para 4.12) Resource management activities are those activities whose primary purpose is preserving and maintaining the stock of natural resources and hence safeguarding against depletion. (SEEA Central Framework para 4.13) Expenditure on programmes and projects that have the purpose of resolving issues concerning land degradation and desertification falls within the scope of this approach.

The SEEA Central Framework considers the recording of the expenditure on environmental activities from

two perspectives. First, it considers recording from the perspective of those undertaking the activity, for example, at the project level within a country. This recording encourages the reporting of all relevant expenditures to undertake the activity, including wages and salaries, intermediate costs (for inputs such as fuel, seeds, and water), produced assets (e.g., machinery and computers), and non-produced assets (e.g., land). As appropriate and where data are available, the information on this expenditure may be recorded in terms of who has provided the goods and services to the project and/or in terms of the economic unit managing the activity (government, households, private sector, etc). A complete recording of all expenditures on an environmental activity for a country will provide an estimate of national expenditure on an environmental activity.

The second perspective is to consider the economic units that are the sources of finance for the environmental activity. This perspective records information on whether the finance has come from domestic or international sources and whether the finance is by governments, businesses, households, non-profit organizations or international agencies. Although not described in the SEEA Central Framework, it is possible to extend the recording to capture additional details concerning the type of finance in terms of, for example, its concessionally or the type of financial instrument. This second perspective aligns closely with the type of framing and coverage provided in Figure 1.

Under both perspectives, the recording is envisaged as taking place with reference to individual countries. That is, both the recording by type of expenditure and by source of finance should relate to projects within a single country.

Ideally, and conceptually, there is a clear connection between these two perspectives that centers around the economic unit that is managing the activity, i.e., at the project or programme level. Thus, for a given project, the aggregate expenditures of the various goods, services and assets purchased to undertake the environmental activity should reconcile with the source of financing for the project.

In practice, there are many challenges in securing this alignment in data. For example, those providing financing may not be aware of precisely how that money is spent, particularly if it is allocated across various projects and purposes, or where a single project receives finance from different sources.<sup>13</sup>

<sup>9</sup> United Nations et al (2008).

<sup>10</sup> CIMF (2014).

<sup>11</sup> CIMF (2016).

<sup>12</sup> United Nations et al (2012).

<sup>13</sup> <https://seea.un.org/content/data>

Further, the Classification of Environmental Protection Activities (CEPA) is a classification system that identifies and categorizes various activities undertaken by governments, businesses, and households to prevent, mitigate, and manage environmental issues. It supports the systematic collection of data on environmental protection activities, enabling governments and organizations to report on their environmental expenditures and efforts. CEPA helps identify areas where financial resources are being directed for environmental protection, and it is often integrated into national accounting systems to track expenditures on environmental protection and assess their impact on the economy. Many countries maintain their own databases that include CEPA classifications and data on environmental protection activities. These can usually be accessed through the official websites of national statistics agencies. Organizations such as the United Nations and the OECD also provide access to CEPA-related data through their databases or reports. For instance, the OECD Environment Statistics maintains databases that may include information on environmental protection expenditures categorized under CEPA, and the UN Environment Programme (UNEP). Some academic and research institutions may compile databases or reports that include CEPA classifications and associated data for specific studies or analyses.

Finally, the Classification of Resource Management Activities (CReMA) is another classification system designed to categorize and systematically organize activities related to the management of natural resources. The CReMA framework may include a classification of financial resources allocated to specific activities aimed at desertification, land degradation, drought, and achieving land degradation neutrality. It can include a wide range of financial data related to public funding, international aid, private sector investments, NGO contributions, research funding, infrastructure investments, monitoring costs, and economic assessments. Similarly to CEPA, data are collected by national and regional agencies in countries, and international organizations and research institutions also provide CReMA-related data through their platforms.

CReMA can be aligned with other frameworks, such as the System of Environmental-Economic Accounting (SEEA) and the Classification of Environmental Protection Activities (CEPA), to provide a holistic view of resource management and environmental protection efforts.

## 2.3 Default data sources for SO5

The PRAIS provides a set of default data that pre-populate the Strategic Objective 5 indicators from SO5-1 to SO5-3. The section below presents the different indicators under SO5, the related data sources of default data, and the taxonomies used for each reference database.

## 2.4 Provision of default data

Where available, activity-level default data relevant to SO5-1 to SO5-3 are provided for resources mobilized on DLDD-related activities. Data include international public resources provided to other countries ('provided'); international public resources received from other countries ('received'); domestic public spending and funding for DLDD-related activities ('domestic'); and private sector financing from international and domestic resources. Pre-compiled default data are derived from information reported to the Organization for Economic Co-operation and Development (OECD) through two main databases on development finance resource flows and policy instruments for the environment, as listed in this chapter.

Default data provided at the country level can be confirmed or amended by the reporting Party, as appropriate, by integrating or adjusting the pre-filled data in the Excel file and uploading adjusted or new data. Alternatively, Parties have the possibility to reject all activity-level default data shown, without providing any alternative activity-level data; this may apply if insufficient detailed information is available to country Parties to verify or correct data at the activity level. In this case, Parties have the possibility to manually compile summary tables in the PRAIS system with aggregate figures. For step-by-step guidance on the compilation of the templates, please refer to the PRAIS Reporting Manual.

To be able to review and verify the default data provided to them, country Parties should first familiarize themselves with the underlying data definitions and sources that have been applied to collect and compile default data. These are described in this section of the guidance.

### 2.4.1 Data definitions

The Excel spreadsheet provided to country Parties contains multiple data fields. Their respective terms, definitions and underlying methodologies are explained in section 3 of this Good Practice Guidance. It is recommended that Parties familiarize themselves with these definitions to be in a better position to review and verify the default data offered to them.

If and to the extent needed to account for their own reporting conventions and practices, Parties are invited to complete, adjust and correct these definitions in the SO5 Methodological Information section in PRAIS. Such adjustments by countries are particularly appropriate if the default data are changed or the suggested approach to compiling data is not followed. If the default data provided to countries is verified and accepted unchanged, no further input is required from country Parties on adjusting data definitions. ■

# 3. SO5 PROGRESS INDICATORS

## 3.1 International public resources (SO5-1)

International public resources track primarily resource flows between countries in the form of 'Official Development Assistance' (ODA) and 'Other Official Flows' (OOF). Official transactions are those undertaken by central, state, or local government agencies at their own risk and responsibility.

- Bilateral ODA flows represent transactions undertaken by a provider country directly with a developing country. Bilateral ODA usually originates from official governmental sources and is delivered directly to official recipients in the developing country. Bilateral ODA is often channeled through development agencies or non-governmental organizations active in development.
- Multilateral ODA flows represent core contributions from official (government) sources to multilateral agencies (inflows), complemented by internal resources from these agencies. This funding is used for supporting multilateral agencies' own programmes to support eligible developing countries (outflows). The relevance to DLDD of multilateral core contributions made by provider countries is sometimes challenging to assess, yet provider country Parties could define and adopt an approach for this purpose that fits their own circumstances best.
- Multi-bilateral flows ('earmarked' flows) are those resource flows directed by provider countries to multilateral agencies to deliver a specific programme or project on their behalf in a recipient country, often through trust funds administered by multilateral agencies.
- Other Official Flows comprise public international resources that do not meet official development assistance criteria, either because they are not primarily aimed at development, or because they are not sufficiently concessional. It includes, for instance, resources to developing countries for representational or essentially commercial purposes; official bilateral transactions intended to promote development, which are not concessional; and official bilateral transactions that are primarily export-facilitating in purpose.

Country Parties that provide Official Development Assistance (ODA) and other official flows (OOF) should report on financial contributions provided to developing countries and to international organizations; quantified in-kind contributions provided to projects in developing countries;

and financial resources provided for technical assistance in developing countries.

Country Parties that receive ODA and OOF resources should report on financial flows received from other countries and from international organizations, including multilateral development banks, international funds, and UN agencies, as well as received and quantified in-kind contributions to projects.

The official development assistance and other official flows are measured by the gross ODA disbursed in current US dollars. The reporting should encompass bilateral, multilateral, multi-bilateral (earmarked) and other official flows.

In case an activity or project is funded by different sources of funding – for example, through both public and private resources – it is recommended to report the volume of public resources under the SO5-1 indicator and the volume of private resources under the SO5-3 indicator. This would lead to double reporting (the Party would replicate some information related to the relevant project in two separate tables) but would avoid the double-counting of amounts.

Data on other official flows are not consistently included as default data, due to discontinuities in the availability of the Rio Marker on desertification for these flows. However, reporting Parties can provide any missing information. For the sake of this accounting framework, officially supported export credits and related guarantees extended from public sources can be reported as other official flows under SO5-1.

Indicator SO5-1 also provides space to include information on amounts mobilized from the private sector by official development finance interventions. In this regard, the OECD DAC offers an instrument-specific approach covering all private finance leveraged by public interventions with a direct causality link between flows.

### 3.1.1 Default data source and taxonomy for SO5-1

The OECD, with its extensive international databases, serves as a source of default data provided to Parties for Strategic Objective 5. In particular, the reference database for default data provided under SO5-1 is the **OECD Development Assistance Committee (DAC) Creditor Reporting System (CRS)**<sup>14</sup>. In the context of the SO5-1 indicator, the CRS is used to source default data for:

- **International public resources provided** (i.e., provider

<sup>14</sup> OECD (2024b).

perspective): include data on financial resources by provider country to developing country recipients (countries or regions). It does not include inflows to multilateral channels due to challenges in identifying the DLDD-relevant share of multilateral outflows.

● **International public resources received** (i.e., recipient perspective): include data on financial resources by recipient country from provider countries for DLDD-related activities  
If a country Party is both a provider and a recipient of international public bilateral and/or multilateral resources,

information on both provided and received ODA and OOF resources are provided. The OECD collects data from the providers, including multilateral institutions and UN Agencies. The recipient perspective consists of the same dataset considered from the recipient perspective.

The reference documents of the OECD DAC CRS system are the [CRS reporting directives](#) and its addenda ([Addendum 1](#), [Addendum 2](#) and [Addendum 3](#)). Relevant information is included in the [DAC CRS Codes](#) documentation.

## Box 2: Terms, definitions and methodologies of the S05-1 data

| DATA TERMS                                    | DATA DEFINITIONS AND METHODOLOGIES  |
|---|---|
| Year  | The reference reporting period is 2020-2023.<br>DAC statistics are compiled on a calendar year basis.<br>If Parties choose to use different data sources, for each resource flow Parties are requested to identify whether the reported values refer to the calendar year or the fiscal year used for recording the resources reported.<br>The use of calendar year is preferred for data comparability purposes.   |
| Provider of the funds                         | Parties are requested to identify the provider of the funds.<br>● For resources provided by the reporting Party, indicate the name of the reporting country.<br>● For resources received by the reporting Party, indicate the name of the provider country or provider institution.   |
| Recipient/ Beneficiary                        | Parties are requested to identify the country or region that is the beneficiary of the funds.<br>● For resources provided by the reporting Party, indicate the name of the beneficiary country or region, or “developing countries, unspecified” if the geographic domain is global or unspecified.<br>● For resources received by the reporting Party, indicate the name of the reporting country.   |
| Channel                                       | Parties are requested to identify the name of the channel for each resource flow. The channel is the first implementing entity receiving all or most of the funding. There may be multiple implementing agencies involved.<br>● Default data include 196 different channels falling into the following types of implementing entities: donor governments, recipient governments, international NGOs, donor country-based NGOs, Developing country-based NGOs, Public-private partnership, United Nations entities, UN thematic funds, International Monetary Fund, Multilateral Development Banks, other multilateral organizations, and academic or research institutions. |
| Title of project / programme or activity name | Parties are requested to indicate the official name of the activity being supported through the resource flow.<br>Default data report the “Short description / Project title” reported in the DAC CRS.  |
| Amount in USD                                 | The amounts of resource flows are indicated in US dollars. DAC statistics provide amounts in USD.<br>● Reference exchange rate can be found <a href="#">here</a> .<br>● Reported flows should represent disbursed amounts per year.   |
| Sector  | Parties are requested to identify the primary economic sector intended to benefit from the activities supported by the resource flow.<br>● Default data are based on the three-digit sector codes included in the DAC CRS statistics. 23 different sectors are identified in the default data.<br>● If Parties choose to use different data sources, Parties are requested to indicate the classification used, for instance: UNFCCC MPGs, purpose codes of OECD DAC CRS, ATECO codes, NACE codes, etc  |

