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Incentives in achieving sustainable land management

Capacity Building Workshop for North Africa and the Middle East on the Economics of Ecosystems and Biodiversity

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about us

- Financial mechanism of the UNCCD
- Tasked to mobilise resources and promote investments in sustainable land management
- Promoting synergistic implementation of the Rio Conventions
- Supports developing countries in designing Integrated Financing Strategies (IFS), including innovative funding opportunities
- Since 2005, the GM is supporting more than 50 countries in designing IFSs

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common cause

- Sustainable land management helps protecting biodiversity while enhancing livelihoods
- Challenges and opportunities for mobilising financial resources and responsible investments are similar for land and biodiversity

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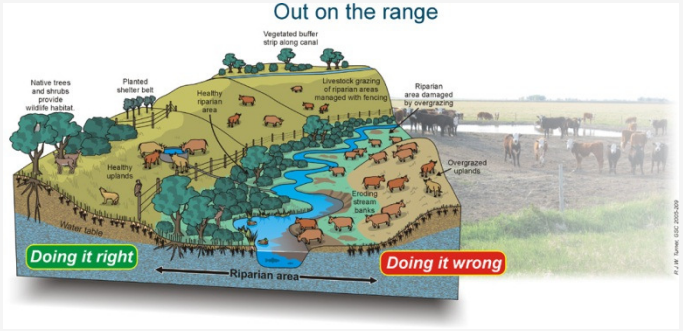
unsustainable land use



Biodiversity loss
Deforestation
Climate change
Soil prod. loss
Siltation, sediment.

Economic losses
Social issues
NK depreciation

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sustainable land management (SLM)

- our interlocutors in the public and private sectors usually take decisions on the basis of returns on investments (ROI)
- ROI on sustainable land management is typically lower than for traditional investments
- market price < real value

Two complimentary GM initiatives:

1. **Economic valuation of land**
   - Optimal land use
   - Value/price of ecosystem services
   - Economic arguments for investors & policy makers
2. **Incentive and market based mechansims**
   - Promote investments by land users in SLM

economic valuation of land:

ECOSYSTEM SERVICES

Supporting
- Nutrient cycling
- Soil formation
- …

Provisioning
- Food
- Fresh water
- Wood and fiber
- Fuel
- …

Regulating
- Climate regulation
- Flood regulation
- Disease prevention
- Water purification
- …

Cultural
- Aesthetic
- Spiritual
- Educational
- Recreational
- …

Life on earth - biodiversity

VALUE FOR

CONSTITUENTS OF WELL-BEING

Security
- Personal safety
- Secure resource access
- Security from disasters

Basic material for good life
- Adequate livelihoods
- Sufficient nutritious food
- Shelter
- Access to goods

Health
- Strength
- Feeling well
- Access to clean air & water

Good social relations
- Social cohesion
- Mutual respect
- Ability to help others

Freedom of choice and action
Opportunity to be able to achieve what an individual values being and doing

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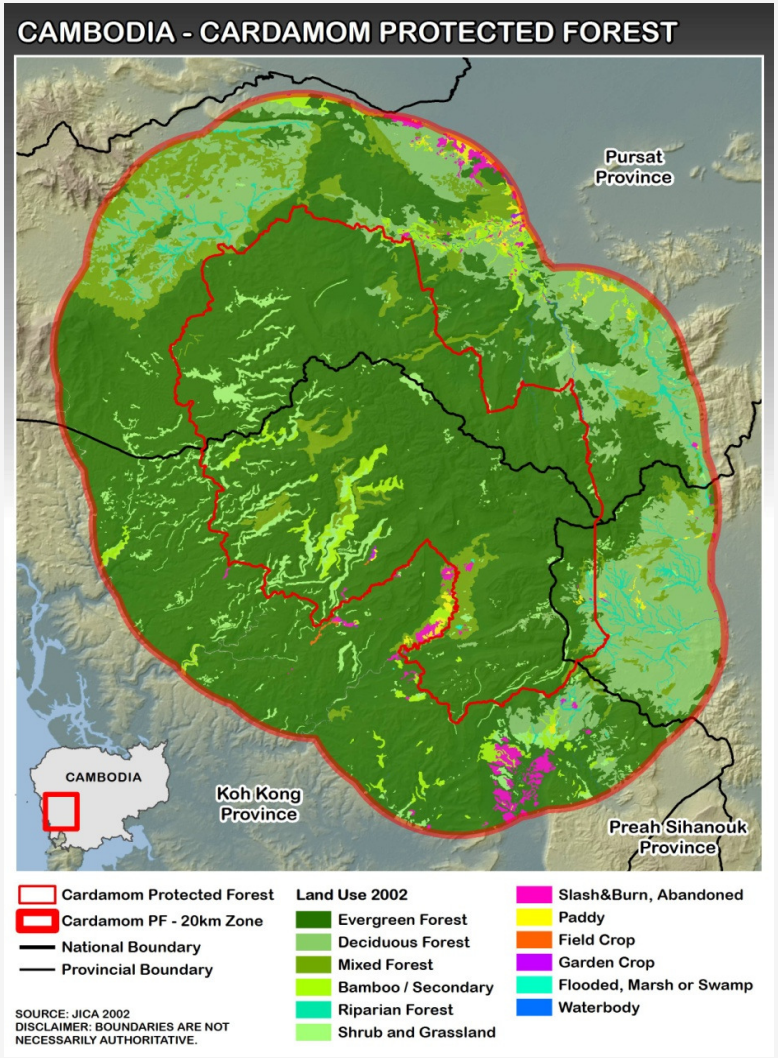
Cardamom Mountains

