Overview of the step-by-step process

The step-by-step process begins by identifying the need and scope for using policy and financing instruments to address a particular conservation or development issue. It ends with the handover of the finalised instrument for implementation.

**Stage 1: Preparation**
Step 1 explains the preparation for the process.

**Step 1. Getting organized.**
1A. Specifying the vision, broad aims, and the spatial scope.
1B. Forming the core assessment team and ensuring relevant expertise.
1C. Making a work plan.

**Stage 2: Understanding the situation and identifying opportunities**
Steps 2–4 describe a stakeholder-inclusive assessment process to analyse the context and issues in order to understand the situation, and to identify the opportunities for using policy and financing instruments.

**Step 2. Scoping the context and stakeholders.**
2 A. Stakeholder analysis and developing stakeholder engagement strategy.
2 B. Scoping the environmental situation.
2 C. Understanding institutions, laws, policies, economic and social conditions.

**Step 3. Identifying ecosystem service opportunities.**
3 A. Clarifying relevant issues and the role of ecosystem services.
3 B. Understanding how human activities and actors relate to ecosystem services.
3 C. Ecosystem service opportunities: recognizing gaps, imbalances, and potentials.

**Step 4. Selecting policy and financing instruments.**
4 A. Understanding the policy-scape related to the opportunities.
4 B. Identifying policy and financing instruments that fit the opportunities.
4 C. Selecting the most appropriate opportunities and instrument(s).

**Stage 3: Designing and planning the instrument**
Steps 5–7 deal with the participative design and planning process of the policy or financing instrument. They clarify what exactly is to be implemented, how, and by whom.

**Step 5. Sketching out the instrument.**
5 A. Specifying key actors and their roles, motivations, and constraints.
5 B. Clarifying necessary and supporting conditions.
5 C. Providing supporting analyses.

**Step 6. Designing and agreeing on the instrument.**
6 A. Elaborating the basic design and architecture of the instrument.
6 B. Clarifying institutional and administrative modalities.
6 C. Double-checking feasibility, acceptability, and buy-in.

**Step 7. Planning for implementation.**
7 A. Developing an action plan.
7 B. Drafting an agreement and handing over to implementing partners.
7 C. Reporting and evaluating the process and the instrument.