|   |  |
|---|--|
| Type of flow                                  | <p>Parties are requested to identify the type of resource flow, characterized by its public and international nature.</p> <ul style="list-style-type: none"> <li>● Default data types of flow include Official Development Assistance (ODA, concessional), Other Official Flow (OOF, non-concessional), equity investment, and Private Sector Instrument (PSI).</li> </ul>   |
| Financial Instrument                          | <p>Parties are requested to identify the type of financial instrument used for channeling the financial resource flow reported.</p> <ul style="list-style-type: none"> <li>● Default data financial instruments include grants, concessional loan, non-concessional loan, mezzanine finance instruments, equity and shares in collective investment vehicles.</li> <li>● Other possible instruments include officially supported export credits, guarantees, or other types of instruments used in public finance.</li> </ul>  |
| Type of support                               | <p>Parties are requested to indicate whether the reported resource flow relates directly or indirectly to the objective of combating DLDD. The categories used in the default data include:</p> <ul style="list-style-type: none"> <li>● Principal</li> <li>● Significant</li> <li>● Estimated-core</li> <li>● Estimated-additional</li> </ul> <p>Please see the section on “Definition of relevance to DLDD” for the detailed explanation of the above categories used in the default data.</p>   |
| Amount of private resources in USD            | <p>Parties are requested to indicate the amount of private finance mobilized in conjunction with the activity supported by the reported resource flow.</p> <ul style="list-style-type: none"> <li>● Default data are based on the OECD DAC instrument-specific approach for covering all private finance leveraged by public interventions with a direct causality link between the flows. Additional information on the DAC methodology can be found here (<a href="#">Annex 6</a>)</li> </ul> <p>The amount to be reported here is the incremental (additional) volume of financing mobilized from private sources in support of activities financed by the underlying reported resource flow. Parties are invited to indicate and describe any different methodology used as applicable.</p>  |
| Leveraging mechanism for private mobilization | <p>Parties are requested to identify the type of leveraging mechanism used by the public intervention to mobilize private finance in conjunction with the activity supported by the reported resource flow.</p> <ul style="list-style-type: none"> <li>● Default data based on the OECD DAC CRS offers the following leveraging mechanisms for private finance mobilized through public interventions: simple co-financing, syndicated loans, shares in collective investment vehicles, direct investment in companies, credit lines.</li> <li>● Other possible leveraging mechanisms include guarantees, project finance schemes, technical assistance, or other mechanisms.</li> </ul> <p>Parties are invited to indicate and describe other leveraging mechanisms used as applicable.</p>   |
| Capacity Building                             | <p>Parties are requested to indicate for each resource flow whether the associated activities include a capacity-building component for the benefit of the recipient country, meaning that at least part of the activity budget has been dedicated to capacity-building to address DLDD.</p> <ul style="list-style-type: none"> <li>● Default data use the OECD DAC CRS flag “Free-standing technical cooperation” (<a href="#">see page 66</a>) to identify projects focused on capacity building or including a capacity-building component.</li> </ul> <p>Parties are invited to indicate and describe other methodologies used as applicable.</p>  |
| Technology Transfer                           | <p>Parties are requested to indicate for each resource flow whether the associated activity is focused on technology development and transfer or includes a technology transfer component, meaning that at least part of the activity budget has been dedicated to transferring technologies to address DLDD.</p> <ul style="list-style-type: none"> <li>● No default data are included for this parameter.</li> <li>● Parties are invited to use the 7 categories identified by Parties in the 2022 UNCCD reporting cycle (see the ICCD/CRIC(21)/6): monitoring and tracking; agriculture; SLM practices; research and studies; resource efficiency and energy technologies; and policies for the conservation of national resources.</li> </ul> <p>Parties are invited to refer to the <a href="#">UNCCD Technology Transfer Framework</a> and the <a href="#">UNCCD SLM technology groups</a>, or indicate and describe other methodologies used as applicable.</p> |

|                 |  |
|-----------------|--|
| Gender Equality | <p>Parties are requested to indicate for each resource flow whether the associated activities target gender equality.</p> <ul style="list-style-type: none"> <li>● Default data use the OECD DAC CRS gender equality policy marker.</li> <li>● Parties are invited to indicate and describe other methodologies used as applicable.</li> </ul> |
|-----------------|--|

Source: Global Mechanism

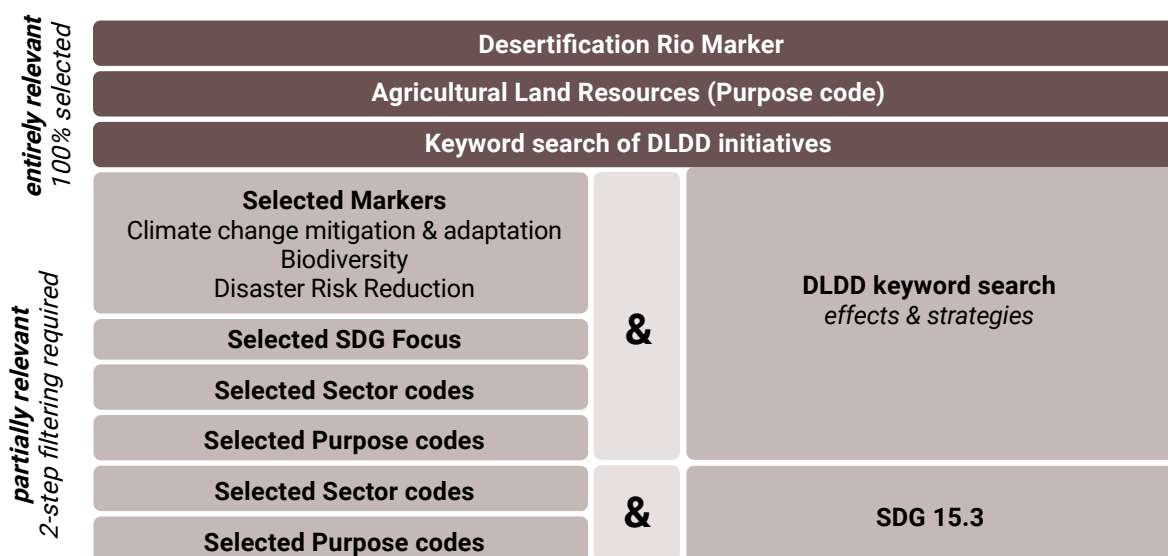
### 3.1.2 Definition of relevance to DLDD

The OECD DAC CRS includes a marker system that facilitates the monitoring of members' activities in support of the objectives of the 1992 Rio Conventions on climate change (UNFCCC), biodiversity (CBD) and desertification (UNCCD), using the four so-called "Rio markers": Biodiversity, Climate Change Adaptation, Climate Change Mitigation, and Desertification. Reporting on climate change mitigation, biodiversity and desertification became mandatory for DAC members in 2006, and on climate change adaptation in 2010. Desertification-related activities are measured by analyzing activities or programs in the OECD-DAC CRS database against the objectives of the UNCCD. The Rio Markers allow for the identification of activities whose purpose is mainly (marker "principal", equal to 2) or partially (marker "significant", equal to 1) to contribute to the implementation of the Convention in the recipient country (or countries). Definitions and eligibility criteria for activities or programs contributing to the objectives of the UNCCD are included in [Annex 20](#) of the OECD DAC CRS Reporting Directives<sup>15</sup>. Rio Markers are reported by countries through the OECD DAC official data collection process.

In late 2024, the OECD DAC elaborated a multi-layered methodology<sup>16</sup> to identify activities relevant to DLDD in the Creditor Reporting System, capturing additional activities beyond those identified through the desertification Rio marker, which has a narrower scope and is reported by DAC members only. This broader interpretation better reflects the evolution of discussions within the UNCCD. In fact, although the 1994 Convention text placed a strong emphasis on drylands, the inclusion of Land Degradation Neutrality target setting has significantly broadened the geographical scope of reference. This expansion allows for a more comprehensive approach to addressing land degradation issues across various ecosystems, beyond the initially targeted dryland areas. Thus, the reference methodology broadens the scope, including estimates of development finance (ODA and OOF) relevant to addressing DLDD in all land types.

The OECD methodology relies on three methods that are to be considered entirely relevant for DLDD, and six other two-step methods, which taken alone would only be partially relevant for DLDD (see Figure 1).

**Figure 1: OECD DAC Methodology to identify DLDD-related development finance**



Note: These methods are not additional to one another: projects could qualify for more than one of these methods but would only be counted once. Source: OECD (2024b), p. 23.

<sup>15</sup> OECD (2024c).

<sup>16</sup> OECD (2024d).

The categories used in the default data reflect the above methodology as follows:

**Principal:** the project is marked with the desertification Rio Marker principal (equal to 2) in the CRS;

**Significant:** the project is marked with the desertification Rio Marker significant (equal to 1) in the CRS;

**Estimated-core:** the project reports "Agricultural Land Resources" as sector purpose code; or includes in the description relevant DLDD initiatives;<sup>17</sup>

**Estimated-additional:** projects are identified through a two-step filtering. The first one relies on a DLDD keyword filtering in addition to any of the following conditions:

Activities marked with a positive score (1 or 2) on at least one of the following markers: climate change mitigation, climate change adaptation, biodiversity, and disaster risk reduction.

Activities identified with at least one of the selected SDGs or SDG targets (see Table 2)

Activities identified with relevant sector codes (see Table 2)

Activities identified with relevant purpose codes (see Table 2).

**Figure 2: DLDD-relevant keywords employed in the OECD DAC Methodology to identify DLDD-related development finance**

| DDD-RELEVANT KEYWORDS (ENGLISH, FRENCH, SPANISH), AND NEGATIVE KEYWORDS |   |
|---|---|
| English   | Arid, Afforest, Agroecology, Agroforestry, Anthropogenic pressure, Anthropogenic stress, Climate Smart Agriculture, Coastal erosion, Conservation design and planning, Crop diversification, Crop research, Decreasing land productivity, Deforestation, Degradation of ecosystems, Degradation of forests, Degradation of land, Degradation of nature, Degradation of rangelands, Degradation of the natural environment, Degraded agricultural land, Degraded land, Degraded soil, Desalination, Desertification, Desertified land, Drip irrigation, Drought, Dry sub-humid, Dust storm, Ecological restoration, Ecosystem service, Environmental degradation, Fire management, Fire prevention, Fire risks, Fire-prevention, Forest conservation, Forest degradation, Forest fire, Forest management, Forest rehabilitation, Grazing management, Grazing pressure, Green wall, Greening Drylands Partnership, Groundwater decline, Human pressure, Hydrological imbalance, Improve agricultural productivity, Improve crop yield, Improving crop yield, Invasive alien plant, Invasive alien species, Invasive species, Lack of precipitation, Lack of water, Land cover degradation, Land degradation, Land governance, Land management, Land overexploitation, Land productivity, Land rehabilitation, Land restoration, Land restoration, Land Technology Solutions, land use change, Land use planning, Livestock productivity, Locust, Low precipitation, Managed aquifer recharge, Nature-based solutions, Nutrient imbalances, Overcultivation, overexploitation, Overgrazing, Planned grazing, Planting tree, Polyculture, Poor irrigation, Precipitation anomalies, Rainwater harvesting, Rangeland improvement, Reforestation, Rehabilitate land, Rehabilitation of land, Resistant crop, Resource management, Restoration of ecosystems, Restoration of land, Restore dryland, Restore ecosystem, Restore land, Sand storm, Scarcity of water, Semi-arid, SLMP, Soil, Soil acidification, Soil amendment, Soil carbon, Soil compaction, Soil conservation, Soil deterioration, Soil erosion, Soil health, Soil management, Soil moisture conservation, Soil organic carbon loss, soil organic carbon stock, Soil pollution, Soil productivity loss, Soil protection, Soil salinisation, Soil salinity, Soil salinization, Sustainable forest management, Sustainable management of land, Sustainable management of water, Sustainable water management, Tree loss, Tree plant, Unregulated grazing, Vegetation decline, Vegetation degradation, Vegetation stress, Water conservation, Water erosion, Water harvesting, Water management, Water scarcity, Water stress, Water-efficient crop, Wetland conservation, Wildland fire, Wind erosion, Land use system, Land-use system, Landscape degradation, Sustainable rural development |

Source: OECD (2024b), p. 25. For additional information on French and Spanish keywords, and negative keywords, please refer to the original document.

<sup>17</sup> The relevant initiatives considered are: Ankara Initiative, Bonn Challenge, Changwon Initiative, Drought Initiative, G20 Global Land Initiative, GEF Land Degradation Focal Area, Great Green Wall Initiative, Greening Drylands Partnership, International Drought Resilience Alliance, Land Degradation Neutrality, LDN, One Forest Summit, Peace Forest Initiative, REDD, LD STAR, GEOLDN, (LDN)

**Table 2: OECD DAC CRS - Selected SDG Focus, Sector codes and Purpose codes**

| SDG FOCUS | SECTOR CODES                                 | PURPOSE CODES   |
|-----------|--|---|
| 2         | Health (120)                                 | Facilitation of orderly, safe, regular and responsible migration and mobility (14190) |
| 2.1       | Water and sanitation (140)                   | Public sector policy and administrative management (15110)                            |
| 2.2       | Communications (220)                         | Social protection (16010)   |
| 2.3       | Business & Other Services (250)              | Multisector aid for basic social services (16050)                                     |
| 2.4       | Agriculture (311)                            | Energy policy and administrative management (23110)                                   |
| 2.5       | Forestry (312)                               | Formal sector financial intermediaries (24030)  |
| 2.6       | Industry, Mining, Construction (320)         | Informal/semi-formal financial intermediaries (24040)                                 |
| 15        | General Environment Protection (410)         | Multisector aid (43010)   |
| 15.1      | Development Food Assistance (520)            | Rural development (43040)   |
| 15.2      | Emergency Response (720)                     | Disaster Risk Reduction (43060)   |
| 15.3      | Reconstruction Relief & Rehabilitation (730) | Food security policy and administrative management (43071)                            |
| 15.4      | Disaster Prevention & Preparedness (740)     | Household food security programmes (43072)  |
| 15.5      |  | Research/scientific institutions (43082)  |
| 15.8      |  |   |
| 15.9      |  |   |
| 15.a      |  |   |
| 15.b      |  |   |

Source: OECD (2024b), p. 25.

For additional details on the methodology applied and its limitations, please refer to OECD (2024b).

### 3.2 Domestic public resources (S05-2)

Public finance is the management of a country's revenue, expenditures and debt load through government and quasi-government institutions such as public sector agencies or government-owned enterprises and organizations. This indicator focuses on domestic (national) sources of government finance for the implementation of the Convention at the national level in the reporting country. Domestic public finance is essential to providing public goods and services, increasing equity, and managing macroeconomic stability. The mobilization and effective use of additional domestic resources is central to achiev-

ing a country's sustainable development objectives and in implementing the Convention.

**Domestic public resources** can be considered in terms of the amounts spent (public spending) and amounts collected (public funding) by the national treasury to address DLDD-related issues in the reporting country (see also Box 3 for an overview). In the context of S05-2 reporting, public spending concerns governmental outlays that support activities addressing DLDD-related challenges. In other words, public resources are used to finance recurrent activities or investment in projects and programs related to combating DLDD. In contrast, public funding serves to mobilize financial resources, through tax income or borrowed funds, to enable public spending for activities addressing DLDD-related challenges.

**Public spending** includes domestic budgetary expenditure and domestic public investment. Such financing can be deployed in the form of concessional flows (including grants and subsidies) and non-concessional flows (including equity investment, loans and bonds, and guarantees).

● **Domestic budgetary expenditure** includes all government consumption plus subsidies, transfer payments and guarantees (contingent expenditures). In national income accounting, the acquisition by governments of goods and services for current use is classed as government final consumption expenditure. This type of public expenditure – together with public investment into gross capital formation – constitutes one of the major components of the GDP of a country.

For purposes of fostering environmentally sustainable development, the following fiscal tools are particularly relevant: green subsidies, including repurposing subsidies harmful to biodiversity and land resources; ecological fiscal transfers, including payment for ecosystem services; green insurance, including parametric disaster insurance; and green public procurement.

To support DLDD-related challenges, governments could, for instance, offer land service payments. These ecological transfers would be available to farmers contributing to land improvement and restoration through conservation-friendly agricultural and land management practices or farmers who retire degraded cropland. Governments could offer to cover the cost of insurance premia for parametric weather insurance for farmers provided by commercial insurance companies. These public transfers could

be targeted at smallholder farmers working to restore degraded land areas.

For an empirical comparison by world region of domestic public expenditure on environmental protection as a share of total government expenditure in the environmental sector refer to Box 3. While this data is summarized at the regional – and not the country – level, it serves to illustrate the magnitude of public expenditure in the domain of environmental protection.

● **Domestic public investment** constitutes gross capital formation by the government and adds to the stock of public capital in an economy (i.e. the aggregate body of government-owned assets that are used as a means for productivity). Public investment can boost economic growth and provide the necessary public infrastructure (such as in water, transport, energy, schools and hospitals, and public housing) to mobilize and guide private investment activity.

Governments as public investors can make available equity capital, provide loans, issue (partial) credit guarantees, or extend non-repayable grants. These instruments could target land restoration and drought-related investments by focusing on vital rural infrastructure such as dams, irrigation systems, warehouses for agricultural produce, or rural roads. Such financial instruments can be extended by the ministry of finance directly or by specialized public institutions such as national development banks, sovereign wealth funds, or special-purpose domestic investment funds to direct public resources at sustainable development programs in the country.

### Box 3 : Illustrative example of public expenditure on environmental protection

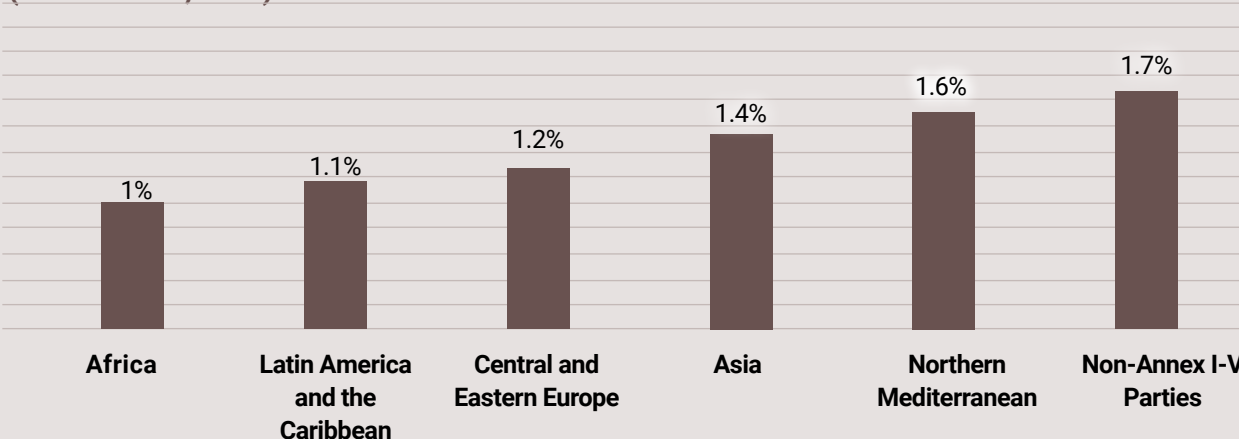
Domestic budgets are a critical source of finance for addressing desertification, land degradation and drought (DLDD).

As an illustrative example of domestic expenditure in the environmental sector, data were drawn from the IMF Financial Statistics Database, focusing on government spending on environmental protection. The analysis includes 59 countries, broken down by region as follows:

- ✓ Africa: 3 countries
- ✓ Asia: 15 countries
- ✓ Central and Eastern Europe: 10 countries
- ✓ Latin America and the Caribbean: 4 countries
- ✓ Northern Mediterranean: 9 countries
- ✓ Unclassified by region: 18 countries

The figure below presents average domestic public expenditure on environmental protection, calculated as a percentage share of total government expenditure in the environmental sector. Data are for the period 2018 to 2023, with regional averages derived from country-level annual averages over the period.

**Figure 3: Budget share of domestic public expenditure on environmental protection (2018-2023, in %)**



These figures highlight regional differences in how governments allocate resources towards the environmental sector. They offer a useful proxy for understanding domestic commitment levels to environmental protection, which include funding to combat DLDD.

**Public funding** includes domestic budget revenue and domestic public borrowing.

- **Domestic budget revenue** is money received by a government from taxes and non-tax sources such as fees. Public revenue as well as public expenditure – or government spending – are components of the government budget and core tools of the government’s fiscal policy. Domestic budget revenue includes revenue by central, regional and local governments, including municipalities.

Tax revenue is typically the primary source of revenue for governments. National taxation policies can have a major impact on directing the investment activities of private enterprises by affecting their cost of production or the sales revenue generated from their goods and services. Taxation can also impact consumption patterns of individuals by affecting households’ disposable income or by changing market prices on goods and services purchased, thus affecting consumer demand.

To support DLDD-related challenges, governments could, for instance, levy green taxes on forest management activities by private companies to help enforce compliance with standards for annual forest logging. In addition, this public tax revenue makes it possible to carry out restoration activities for degraded landscapes and reforestation. Such activities contribute to LDN-related objectives and can significantly improve terrestrial ecosystems and associated services.

- **Domestic public borrowing** is used to close a fiscal deficit, i.e. when a government’s budget expenditures

exceed revenues. Instead of increasing tax revenue or cutting public expenditure to close a budget deficit, a government may decide to borrow financial resources. A country’s gross government debt (also called public debt or sovereign debt) is the cumulative financial liabilities of the government sector from borrowing to cover past government deficits.

To address the vast financing needs to meet the Sustainable Development Goals, many governments are resorting to linking their debt issuance with supporting and achieving specific sustainability goals. Issuers of sustainability bonds hope to (i) capture a cost discount, or ‘greenium’, from a reduction of the interest rate payable on the debt and/or (ii) mobilize larger financing volumes when compared with issuing general-purpose bonds. Sustainability bonds, or green bonds, are mostly sold to investors following socially responsible investment principles for the financial assets under their management.

To support DLDD-related challenges, governments could, for instance, place land impact bonds on the capital markets. The financial proceeds would be invested by the government in defined land development projects. Pre-agreed outcomes could include the number of hectares of land restored to agricultural productivity or the number of rural farmers benefiting from newly installed irrigation systems. If these results are achieved and verified independently, investors would receive a pre-agreed financial return and full principal repayment of their invested bond capital. Table 3 shows the definitions used in the UNCCD Financial Needs Assessment for public expenditure and investment, and public revenues and borrowing.

**Table 3 – Definitions used in “Investing in Land’s Future - Financial needs assessment for UNCCD” (UNCCD, 2024)**

|                    | DEFINITION / METHODOLOGY USED  |
|--------------------|--|
| Public expenditure | Public expenditure – or government spending – includes all government consumption plus subsidies, transfer payments and guarantees (contingent expenditures). In national income accounting, the acquisition by governments of goods and services for current use is classed as government final consumption expenditure. This type of public expenditure – together with public investment into gross capital formation – constitutes one of the major components of the GDP of a country.  |
| Public investment  | Public investment constitutes gross capital formation by the government and adds to the stock of public capital in an economy (i.e. the aggregate body of government-owned assets that are used as a means for productivity). In Organisation for Economic Co-operation and Development (OECD) countries, public investment represents about 15% of total annual investment (public and private). Public investment can boost economic growth and provide the necessary public infrastructure (such as in water, transport, energy, schools and hospitals, public housing) to mobilize and guide private investment activity |
| Public revenue     | Public revenue – or government or national revenue – is money received by a government from taxes and non-tax sources such as fees. Public revenue as well as public expenditure – or government spending – are components of the government budget and core tools of the government’s fiscal policy. Domestic budget revenue includes revenue by central, regional and local governments, including municipalities  |
| Public borrowing   | A fiscal deficit occurs when a government’s budget expenditures exceed revenues. Instead of increasing tax revenue or cutting public expenditure to close a budget deficit, a government may decide to borrow financial resources. A country’s gross government debt (also called public debt, or sovereign debt) is the cumulative financial liabilities of the government sector from borrowing to cover past government deficits.   |

Source: UNCCD Financial Needs Assessment (UNCCD, 2024)

### 3.2.1 Default data source and taxonomy for S05-2

The OECD, with its extensive international databases, serves as a source of default data provided to Parties in conjunction with the reporting process for Strategic Objective 5. In particular, the reference database for default data provided under S05-2 is the OECD Policy Instruments for the Environment (PINE) Database.<sup>18</sup> In the context of the S05-2 indicator, the PINE is used to source default data for:

- domestic public spending (i.e., expenditures and investments);
- domestic public funding (i.e., revenues and borrowing).

Sourcing of this data has been piloted since 2025 and will continue to evolve further as the approach is being refined in cooperation with the OECD.

The reference documents of the OECD PINE system are the [PINE dissemination portal](#) and the related codebook, and [the data explorer](#). The public can be consulted here ([PINE dataset](#)).

<sup>18</sup> OECD (2024e).

## Box 4: Terms, definitions and methodologies of the S05-2 data

| DATA TERMS                                   | DATA DEFINITIONS AND METHODOLOGIES   |
|--|--|
| Year   | <p>The reference reporting period is 2020-2023.</p> <p>DAC statistics are compiled on a calendar year basis.</p> <p>If Parties choose to use different data sources, for each resource flow, Parties are requested to identify whether the reported values refer to the calendar year or the fiscal year used for recording the resources reported.</p> <p>The use of calendar year is preferred for data comparability purposes.</p>  |
| Country name                                 | Default data report the name of the reporting Party.   |
| Recipient/ Beneficiary                       | For expenditures, default data report the economic unit involved as destination of the transfer (collector, recipient, or beneficiary of the payments). Beneficiaries include: Households/Individuals, Firms, Government, Non-governmental Organisations. Parties can identify other beneficiaries and specify.  |
| Source                                       | For revenues, default data report the economic unit involved as source of the transfer (payer). Sources include: Households/Individuals, Firms, Government, Non-governmental Organisations. Parties can identify other beneficiaries and specify.  |
| Channel                                      | <ul style="list-style-type: none"> <li>● Default data report the geographic scope of the instrument reported, and include: Local/City, State/Provincial, National/Federal, Supranational/International.</li> </ul> <p>Parties can identify other channels using the categorization suggested in the OECD DAC CRS.</p>  |
| Title of project/ programme or activity name | <ul style="list-style-type: none"> <li>● Default data report the name of the instrument reported in the PINE.</li> </ul>   |
| Amount                                       | The amounts of resource flows are indicated in domestic currency as reported in the PINE. Note that the aggregates in the summary tables are indicated in USD, applying the OECD exchange rates. Reference exchange rate can be found <a href="#">here</a> .   |
| Sector                                       | <p>Parties are requested to identify the primary economic sector intended to benefit from the activities supported by the resource flow.</p> <ul style="list-style-type: none"> <li>● Default data do not include information on the sector. The environmental domain "Land degradation" is reported instead. For further information on the environmental domains in PINE, see the <a href="#">PINE dissemination portal</a>.</li> </ul> <p>If Parties choose to use different data sources, Parties are requested to indicate that classification, for instance: UNFCCC MPGs, purpose codes of OECD DAC CRS, ATECO codes, NACE codes, etc.</p> |
| Type of flow                                 | <p>Parties are requested to identify the type of resource flow, characterized by its public and domestic nature.</p> <ul style="list-style-type: none"> <li>● Default data financial instruments include: expenditures, investments, revenue and borrowing.</li> </ul> <p>Relevant definitions are from the UNCCD FNA (UNCCD, 2024) and are displayed in Table 3.</p>  |
| Instrument category                          | <p>Parties are requested to identify the instrument category.</p> <ul style="list-style-type: none"> <li>● Default data include the two categories Taxes and fees and Environmentally beneficial subsidies.</li> </ul> <p>The PINE includes further categories, including Voluntary approaches, Tradable permits and off-sets, Deposit refunds.</p>  |
| Instrument type                              | <p>Parties are requested to identify the instrument type.</p> <ul style="list-style-type: none"> <li>● Default data include the categories; Fee, Grant (one-off), In-kind, Payment for Ecosystem service, per physical unit, Tax, Tax credit, Tax reduction.</li> </ul> <p>Parties are invited to indicate and describe any different type of instrument or categorization used as applicable.</p>   |

|                     |   |
|---------------------|---|
| Type of support     | <p>Parties are requested to indicate whether the reported resource flow relates directly or indirectly to the objective of combating DLDD. The categories used in the default data include only principal type of support. The relevance to DLDD is defined by the environmental domain "Land degradation" attached to each instrument reported in PINE. All the instruments under the land degradation domain are supposed to have DLDD as their principal objective.</p> <p>Parties can include further data and use the additional categories:</p> <ul style="list-style-type: none"> <li>● Significant</li> <li>● Estimated-core</li> <li>● Estimated-additional</li> </ul>   |
| Capacity Building   | <p>Parties are requested to indicate for each resource flow whether the associated activities include a capacity-building component for the benefit of the recipient country, meaning that at least part of the activity budget has been dedicated to capacity-building to address DLDD.</p> <ul style="list-style-type: none"> <li>● No default data are provided for this parameter under SO5-2.</li> <li>● Parties are invited to indicate and describe any different methodology used as applicable</li> </ul>  |
| Technology Transfer | <p>Parties are requested to indicate for each resource flow whether the associated activities include a technology transfer component, meaning that at least part of the activity budget has been dedicated to transferring technologies to address DLDD.</p> <ul style="list-style-type: none"> <li>● No default data are included for this parameter.</li> <li>● Parties are invited to use the 7 categories identified by Parties in the 2022 UNCCD reporting cycle (see the ICCD/CRIC(21)/6): monitoring and tracking; agriculture; SLM practices; research and studies; resource efficiency and energy technologies; and policies for the conservation of national resources.</li> <li>● Parties are also invited to refer to the <a href="#">UNCCD Technology Transfer Framework</a> and the <a href="#">UNCCD SLM technology groups</a>, or indicate and describe other methodologies used as applicable.</li> </ul> |
| Gender Equality     | <p>Parties are requested to indicate for each resource flow whether the associated activities target gender equality.</p> <ul style="list-style-type: none"> <li>● No default data are provided for this parameter under SO5-2.</li> </ul> <p>Parties are invited to indicate and describe any different methodology used as applicable</p>   |

Source: Global Mechanism

### 3.2.2 Definition of relevance to DLDD

The PINE database gathers both quantitative and qualitative official information on policy instruments relevant to environmental protection and natural resource management. It contains information on over 4500 policy instruments implemented in 146 countries globally. The database includes information on five distinct public policy instruments, including:

1. Environmentally related taxes and fees on environmentally harmful activities;
2. Environmentally beneficial subsidies and payments (including grants, tax credits, loans, guarantees, and payments for ecosystem service);
3. Tradable permits and offsets (including quota, credits and user rights for natural resources);
4. Deposit-refund schemes (e.g. relating to the conserva-

tion of natural resources, prevention of emissions, or recycling of products); and

5. Voluntary approaches (e.g. in the form of negotiated agreements between public authorities and private Parties concerning the protection of natural resources).

These policy instruments are assigned to 22 environmental domains, including one cross-cutting domain related to 'Land degradation' (Figure 4). There are also other domains that touch upon issues of land degradation such as on 'soil pollution'. Default data provided in the Excel spreadsheet in the PRAIS workspace consider only the environmental domain of 'Land degradation', in order to avoid any potential double counting. Environmental domains in PINE are not mutually exclusive, leading to some potential double-counting of resource flows at the country level. Please note that the [do-main tagging methodological document](#) (pages 47-48) provides the working definition and inclusion/exclusion criteria applied in PINE.

**Figure 4: OECD PINE Database – Environmental domains**

| ENVIRONMENTAL PROTECTION | NATURAL RESOURCE MANAGEMENT | CROSS-CUTTING DOMAINS     |
|--------------------------|-----------------------------|---------------------------|
| Air pollution            | Fisheries                   | Climate change mitigation |
| Water Pollution          | Forests                     | Climate change adaptation |
| Soil Pollution           | Freshwater                  | Land degradation          |
| Solid Waste              | Renewable energy            | Biodiversity              |
| Ozone layer              | Fossil fuels                | Ocean                     |
| Noise                    | Minerals                    | Chemicals management      |
| Radiation                |                             | Energy Efficiency         |
|                          |                             | Circular economy          |
|                          |                             | Mercury                   |

Source: OECD (2024e), p. 3.

Note that default data are provided for 39 developed and developing country Parties<sup>19</sup>. Only 56 countries out of the 140+ included in PINE have active instruments related to land degradation.

PINE's scope is limited to (environmentally friendly) subsidies and government payments (which are a subset of "public expenditure" as labelled in the qualitative information table shared with us) and revenue raised from taxes and fees on environmentally harmful activities (taxes and fees are a subset of "public revenue," which might include other elements like royalties or government income from extraction of publicly-owned resources).

### 3.3 International and domestic private resources (S05-3)

Private financial resources are essential for driving capital-increasing investment as the basis for economic growth and societal prosperity. Investors and their lenders are motivated by achieving adequate risk-adjusted financial returns on their invested resources. Governments need to recognize the profit-seeking objective of private capital providers when planning their private investment promotion activities.

There are helpful reports available for mobilizing private finance for nature-based activities. These include the State of Finance for Nature reports by UNEP<sup>20</sup> as well as resources developed by the Finance Task Force of the United Nations Decade on Ecosystem Restoration.<sup>21</sup> Countries are advised to consult these resources for additional guidance in mobilizing private commercial sources for land restoration.

**International private resources** comprise foreign non-commercial (concessional) financing and foreign commercial resource flows from private, non-public sources.

- **Non-commercial financing** from private sources abroad is provided in the form of grants and soft loans. Providers include foreign philanthropic foundations supporting developmental programs and projects, international non-governmental organizations, foreign households including those from among diaspora populations living abroad, and private corporations engaged in charitable international giving.

- **Commercial financing** from the private sector abroad is provided in a wide variety of forms. This includes equity participation such as through direct investment by foreign corporations and sovereign wealth funds; bank loans from commercial foreign lenders; the purchase of domestic bonds by foreign financial investors; foreign social and/or environmental impact investors; guarantees and insurance coverage provided by foreign insurance agencies; and derivative contracts from the foreign financial sector. International private resource flows also include amounts mobilized from the private sector by official development finance interventions, on which the OECD DAC provides an instrument-specific approach covering all private finance stimulated by public interventions with a direct causality link between flows.

**Domestic private resources** comprise the same range of financial instruments and types of providers as for international private resource flows. The only difference is that the institutions and individuals offering these resources are domiciled within the receiving country itself.

<sup>19</sup> Australia Austria Belgium Chile China (Peoples Republic of) Cyprus Czech Republic Estonia France Gabon Guinea Hungary Ireland Israel Italy Jamaica Japan Kyrgyzstan Latvia Lesotho Lithuania Mali Mauritania Mauritius Mexico Mozambique Namibia New Zealand Niger Poland Romania Slovak Republic Slovenia Spain Sweden Switzerland United Kingdom United States

<sup>20</sup> UNEP (2023).

<sup>21</sup> World Bank (2024).

**Figure 5: Flows of international and domestic private resources under SO5-3**



Source: Global Mechanism

### 3.3.1 Default data source and taxonomy for SO5-3

The OECD, with its extensive international databases, serves as a source of default data provided to Parties in conjunction with the reporting process for Strategic Objective 5. In particular, the reference database for default data provided under SO5-3 is the OECD Development Assistance Committee (DAC) Creditor Reporting System (CRS).<sup>22</sup> In the context of the SO5-3 indicator, the CRS is used to source default data for international private resources related to DLDD. The CRS includes two types of private resource flows:

- **Amounts mobilized from the private sector by official development finance interventions:** the amounts

mobilized from the private sector included in SO5-1 are included in the amount of private resources in USD;

- **Private development finance:** Private philanthropies report to the OECD on development grants and investments in developing countries. Default data are provided for recipients only from 26 private philanthropies.

Sourcing of this data has been piloted since 2025 and will continue to evolve further as the approach is being refined in cooperation with the OECD. Public data on Private Development Finance can be explored in the [OECD CRS data explorer](#). Parties are invited to indicate and describe any different methodology used as applicable.

#### Box 5: Terms, definitions and methodologies of the SO5-3 data

| DATA TERMS            | DATA DEFINITIONS AND METHODOLOGIES   |
|-----------------------|--|
| Year                  | The reference reporting period is 2020-2023.<br>DAC statistics are compiled on a calendar year basis.<br>If Parties choose to use different data sources, for each resource flow, Parties are requested to identify whether the reported values refer to the calendar year or the fiscal year used for recording the resources reported.<br>The use of calendar year is preferred for data comparability purposes.   |
| Provider of the funds | Default data report: <ul style="list-style-type: none"> <li>● International private resources, provider perspective: the country name of the reporting country;</li> <li>● International private resources, recipient perspective: the name of the private institution providing the international private resources, or the name of the provider country;</li> </ul> For domestic private resources, no default data are provided. Indicate the name of the reporting country in conjunction with the geographic area targeted by the instrument under "Recipient/beneficiary"; or "domestic" in conjunction with "domestic" under "Recipient/beneficiary". |

<sup>22</sup> OECD (2024b).

|  |   |
|--|---|
| Recipient/ Beneficiary                       | <p>Default data report:</p> <ul style="list-style-type: none"> <li>● International private resources, provider perspective: the country name of the recipient country or region;</li> <li>● International private resources, recipient perspective: the name of the reporting country.</li> </ul> <p>For domestic private resources, no default data are provided. Indicate the geographic area targeted by the instrument; or “domestic”.</p>  |
| Channel                                      | <p>Parties are requested to identify the name of the channel for each resource flow. The channel is the first implementing entity receiving all or most of the funding.</p> <ul style="list-style-type: none"> <li>● For international private resources, default data use the channel categorization based on the OECD DAC CRS, including the following types of implementing entities: donor governments, recipient governments, international NGOs, donor country-based NGO, Developing country-based NGO, Public-private partnership, United Nations entities, UN thematic funds, International Monetary Fund, Multilateral Development Banks, other multilateral organizations, academic or research institutions.</li> <li>● For domestic private resources, no default data are provided.</li> </ul> |
| Title of project/ programme or activity name | <p>Parties are requested to indicate the official name of the activity being supported through the resource flow.</p> <ul style="list-style-type: none"> <li>● Default data report the “Short description / Project title” reported in the DAC CRS</li> </ul>   |
| Amount in USD                                | <p>The amounts of resource flows are indicated in US dollars. DAC statistics provide amounts in USD.</p> <ul style="list-style-type: none"> <li>● Reference exchange rate can be found <a href="#">here</a>.</li> </ul> <p>Reported flows should represent disbursed amounts per year.</p>  |
| Sector                                       | <p>Parties are requested to identify the primary economic sector intended to benefit from the activities supported by the resource flow.</p> <ul style="list-style-type: none"> <li>● Default data are based on the three-digit sector codes included in the DAC CRS statistics. The default data identifies 16 different sectors.</li> </ul> <p>If Parties choose to use different data sources, Parties are requested to indicate that classification, for instance: UNFCCC MPGs, purpose codes of OECD DAC CRS, ATECO codes, NACE codes, etc.</p>  |
| Type of flow                                 | <p>Parties are requested to identify the type of resource flow, characterized by its private nature.</p> <ul style="list-style-type: none"> <li>● Default data type of flow include private finance mobilized through public interventions and Private Development Finance.</li> </ul>  |
| Financial Instrument                         | <p>Parties are requested to identify the type of financial instrument used for channeling the financial resource flow reported.</p> <ul style="list-style-type: none"> <li>● For international private resources from private finance mobilized through public interventions, the financial instrument is not indicated.</li> <li>● For international private resources from Private Development Finance, the financial instruments included are grants and non-concessional loan.</li> </ul>   |
| Type of support                              | <p>Parties are requested to indicate whether the reported resource flow relates directly or indirectly to the objective of combating DLDD. The categories used in the default data include:</p> <ul style="list-style-type: none"> <li>● Principal</li> <li>● Significant</li> <li>● Estimated-core</li> <li>● Estimated-additional</li> </ul> <p>Please see the section on “Definition of relevance to DLDD” for the detailed explanation of the above categories used in the default data.</p>  |
| Amount of private resources in USD           | <p>Parties are requested to indicate the amount of international (provided and/or received) and domestic private resources.</p> <p>Default data are based on the OECD DAC CRS data, and include:</p> <ul style="list-style-type: none"> <li>● Amounts mobilized from the private sector by official development finance interventions</li> <li>● Private Development finance.</li> </ul>  |

|   |   |
|---|---|
| Leveraging mechanism for private mobilization | <p>Parties are requested to identify the type of leveraging mechanism used by the public intervention to mobilize private finance in conjunction with the activity supported by the reported resource flow.</p> <ul style="list-style-type: none"> <li>● Default data on the leveraging mechanism is included for amounts of private resources mobilized through public interventions, and are based on the OECD DAC CRS. It offers the following leveraging mechanisms for private finance mobilized through public interventions: simple co-financing, syndicated loans, shares in collective investment vehicles, direct investment in companies, credit lines.</li> <li>● Other possible leveraging mechanisms include guarantees, project finance schemes, technical assistance, or other mechanisms.</li> <li>● Parties are invited to indicate and describe other leveraging mechanisms used as applicable.</li> </ul> |
| Capacity Building                             | <p>Parties are requested to indicate for each resource flow whether the associated activities include a capacity-building component for the benefit of the recipient country, meaning that at least part of the activity budget has been dedicated to capacity-building to address DLDD.</p> <ul style="list-style-type: none"> <li>● Default data use the OECD DAC CRS flag "Free-standing technical cooperation" (<a href="#">see page 66</a>) to identify projects focused on capacity building or including a capacity-building component.</li> <li>● Parties are invited to indicate and describe other methodologies used as applicable.</li> </ul>   |
| Technology Transfer                           | <p>Parties are requested to indicate for each resource flow whether the associated activities include a technology transfer component, meaning that at least part of the activity budget has been dedicated to transferring technologies to address DLDD.</p> <ul style="list-style-type: none"> <li>● No default data are included for this parameter.</li> <li>● Parties are invited to use the 7 categories identified by Parties in the 2022 UNCCD reporting cycle (see the ICCD/CRIC(21)/6): monitoring and tracking; agriculture; SLM practices; research and studies; resource efficiency and energy technologies; and policies for the conservation of national resources.</li> <li>● Parties are invited to refer to the <a href="#">UNCCD Technology Transfer Framework</a> and the <a href="#">UNCCD SLM technology groups</a>, or indicate and describe other methodologies used as applicable.</li> </ul>        |
| Gender Equality                               | <p>Parties are requested to indicate for each resource flow whether the associated activities target gender equality.</p> <ul style="list-style-type: none"> <li>● Default data use the OECD DAC CRS gender equality policy marker.</li> <li>● Parties are invited to indicate and describe other methodologies used as applicable.</li> </ul>  |

Source: Global Mechanism

### 3.3.2 Definition of relevance to DLDD

The approach to the definition of the relevance to DLDD of international private resources adopts the same approach as for SO5-1, as explained in section 3.2.2. Default data for international private resources are sourced from the OECD DAC CRS.

No default data is provided for domestic private resources.

### 3.4 Technology transfer (SO5-4)

The focus of reporting under the SO5-4 indicator is on activities that transfer existing or help develop new technologies to combat DLDD, and activities that include such a technology transfer component.

For the purposes of the UNCCD reporting framework, the term 'technology transfer' is understood to include technology development, diffusion, transfer, and application of new and innovative technologies, as well as the transfer of related knowledge, know-how and good practices to affected country Parties:<sup>23</sup>

- 'Diffusion' is understood as the process by which an innovation is communicated over time among the participants in a social system. Diffusion considers five main elements that influence the spread of a new idea: the innovation itself, adopters, communication channels, time, and a social system. Diffusion takes place along the (vertical) innovation chain, as well as (horizontally) between countries.

<sup>23</sup>For additional guidance on the definition of Technology Transfer in the context of the Convention, refer to UNCCD (2022b).

- ‘Transfer’ is understood to include two dimensions: mechanisms for vertical transfer, which stimulate new and innovative technologies to move up the innovation chain and help promising new technologies move from the research and development (R&D) and scientific context into a viable business context and to implementation on the ground; and mechanisms for horizontal transfer, which is the diffusion of more mature technologies between countries, to ensure technologies are available and affordable in the places where they are needed most. Horizontal technology transfer needs to be complemented with activities for capacity building and knowledge sharing.

The suggested **definition of technology transfer** in the context of UNCCD reporting has been provided in the last UNCCD reporting cycle as follows.

Technology transfer refers to the transfer, acquisition, adaptation and development of environmentally sound, economically viable and socially acceptable technologies relevant to combating desertification and/or mitigating the effects of drought, with a view to contributing to the achievement of sustainable development in affected areas. The UNCCD recognizes the key role of appropriate technology, knowledge and know-how for the implementation of the commitments under the Convention. Thus, it recognizes the importance of facilitating through international cooperation the transfer of technology, knowledge and know-how. It also recognizes the importance of technology transfer as well as scientific research and development, information collection and dissemination and financial resources, encouraging international cooperation among Parties. - Reporting glossary, 2022 UNCCD reporting process ([UNCCD, 2022](#))

The model framework for technology transfer in the UNCCD context is designed around two pillars of activity that can support both vertical and horizontal technology transfer, building on guidance and the experience of Parties in UNCCD Annex IV (Northern Mediterranean) and other regions, and the Global Mechanism (GM) of the UNCCD.

- The first pillar involves **nurturing a technology deployment pathway** and, in this context, provides opportunities to facilitate real-world demonstration and applicability of technology. The technology transfer framework would, thereby, act as a risk mitigator for the testing and implementation of frontier technologies for land and nature-based solutions.
- The second pillar prioritizes **facilitating financial and market mechanisms** to seed and accelerate technology transfer. It may involve hosting a platform to exchange information and knowledge, and link private sector developers with global and regional research and

development hubs. A technology transfer framework would also aim to reduce transaction costs, along with barriers in trade law and intellectual property rights, for technologies aimed at land restoration and SLM.

Despite these available definitional elements, it also needs to be recognized that activities aimed at transferring or developing technologies to combat DLDD, or activities incorporating a relevant technology transfer component, lack a more widely recognized definition under a uniform methodology. Therefore, the following further guidance is provided to Parties for their collection and verification of the relevant data at the country level.

No default data are provided on international flows for the SO5-4 indicator on technology transfer. However, information provided under SO5-1 to SO5-3 are linked to SO5-4. **Under indicators SO5-1 to SO5-3, Parties will be able to indicate activities or initiatives focused on technology transfer or including a technology transfer component by compiling the relevant column “Technology transfer”. Amounts related to activities flagged for this parameter will be aggregated in SO5-4 summary table.**

For international resources, possible economic sectors in the CRS system associated with DLDD-related technology transfer, coherent with the methodologies adopted for reporting on international public and private resources, include the following: agriculture; agricultural land resources which includes financing for soil degradation control; soil improvement; drainage of water-logged areas; soil desalination; agricultural land surveys; land reclamation; erosion control; and desertification control.

For domestic flows related to the SO5-4 indicator, Parties are requested to further specify their national methodology used in this context under the section on general comments for progress indicator SO5-4.

### 3.4.1 Possible taxonomies for SO5-4

The UNCCD [Science-Policy Interface’s report on sustainable land management](#)<sup>24</sup> undertook a review of initiatives, databases, and literature on SLM, and identified more than one hundred individual SLM technologies and fourteen overarching [SLM technology groups](#) from around the world.

The 14 SLM technology groups (Table 4) illustrate the potential to avoid, reduce, and/or reverse land degradation and desertification for particular land use types. The report found that [IPCC](#) too had highlighted many of the technology groups as important adaptation and mitigation options.

<sup>24</sup> UNCCD (2017b).

**Table 4 – UNCCD Sustainable Land Management technology groups**

| <b>SLM TECHNOLOGY GROUP</b>   | <b>DESCRIPTION</b>   |
|-------------------------------|--|
| Afforestation / Reforestation | <p>Afforestation is the planting of trees or forest cover on land that historically did not contain forests, and reforestation is the planting of trees or forest cover on land that previously contained forest that was converted to another land use (<a href="#">WOCAT glossary</a>). The technology is applied to forest/woodland, or to other land use types, where it involves reclaiming or reserving an area of land to restore or convert to forest land.</p> <p>Afforestation/reforestation is an effective technology to reverse land degradation and rehabilitate degraded land, and is an effective climate change mitigation strategy. Changes in land use through afforestation could lead to a gradual accumulation of Soil Organic Carbon (SOC), although this depends on the previous land use type and the species and planting techniques. High SOC accumulation is most likely when converting from cropland or when restoring severely degraded land.</p> <p>Other potential benefits from afforestation/reforestation include an increase in above- and below-ground biomass accumulation and biodiversity (especially when mixed tree species are used), soil erosion control, and improved ecosystem functions and services, such as soil and water conservation, and often aesthetic and cultural services.</p> |
| Agroforestry                  | <p>Agroforestry is the integration of trees with crops and/or animals within the same land unit, and includes agro-silviculture (crops and trees), silvo-pastoralism (pasture/animals and trees), and agro-silvo-pastoralism (crops, pasture/animals and trees). Agroforestry is a common land use system worldwide, and a great variety of systems and practices exist under different climatic conditions, from tropical to hyper-arid areas. Practices range from shifting cultivation to systems with varying densities of tree stands, and systems in which trees play a predominantly service role (such as windbreaks) to those in which they mainly provide commercial products. Agroforestry has the potential to control soil erosion and improve productivity and soil structure. Forest cover in agroforestry systems could improve water retention and reduce nutrient losses. Agroforestry also has the potential to conserve soil fertility and functioning, while providing socio-economic benefits to land users through income generation opportunities and increased resilience to climate change. At the regional level, agroforestry could potentially increase carbon sequestration and therefore be a climate change mitigation strategy.</p>   |
| Minimum soil disturbance      | <p>Minimum soil disturbance are actions that reduce the level of soil manipulation, for example, by applying low soil disturbance to shallow depths or on small strips of land. This includes zero tillage (no-till), reduced (minimum) tillage, mulch tillage, ridge tillage and contour tillage, and also the practice of direct seeding. The technology can be applied to different land use types, including cropland.</p> <p>Minimum soil disturbance is often implemented with the goal of maintaining or increasing soil fertility/quality, and can provide multiple co-benefits, such as reducing soil erosion and compaction, improving water availability and retention. In some cases, the technology has shown to increase soil organic carbon (SOC) storage, and could be considered a potential climate change mitigation option.</p>  |
| Reducing deforestation        | <p>Reducing deforestation involves measures that aim to prevent or reduce the removal or clearance of a forest or stand of trees, or the conversion of forest land to non-forest land. The technology is applied to land with forest areas, such as forest/woodland.</p> <p>Reducing deforestation is an effective climate change mitigation strategy, as it has a high potential to reduce emissions of greenhouse gases (GHGs). The technology can provide other benefits, including protecting soil quality and preserving soil carbon stocks and biodiversity.</p>   |
| Animal waste management       | <p>Animal waste management is the proper collection, handling, storage, and utilization of waste generated from animals (manure and urine), with the aim of recycling as much of the collected material as possible. The technology is mainly used in land involving livestock production, such as grazing land.</p> <p>According to the report on sustainable land management (SLM) by the UNCCD Science-Policy Interface (SPI), animal waste that has been carefully treated and managed can be used to improve soil fertility and productivity, and reduce nutrient losses</p>  |

|                                     |   |
|-------------------------------------|---|
| Soil erosion control                | <p>Soil erosion control is the prevention or control of wind or water erosion that leads to the detachment, transportation and re-deposition of soil particles and the loss of soil fertility. Soil erosion control can be used on different land use types, such as cropland and forest/ woodland. There are many approaches to reducing soil erosion, and most fall into one of three measures: 1) structural measures, such as bunds and stone walls; 2) vegetative measures, such as windbreaks and live hedges, and 3) combined or integrated measures, such as river bank stabilization.</p> <p>Soil erosion control has a high potential to control on-site soil erosion and can provide co-benefits including improving yield/productivity and water availability and retention. In addition, vegetative measures that use perennial woody vegetation (shrubs and trees) or grasses could increase soil organic Carbon (SOC) and support carbon sequestration in woody biomass, and provide other co-benefits, such as increasing plant and terrestrial biodiversity.</p> |
| Sustainable forest management (SFM) | <p>Sustainable forest management (SFM) aims to responsibly manage natural and planted forests, and combines both forest productivity and forest conservation to sustainably increase benefits derived from forests and forest ecosystems. The technology is applied to land with forest areas, such as forest/woodland.</p> <p>SFM can provide socio-economic goods and services to communities that depend on the forest, such as income generation and employment opportunities, food, timber and non-timber products. SFM also helps to reduce forest vulnerability and maintain forest productivity. Specific management practices can also promote carbon sequestration, biodiversity, and soil and water conservation. The technology is an effective strategy to reduce land degradation and simultaneously contribute to climate change mitigation.</p>   |
| Vegetation management               | <p>Vegetation management involves practices to manage vegetation (such as crops, forage, or timber) to improve its quality, quantity and very often, diversity, for example through the selection and management of plant and grassland species. Vegetation management also includes the management of invasive species, which could affect native diversity and the overall functioning of the ecosystem. The technology can be applied to several land use types, including cropland and grazing land.</p> <p>The benefits of using vegetation management could include improving soil structure, the potential to increase soil carbon, and soil erosion control. The technology can be combined with other sustainable land management technologies to promote synergies in addressing land degradation and climate change mitigation and adaptation.</p>   |
| Water management                    | <p>Water management is the management of water resources, including ground-, surface- and rain-water, to promote efficient use and protect water resources from pollution and overexploitation. This also includes the removal of excess water from the ground surface or from the root zone.</p> <p>Water management can be applied in many different ways, depending on the overall sustainable land management (SLM) objective, and includes the use of sustainable irrigation systems, water harvesting, and drainage. The technology can be applied to land use types where water resources are present, such as cropland and forest/woodland.</p> <p>Water management can help to increase the soil's capacity to receive, retain, release and transmit water, and can reduce soil erosion.</p>   |
| Agro-pastoralism                    | <p>Agro-pastoralism is the integration of crop production and livestock production, and is practiced amongst settled, nomadic, and transhumant communities. The type of livestock kept by agro-pastoralists varies according to culture, climate, environment, natural resource availability, and geographical area, and includes cattle, camels, goats, sheep, yaks, horses, llamas, alpacas, reindeer and vicunas. It has the potential to improve productivity, reduce soil erosion, and improve nutrient and water use efficiency. Agro-pastoralism could also indirectly enhance resilience and land-based climate change mitigation by reducing grazing pressures elsewhere.</p>  |
| Grazing pressure management         | <p>Grazing pressure management assesses the maximum livestock population that a habitat or ecosystem can support on a sustainable basis (the carrying capacity), to ensure that resources such as vegetation, soil, and water, are not damaged, degraded, or depleted. The technology is applied mainly on land involving livestock production (e.g. grazing land), and is common in arid and semi-arid regions where livestock are primarily dependent on grazing resources for feed supply. Grazing pressure management can prevent soil erosion and deterioration. Depending on the livestock density, grazing frequency, and management practices, grazing pressure management could also improve soil carbon dynamics.</p>   |

|  |   |
|--|---|
| <p>Fire, pest, and disease control</p>             | <p>Fire, pest, and disease control are measures that manage, prevent, or control fire, pests, and diseases, with the aim of reducing their negative effects on land, vegetation, and ecosystems. This sustainable land management (SLM) technology can be applied to several land use types, including cropland and forest/woodland.</p> <p>Controlling pests and diseases reduces crop/vegetation losses and the spread of outbreaks, thus potentially preserving biodiversity. Managing wildfires reduces forest degradation and preserves biodiversity, and can be a highly important climate change mitigation strategy for forests/woodlands. In certain forest types, such as boreal forests and some types of conifer forests, a certain amount of (controlled) fire can reduce the risk of wildfire and support the maintenance of the forest structure, function, and plant and animal composition.</p>  |
| <p>Forest restoration</p>                          | <p>Forest restoration supports the recovery or restoration of a degraded forest, with the aim to re-establish the forest structure and its ecological functioning, biodiversity, and productivity levels. The technology is applied to land with forest areas, such as forest/woodland. There are three different approaches that can be used to restore a degraded forest: 1) restoration, 2) rehabilitation, and 3) reclamation. The three approaches differ in the extent to which they enable the original biodiversity to be regained, but they all seek to establish a productive and stable new land use:</p> <p>Restoration, where the intent is to return an ecosystem as close as possible to its original state. The site then contains most of the original plant and animal species, and has a structure and productivity similar to what originally existed.</p> <p>Rehabilitation, which is used to enhance environmental services, with a focus on the provision of goods and services rather than ecosystem integrity. In this regard, the main objective is to regain the original productivity or structure, but not all of the original biodiversity.</p> <p>Reclamation is used for situations where productivity or structure is regained, but biodiversity is not. Under reclamation, there are few, if any, benefits to landscape biodiversity, but there may be social or economic advantages or functional gains, such as improved watershed protection.</p> <p>Forest restoration has the potential to reverse land degradation through restoration or rehabilitation of degraded land. It can be a climate change mitigation strategy, and could provide other co-benefits, including increasing forest productivity, biodiversity, and carbon sequestration. It provides aesthetic and socio-cultural benefits, such as the potential to improve the livelihoods and resilience of forest-dependent communities.</p> |
| <p>Integrated soil fertility management (ISFM)</p> | <p>Integrated soil fertility management (ISFM) is a set of soil fertility management practices that aim to optimize nutrient use efficiency and improve crop productivity. WOCAT describes ISFM as a technology that “is based on three principles: maximizing the use of organic sources of fertilizer; minimizing the loss of nutrients; and judiciously using inorganic fertilizer according to needs and economic availability” (WOCAT glossary). ISFM can be used for different land use types, such as cropland and grazing land.</p> <p>ISFM practices that combine the use of chemical and organic sources of fertilizer, such as livestock manure, can moderately improve soil quality and could provide other benefits such as soil erosion control, water retention, and accumulation of Soil Organic Carbon (SOC).</p> <p>ISFM practices that use plant-derived carbon from external sources, such as from composts and biochar, can be considered a land-based climate change mitigation option due to the ability to reduce nitrogen losses and greenhouse gas (GHG) emissions, and enable greater accumulation of SOC stocks. Another important benefit of ISFM is the protection and preservation of soil biodiversity, which is important for the efficient functioning of ecosystems and the services they provide, such as nutrient cycling.</p>   |

Source: UNCCD (2017b)

In addition, from the 2022 UNCCD reporting process, Parties reported extensively on technologies required to address DLDD, with large similarities in terms of technology needs. In particular, developing countries’ need for technology development and transfer could be clustered under 7 categories<sup>25</sup> :

**a.** Monitoring and tracking: systems to determine the causes of degradation and land use change/cover,

capacity-building on geographic information system (GIS) and remote-sensing, data collection and training in the use of performance review and assessment of implementation system (PRAIS), inventories of forest resources, digital soil mapping, drone technologies and drought early warning systems;

**b.** Water management technologies and irrigation and

water harvesting systems;

**c.** Climate-smart/resilient agriculture, organic farming, adaptive agricultural practices, agroforestry, agroecology and sustainable agricultural production;

**d.** SLM practices: desertification stabilization, rehabilitation of classified forests and knowledge-sharing;

**e.** Research and studies: studies on degraded or sensitive areas, quantification of the carbon content in the soil, studies on sandstorms, and research on drought-tolerant species;

**f.** Resource efficiency and energy technologies: wind energy and resource efficiency in buildings;

**g.** Policies for the conservation of national resources: management of protected areas and knowledge transfer on digital technologies.

In the context of the 2026 UNCCD reporting process, Parties may refer to those categories when reporting on technology transfer, both for Tier 1 qualitative reporting and Tier 2 quantitative data collection.

### 3.5 Future support for activities related to the implementation of the Convention (SO5-5)

The financial needs or financing gap is often articulated by comparing required investments<sup>26</sup> to implement DLDD-related plans with the already expected and programmed flow of upcoming investments. In other words, this is about identifying the incremental volume of financial resources needed in the future, but not yet secured from available financing sources. See Box 6 for an example of the financing gap for the UNCCD based on the Financial Needs Assessment for the Convention.

Providing the information sought involves collecting information from a wide range of sources. At the national level, information can be found in the relevant sections of public provisional public budgets, as well as in environment-related financial pledges and planned policies and measures related to DLDD. For domestic private sector information and related investment plans, a case-by-case approach may be feasible, supported by available data from case studies, interviews with private stakeholders, and dedicated datasets on private sector activities related to DLDD themes.

Regarding international flows, governments will want to consider pledges made/ received for bilateral and multilateral public finance. A useful proxy are figures on commitments on ODA and Other official flows and Private Development Finance for the principal objective of desertification activities. Figures on commitments attributable to a country (the provider or the recipient) in a given year can be accessed via the OECD Creditor Reporting System

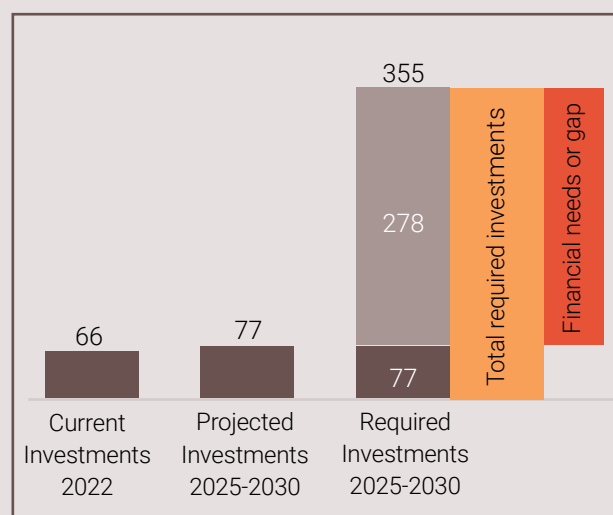
<sup>25</sup> See ICCD/CRIC(21)/6

<sup>26</sup> The term 'required investments' refers to the financial resources necessary to implement plans and related measures to meet set DLDD-related targets.

#### Box 6: How large is the global financing gap for the UNCCD?

Simply put, an estimated one billion dollars per day will be required in total investments, to become available over six years (2025–2030). To achieve UNCCD targets, the required annual investments for 2025-2030 are estimated at USD 355 billion. Yet, as of end-2024, projected land-related investments for the same period amount to some USD 77 billion per year. This reveals a substantial financing gap of USD 278 billion per year that must be additionally mobilized to meet the objectives of the UNCCD, highlighting the urgent need for further investment funding, including through alternative funding strategies to meet environmental and development objectives related to DLDD.

**Figure 6: Estimated annual financial needs (financing gap) for the UNCCD (2025-2030 in USD billion)**



(CRS). Relevant commitments can be identified through the desertification Rio Marker. It is also possible to consider flows in the CRS linked with the following sectors: agriculture; agricultural land resources which include financing for soil degradation control; soil improvement; drainage of waterlogged areas; soil desalination; agricultural land surveys; land reclamation; erosion control; and desertification control. Future projections made at the country level for needed resources in medium- and long-term planning documents could also be a source of information.

### 3.6 Limitations

Overall, it needs to be recognized that limited default data are available to support the complete set of SO5 progress indicators in a quantitative manner. Country-level statistics most often do not separately classify or identify expenditures on DLDD since the identified data sources are not de-

signed to systematically distinguish DLDD-related activities. Thus, default data sources that use robust and comparable definitions and methodologies are rarely available.

This is, for instance, the case of the International Monetary Fund (IMF) Government Finance Statistics (GFS) standard. These statistics report domestic expenditures in agriculture activities without identifying those combating land degradation and desertification. In the specific case of SO5-1 and SO5-3, however, the Creditor Reporting System of OECD provides data for some of the relevant flows as the bilateral international Official Development Assistance and International Private Sector financial flows, including philanthropies, related to desertification.

Another limitation relates to Parties providing data on their activities to the OECD. Some important providers of concessional and non-concessional official flows are not members of the OECD-DAC and/or do not report to the DAC-CRS. Their flows in support of addressing DLDD are therefore not consistently included in OECD databases and cannot be sourced as default data for SO5 reporting.

Further limitations concern the provision of default data on contributions channeled through multilateral institutions. The possibility to identify the relevance to DLDD of those contributions is inherently limited in the case of multilateral institutions benefiting from capital increases from their shareholders, as this depends on the activities implemented and cannot be identified at the stage of committing to provide the contributions. Thus, reporting of the DLDD-related share of contributions to multilateral institutions and funds should be added by the reporting Party, as no

default data are provided. Conversely, earmarked multi-bilateral contributions, for which the DLDD-relevance can be identified, are included in the default data.

Limitations regarding private resources also prevent the provision of data on private resources from the country providers' perspective. The OECD DAC CRS data collection system collects data on private resources from a private provider perspective. This means that it is possible to identify the geographic destination of the funds, but it is not possible to identify the country of origin, as only the name of the private provider is known. Default data on private resources are included for recipients.

Finally, limitations regarding the provision of default data for technology transfer lie in the absence of a consolidated methodology to identify activities that are related to the development and transfer of technology related to combating DLDD.

In view of these limitations, at a minimum, country Parties are expected to report qualitatively, at Tier 1 level, concerning the resource trends observed at their national level, for the different SO5 indicators. They are also requested to verify and confirm any quantitative default data provided by the Global Mechanism to them, and to provide corrected aggregate resource amounts to the extent necessary and possible. Moreover, Parties with sufficient institutional capacity and available information are invited and encouraged to provide more detailed quantitative data, making use of Tier 2 reporting opportunities for each of the SO5 indicators. ■



## 4. OTHER DATA SOURCES FOR SO5

The OECD, with its extensive international databases, serves as a primary source of default data provided to Parties in conjunction with the reporting process for Strategic Objective 5.

Beyond the above approaches and databases, there are various other possible data sources to identify relevant data on DLDD-related resource flows. Over time, these may also be drawn upon to generate default data for review by country Parties. Parties may also access these sources directly to obtain and verify information on resource flow. Such potential data sources include the following.

- ✓ **OECD Total Official Support for Sustainable Development (TOSSD) database**<sup>27</sup> (SO5-1, SO5-2 and SO5-3)  
TOSSD is a statistical framework agreed by a large, diverse group of countries and organizations. It aims to ensure a coherent, comparable, unified system to track SDG-related investments. It is designed to monitor all official resources flowing into developing countries for their sustainable development, including also private resources mobilized through official means. It also measures contributions to International Public Goods.

The TOSSD database considers resource flows of five different kinds: ODA flows; OOF flows; South-South and Triangular cooperation flows; support to International Public Goods; and private finance mobilized by official interventions. TOSSD is a two-pillar framework that tracks officially supported i) cross-border flows to developing countries and ii) finance for development enablers and global challenges at regional and global levels.

In the context of the SO5 reporting exercise, the TOSSD database can be used to complement default data from the OECD DAC CRS with information on official development interventions and associated private sector resources mobilized for DLDD-related activities, integrating the following information on international public resources (TOSSD pillar I “cross-border resources flows”, relevant for SO5-1):

- Flows from other non-DAC countries providing support to other developing countries (South-South and triangular cooperation flows);
- Flows to non-ODA recipient countries;
- Other official flows not included in the CRS;

and on domestic public resources (TOSSD pillar II “contributions to support development enablers and/or address global challenges at regional or global levels,” and sub-pillars II.A “activities that provide direct benefits to developing countries and/or their populations” and II.B “activities that contribute to international public goods and address challenges/issues of global nature”, relevant for SO5-2 and SO5-3):

- Support to international public goods (IPGs).  
These flows include resources spent at domestic level for the promotion of international public goods, including on Environmental protection activities in developing regions and Environmental protection activities in the provider country or non-TOSSD recipient countries with spillover effects

Further, TOSSD tracks resource flows related to the support of SDG 15.3, which is used to identify DLDD-related activities in TOSSD.<sup>28</sup>

- ✓ **Climate Bonds Initiative**<sup>29</sup> (SO5-2 and SO5-3)  
The Climate Bonds Initiative is an international organization working to mobilize global capital for climate action. Institutional wealth managers expect science-driven guidance on which assets and activities are consistent with a transition to a low-carbon economy. The Climate Bonds Taxonomy identifies assets, activities and projects needed to deliver a low-carbon economy consistent with the goals of the Paris Agreement, and issue a use-of-proceeds certification that verifies that the proceeds of financial instruments are allocated to specific projects, assets, activities, or expenditures that align with the Climate Bonds Sector-Specific Criteria. The Criteria define benchmarks to ensure only assets and projects that support climate mitigation and/or adaptation and resilience can be certified. The [Criteria](#) are developed through a multi-stakeholder process led by the Climate Bonds Initiative. This includes expert working groups, public consultation, and final approval by the [Climate Bonds Standard Board](#).

If a bond includes assets from multiple sectors, each asset is assessed against the relevant criteria for its sector. Certified bonds included in the following sectors are screened against Sector-specific criteria which include parameters related to land use and soil health. Therefore, they could be considered relevant for the UNCCD reporting exercise:

<sup>27</sup> TOSSD (2025). Further methodological information can be found at : <https://www.tossd.org/en/methodology.html>

<sup>28</sup> SDG15.3 reads as follows: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

<sup>29</sup> Climate Bonds Initiative (2025).

- **Agri-food deforestation and conversion free (DCF) sourcing:** Key features of the criteria include deforestation cut-off dates (timelines to prevent deforestation-linked products from entering global supply chains); traceability and disclosure (robust transparency requirements aligned with policies like the EU Deforestation-Free Regulation (EUDR)); market alignment (compliance with frameworks such as the Accountability Framework Initiative (AFi) and alignment with regulations in the EU, UK, USA, China, and Brazil); social safeguards (provisions to uphold human rights and protect indigenous peoples' rights)
- **Agriculture production:** The land associated with the Certification application (i.e., project, asset, or portfolio of assets or measures) must demonstrate deforestation- and conversion-free status since 31 December 2010. Qualitative proxies for certification until 2030 include certification of organic farming of the issues, and the application of agroecology principles and practices. Following definition from [CGIAR HOLPA framework](#).
- **Food value chain:** All relevant Assets and Use of Proceeds certified under the Food Value Chain Crite-

ria must demonstrate deforestation- and conversion-free status. Further, under the adaptation and resilience checklist for the Food Value Chain, soil stability and erosion control is included as measure to be taken to mitigate climate risks, as well as sustainable land use.

- **Water infrastructure:** Considerations related to land use and wetland management are widely integrated into the criteria.

The [dataset](#) is regularly updated until the current year, and includes information on issuer country, name of the entity issuing the bond, the sector criteria applied.

- ✓ **Global Environmental Facility (GEF) co-financing<sup>30</sup>** (SO5-2 and SO5-3) As a financial mechanism for the UNCCD, the GEF supports countries in fulfilling their commitments under the Convention. GEF-8 funding for the 'land degradation focal area' of the GEF addresses the drivers of land degradation through several Integrated Programs, multi-focal area and stand-alone projects, as well as through enabling activities, capacity building, and exchange of experience and existing knowledge. GEF outflows in the land degradation focal area are



<sup>30</sup> TGEF (2025).

<sup>31</sup> Convergence (2024)

<sup>32</sup> ImpactAsset <https://impactassets.org/>

included in the OECD DAC CRS database and are captured in default data for SO5-1 from the recipient perspective. However, they do not include information on co-financing amounts mobilized. The GEF publishes a [project database](#) which tracks co-financing and private mobilization. These amounts can come from public or private sources. Co-financing sources can be identified based on the available project documentation. This would allow tracking co-financing amounts made available to address DLDD-related issues at the country level, including from private sources of financing. Parties may find it useful to refer to known GEF-supported activities for the land degradation focal area within their own country, to the extent that these GEF co-financing resource flows has not been captured through CRS-sourced default information.

✓ **Green Climate Fund (GCF) co-financing**

(SO5-2 and SO5-3). Similar to GEF, the GCF reports projects relevant to DLDD directly through the OECD DAC CRS, but data do not include information on co-financing amounts mobilized. The GCF publishes a [project database](#) which tracks co-financing and private mobilization. These amounts can come from public or private sources. Co-financing sources can be identified based on the available project documentation. This would allow tracking co-financing amounts made available to address DLDD-related issues at the country level, including from private sources of financing.

✓ **Convergence**<sup>31</sup> is the global network for blended finance, backed by multiple governments and internationally recognized philanthropies. It aims at increasing private investment in emerging markets and developing economies to advance the UN Sustainable Development Goals (SDGs) and Paris Agreement. The initiative manages one of the largest and most comprehensive [database](#) of historical blended finance transactions monitoring climate blended financing for mitigation, adaptation and cross-cutting deals. Under climate adaptation, three of the 5 top sub-sectors by deal count and aggregate financing have been identified: Nature-based solutions, Waste management infrastructure and water infrastructure, climate resilient and sustainable agriculture. Blended finance deals included in those sectors might be relevant to the UNCCD reporting exercise. In the context of this database, a case-by-case evaluation of the blended finance deals should be made against their relevance to DLDD.

✓ **ImpactAsset**<sup>32</sup>. [ImpactAsset](#) is an impact investing firm which, among others, provide a useful open access database on existing global fund managers. Entities can be filtered by impact investment focus,

which includes the category Natural resources and conservation. It directly provides some general information on the fund managers, such as the total assets under management, the asset class and the primary UN SDG pursued, a short description of its activities, and the website of the fund manager, where it could be possible to retrieve additional information on specific funds.

✓ **International Finance Corporation (IFC)**

As the private sector arm of the World Bank Group (WBG), IFC facilitates private sector investment in emerging economies. This includes investment in agriculture, agro-industry and water infrastructure. A portion of such investments are structured as public-private partnerships (PPP). Private investment amounts with an impact on land restoration could be tracked through the PPP Resource Center of the World Bank Group.<sup>33</sup>

IFC data are part of the information provided by the WBG to the OECD CRS database. The WBG is a major provider of climate financing and its data is sourced from the OECD's External Development Finance Statistics database, specifically datasets on Climate-related development finance at the activity level, focusing on the recipient perspective. Nevertheless, reporting Parties may find it useful to refer to known IFC-supported activities within their own country, to the extent that IFC resource flows link up with additional private sector flows that may not have been captured through CRS-sourced default information.

✓ **World Business Council for Sustainable Development (WBCSD)**<sup>34</sup>

As a global coalition of business corporations, the WBCSD aims to accelerate private sector engagement and investment in sustainable development. The WBCSD sees protecting biodiversity and fostering regenerative agriculture as one of its focal areas. It issues periodic reports to this effect and could be a source of country-specific data on private investment in land restoration activities.

✓ **UN Principles for Responsible Investment (PRI)**.

PRI signatories commit to financial, corporate and real economy policies that support, encourage or require responsible investment practice. One policy subcategory is on 'deforestation or peatland policy', another concerns 'nature policy'. PRI's Regulation Database offers information on such policies by issuing country and region. This may facilitate tracking associated public and private resource flows for land-related investment.<sup>35</sup> ■

<sup>33</sup> World Bank (2025).

<sup>34</sup> WBCSD (2025).

<sup>35</sup> UNPRI (2025).

## 5. CONCLUDING REMARKS

Parties to the UNCCD have the opportunity to support the ongoing implementation of the Convention through their periodic reporting on progress made in mobilizing financial and non-financial resources towards achieving the objectives of the Convention, as well as the shaping of current approaches used to monitor DLDD-relevant financial and non-financial resources.

Country-level reporting on Strategic Objective 5 of the Convention is inherently complex given the difficulties of identifying the relevance to desertification, land degradation and drought of domestic and international financial and non-financial resources within the available data sources. This is particularly the case of default data for monitoring domestic and private resources. Multilateral Development Banks and other multilateral institutions do not consistently provide information on the share of their operations that are related to DLDD, differently from what happens for climate change mitigation and adaptation. On the other hand, reference methods are used for monitoring international public sources, and can be taken as benchmark .

The UNCCD Secretariat aims also to support Parties of the Convention in their financial reporting by providing as much default data as possible from OECD databases, which allow for the specific identification of DLDD-relevant international finance and domestic policy instruments. Many of these data points will be relevant and accurate

and could be confirmed by country Parties, thus alleviating their own administrative efforts, even though they may need to be complemented through additional financial information available at the country level of reporting Parties. In order to be able to accurately report on progress made in financing the Convention, it is important for Parties to be fully familiarized with the type of data points involved and the sources of financial data available for their reporting. Providing such an understanding is the purpose of this Good Practice Guidance.

This document also aimed at providing possible shared approaches to the identification of DLDD-relevant financial resources at all levels (public and private, domestic and international), building on the previous 2022 UNCCD reporting cycle. It provides for the current reporting cycle a clearer approach, while leaving the space to country Parties to report using different assumptions, definitions and methodologies. While this might impact the comparability of information, it contributes to the evolution of a possibly shared and widely accepted methodology and definitions in the near future, as well as to the possible improvement of tracking and monitoring such flows by countries and institutions globally.

The Good Practice Guidance will be updated periodically to reflect current and new types of financial information - and associated data sources - related to achieving the objectives of the Convention. ■

# REFERENCES

[Climate Bonds Initiative \(2025\). London, UK.](#)

[Climate Policy Initiative. 2025. Global Landscape of Climate Finance 2025.](#)

[Convergence \(2024\). Convergence Blended Finance \(2024\). The State of Blended Finance 2024. Convergence Report.](#)

European Commission 2024. Classification of Environmental Purposes (CEP). European environmental economic accounts. Technical Note.

[GEF \(2025\). GEF Project Database. Washington, DC, USA.](#)

[IMF \(2014\). Government Finance Statistics Manual 2014. Washington, DC, USA.](#)

[IMF \(2016\). Monetary and Financial Statistics Manual and Compilation Guide. Washington, DC, USA.](#)

[OECD \(2024a\). Development Co-operation Report 2014 - Mobilizing Resources for Sustainable Development. Paris, France.](#)

[OECD \(2024b\). DAC Network on Environment and Development Co-operation. The contribution of bilateral and multilateral development finance to desertification, land degradation and drought. Paris, France.](#)

OECD (2024c). DAC Network on Environment and Development Co-operation. The contribution of bilateral and multilateral development finance to desertification, land degradation and drought. Paris, France. Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire

[OECD \(2024d\). Stock Take Report on Members' Reporting Practices on Biodiversity-related Development Finance and Reporting against International Obligations. Paris, France.](#)

[OECD \(2024e\). The Policy Instruments for the Environment \(PINE\) database questionnaires. Paris, France.](#)

[OECD \(2025\). Official development assistance – definition and coverage. Paris, France.](#)

[Schmid-Traub, G./ Sachs, J. \(2015\). Financing Sustainable Development: Implementing the SDGs through Effective Investment Strategies and Partnerships.](#)

SNA 2008. In System of National Accounts 2008

[TOSSD \(2025\). Total Official Support for Sustainable Development Paris, France.](#)

[UNCCD \(1994\). United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa. Bonn, Germany.](#)

[UNCCD \(2017a\). UNCCD 2018–2030 Strategic Framework. Bonn, Germany.](#)

[UNCCD \(2017b\). M.J. Sanz, J. de Vente, J.-L. Chotte, M. Bernoux, G. Kust, I. Ruiz, M. Almagro, J.-A. Alloza, R. Vallejo, V. Castillo, A. Hebel, and M. Akhtar-Schuster. 2017. Sustainable Land Management contribution to successful land-based climate change adaptation and mitigation. A Report of the Science-Policy Interface. United Nations Convention to Combat Desertification \(UNCCD\), Bonn, Germany.](#)

[UNCCD \(2019\). Bonn, Germany. Decision 11/COP.14 Improving the procedures for communication of information as well as the quality and formats of reports to be submitted to the Conference of the Parties.](#)

[UNCCD \(2022a\). Bonn, Germany. Decision 13/COP.15 Report by the Global Mechanism on progress made in the mobilization of resources for the implementation of the Convention.](#)

[UNCCD \(2022b\). UNCCD Technology Transfer Framework Bonn, Germany.](#)

[UNCCD \(2024a\). Investing in land's future: Financial needs assessment for UNCCD. Bonn, Germany.](#)

[UNCCD \(2024b\). Decision 12/COP.16 Assessment of Financial Flows. Bonn, Germany.](#)

[UNEP \(2023\): State of Finance for Nature 2023. Nairobi, Kenya.](#)

[UNPRI \(2025\). Regulation database. London, UK.](#)

[United Nations \(2014\). A/69/315, Report of the Intergovernmental Committee of Experts on Sustainable Development Financing. New York, USA.](#)

[United Nations, European Commission, International Monetary Fund, OECD, World Bank \(2008\). System of National Accounts 2008. New York, USA.](#)

[United Nations, European Commission, FAO, International Monetary Fund, OECD, World Bank \(2012\). System of Environmental-Economic Accounting 2012 - Central Framework. New York, USA.](#)

[WBCSD \(2025\). The building blocks of transformation. Amsterdam, Netherlands.](#)

[World Bank \(2024\). Blueprints for Private Investment in Ecosystem Restoration. Washington, DC, USA.](#)

[World Bank \(2025\). Public-Private Partnership Resource Center. Washington, DC, USA.](#)

[WOCAT 2025. World Overview of Conservation Approaches and Technologies](#)

# APPENDIX 1: NON-EXHAUSTIVE LIST OF DLDD- RELATED ACTIVITIES

This appendix provides guidance for identifying relevant DLDD activities for the Convention. In general terms, it is expected that the identified DLDD-related activities follow a series of principles, as for instance:

1. Contribute to the achievement of national sustainable development plans;
2. Demonstrate clearly defined outputs and outcomes that are linked to measurable targets, while ensuring that no material risks are introduced to other environmental priorities;
3. Incorporate internationally recognized environmental, social, and governance (ESG) standards into investment planning and implementation, thereby safeguarding environmental integrity and social well-being;
4. Design activities that address the key drivers of desertification, land degradation, and drought—such as unsustainable land management practices, soil erosion, deforestation, overgrazing, and water scarcity—in order to promote long-term resilience and sustainability.

From an economic accounting standpoint, DLDD-related activities should be considered a subgroup of productive activities, where the latter should be understood as processes undertaken under the control and responsibility of institutional units, in which inputs such as labor, capital, goods, and services are used to generate outputs of goods and services (SNA 2008).

As a general guideline, activities can be considered DLDD-related when their primary purpose is to:

1. Avoid, reduce, and reverse the effects of land degradation and desertification. This aligns closely with the objectives of Land Degradation Neutrality (LDN) and the UNCCD Strategic Framework.
2. Address drought by allocating resources to activities that strengthen resilience, enhance preparedness, and support mitigation and response measures across different scales.

Primary activities, for instance, are largely recognized as projects and programmes that promote the application of sustainable land management (SLM) practices. These activities are specifically designed to minimize impacts on land resources, restore degraded ecosystems, and avoid further degradation. Examples include agroforestry, crop rotational systems, forest management, grazing land management, improved ground cover, integrated management, integrated crop–livestock management, integrated soil fertility management. (Wocat, 2025)

It is also important to highlight the importance of other often complementary activities that also contribute to combating DLDD. These encompass, for instance, capacity building; communication and outreach; data, knowledge and research; early warning systems; creation and strengthening of enabling environments; monitoring, reporting and verification; and programme management. Collectively, such efforts may be referred to as governance-related activities, as they provide the institutional, informational, and organizational foundations necessary for effective action.

DLDD related expenditure could be considered as the spending on environmental products and activities, including conventional goods and services used for environmental purposes. This expenditure can contribute to both final uses (such as final consumption and gross fixed capital formation) and intermediate consumption.

On the following page, the table illustrates a set of measures commonly implemented by Parties in their efforts to combat DLDD.

Activities formulated with the aim of implementing such measures and taking into account relevant principles (e.g. ESG) can be regarded as contributing to the objectives of the Convention. ■

## Non-exhaustive list of DLDD-related measures

| CODE | MAIN CATEGORY                                | DESCRIPTION / SUB-CATEGORIES  |
|------|--|---|
| 1    | Land-based Interventions                     | SLM practices in the form of agroforestry, crop rotation, intercropping, soil fertility management, grazing management, fire prevention, afforestation/ reforestation, wetland restoration, soil and water conservation, erosion control, salinity management, and reclamation of degraded land |
| 2    | Assets (infrastructure, machineries, etc.)   | Equipment, infrastructure, and machineries for land rehabilitation, soil/water management, forest fire prevention, and monitoring   |
| 3    | Monitoring, Reporting and Verification (MRV) | Monitoring systems, reporting frameworks, verification protocols, soil and water quality monitoring   |
| 4    | Enabling Environment                         | Institutional setup, land tenure, land use planning, governance, policy and regulatory frameworks, standardization, incentive mechanisms, and strategic planning  |
| 5    | Program Management                           | Project development and implementation, sectoral and stakeholder coordination, participatory processes, partnerships, evaluation of plans   |
| 6    | Financing                                    | Design and implementation of financial instruments and mechanisms, incentive schemes, insurance programs, dedicated funds, etc  |
| 7    | Research, Knowledge and Data                 | Data and information management, holistic knowledge systems, research and assessment  |
| 8    | Technology Transfer                          | Adoption and diffusion of sustainable technologies, innovations, and technology transfer  |
| 9    | Capacity Building                            | Training, education, skills development, stakeholder engagement, institutional capacity   |
| 10   | Communication and Outreach                   | Awareness raising, advocacy, communication campaigns, stakeholder outreach  |
| 11   | Disaster Risk Reduction                      | Measures addressing drought, floods, forest fires, sand and dust storms, and other land-related hazards   |
| 12   | Gender Empowerment                           | Gender-responsive measures, women's participation in DLDD-related decision-making and land management   |
| 13   | Energy                                       | Sustainable energy systems that alleviate pressures on land resources, sustainable fuelwood, etc  |
| 14   | Water Management Systems                     | Integrated water resources management, efficient irrigation systems, and watershed restoration  |
| 15   | Control Management                           | Pollution prevention and control, pest management, salinity prevention/ remediation, soil and water clean-up  |

## APPENDIX 2: RECORDING FINANCIAL FLOWS BETWEEN ORIGIN AND DESTINATION SOURCES

The following accounting table offers a schematic representation for recording financing of DLDD-related activities. The use of a complete accounting structure is important such that different flows can be placed in context, featuring the structure in the sources and destinations of financing for DLDD. The core of the accounting table reflects estimates in monetary terms. However, since the structure of the table is designed to record flows between economic units – e.g., from multilateral agencies to the government of a target country – the same accounting table can also be used to record other flows, for example, concerning technology transfer.

In the ideal case, the enclosed table is compiled by recording relevant entries for all projects within the scope of desertification-related activities in a country with the potential to apportion or partition expenditure where projects also support other objectives, e.g., concerning climate adaptation. Indeed, it would be possible to use this template for recording financing data for an individual project or

for a specific type of fund/financing source e.g., the Land Degradation Neutrality Fund. In practice, it is more likely that aggregate data are available for selected cells – e.g., concerning ODA flows.

Note that the table includes finance from international and domestic sources and public and private sectors. The data should be entered following the standard rules for recording these financial flows as described in the OECD CRS and the IMF GFS systems. It is likely that some reconciliation work will be necessary to ensure there is no double counting of project expenditure and to ensure alignment of recording categories and measurement definitions and boundaries.

Due to the general consistency with OECD and IMF guidelines, it will also be possible to match these data with wider measures of, for example, government expenditure on health, education, and other programs or with other data on environmental protection expenditure. ■

**Accounting table to record resource flows (financial and non-financial) on desertification-related (DLDD) activities that are disbursed by domestic and international sources and received by economic units within a target country**

| SOURCES (PROVIDERS) OF DLDD-RELATED RESOURCE FLOWS | USERS OF DLDD-RELATED RESOURCE FLOWS IN THE BENEFICIARY COUNTRY (\$ DISBURSED, IN A GIVEN YEAR) |                                   |                                       |                  |                    |                  |  | SUPPLEMENTARY DATA                           |                            |                             |  |
|--|---|-----------------------------------|---------------------------------------|------------------|--------------------|------------------|--|--|----------------------------|-----------------------------|--|
|  | Private land-holders  | Private sector entities/suppliers | Government agencies/Local authorities | Non-profit units | Non-resident units | Total DLDD flows | Number of projects, or land area affected (ha) | Type of financial instrument/concessionality | New funding committed (\$) | Total Rio markers/SDGs (\$) |  |
| Domestic   |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| Government, public agencies, public enterprises    |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| Private corporations                               |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| Non-profit organizations (philanthropy)            |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| Other domestic financing units                     |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
|  |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| International                                      |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| Government (ODA                                    |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| - Bilateral  |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| - Multilateral                                     |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| - Multi-bilateral                                  |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| Private corporations                               |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| - Financial flows                                  |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| - Non-financial resources                          |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| Non-profit organizations (philanthropy)            |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| Other international financing units                |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
|  |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |
| <b>TOTAL</b>                                       |   |                                   |                                       |                  |                    |                  |  |  |                            |                             |  |

Adapted from SIEA Central Framework, Table 4.5: Financing of national expenditure on environmental protection

**United Nations Convention to  
Combat Desertification**

P.O. Box 260129  
D-53153 Bonn, Germany

Tel: 00 49 228 815 2800  
Email: [secretariat@unccd.int](mailto:secretariat@unccd.int)

[www.unccd.int](http://www.unccd.int)



**United Nations**  
Convention to Combat  
Desertification