VALUE	USD (million/year)
Provisioning Services:	
• Timber	440
• NTFP	400
• Agriculture	1'500
Regulating Services:	
• Watershed Functions	75
Supporting Services:	
• Biodiversity Values	1'360
• Carbon Sequestration (stock: $3'669m)	
TOTAL	**3'775**



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why incentives?

- Not necessarily economically beneficial for users of land to act in a sustainable manner, e.g. because:
  - Return for investments occur first in the medium/long term
  - Negative effects of land use decisions have implications far beyond the site
  - Benefits of sustainable practices have a public goods character and/or are not traded in a market
  - The market price of ecosystem services does not reflect the real value

Positive incentives needed to ensure investments in sustainable land management

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responses

- **Best practices** and case studies collected
- **Framework and score card methodology** developed by GM and CATIE on incentive & market based mechanisms
- **Studies** at national and sub-regional level: including Cameroon, Dominican Republic, Eritrea, Guatemala, Mozambique, Tanzania, Zambia & South East Asia;

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CATIE
Solutions for environment and development
Soluciones para el ambiente y desarrollo

iied

WWF for a living planet

Framework

Type	IMBMs
1. Public payment schemes	A. Permanent conservation easements B. Contract farmland set-asides C. Co finance investments D. Payment for proven investments in SLM E. Subsidies F. Tax, tax breaks, environmental fees
2. Open trading under regulatory cap or floor	G. Conservation banks H. Tradable development rights I. Trading of emission reductions
3. Self organized private deals	J. Purchase of development rights K. Direct payments for ecosystem services L. Conservation concessions
4. Eco-labeling of products and services	M. Marketing labels N. Certification schemes

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score card methodology

- Important to identify appropriate mechanisms for the national and site specific context
- Success factors:
  - institutional capacity
  - regulatory framework
  - good governance
  - macroeconomics
  - environmental awareness
  - land tenure
  - demand and supply of environmental services, etc.

	Mechanism													
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
National/Local Context														
Institutions	-1	-1	1	1	-1	-1	2	-1	-1	1	0	1	0	0
Governance	-1	-1	2	2	0	0	2	-1	-1	0	0	0	1	0
Macroeconomics (economic freedom)	0	0	0	0	1	1	-2	-2	-2	-1	0	-1	-1	-1
Regulatory framework	1	1	1	0	0	-1	0	-1	-1	0	1	1	1	1
Environmental Awareness	1	1	1	-1	-1	1	-1	-2	-2	1	-1	0	-1	-1
Site specific context														
Ecosystem Type	-1	0	1	1	2	1	-1	1	1	2	0	1	0	0
Environmental	-1	-1	-1	-1	1	1	0	-1	-1	-1	0	0	1	1
Production Units / land economics	2	2	0	0	2	2	1	0	0	1	1	2	0	0
Land Tenure	0	1	2	2	2	3	0	0	0	1	2	0	3	3
Economics of Sustainable Land Use Practices														
Demand														
On site benefits	1	1	0	0	-1	-1	0	2	2	1	1	0	2	2
Off site benefits	-1	-1	0	-1	0	0	-2	-2	-2	-2	-1	-1	-2	-2
Awareness/payment culture	-1	-1	0	0	1	1	-1	-2	-2	0	-2	0	-2	-2
Supply														
Low Opportunity cost	-1	-1	2	1	2	2	0	1	1	-1	0	0	2	2
	-2	0	9	4	8	9	-2	-8	-8	2	1	3	4	3

Zambia

Types of IMBMs	Specific mechanisms	Applicable to Zambia	Priority
PUBLIC PAYMENT SCHEMES	Permanent conservation easements		
	Contract farmland set-asides		
	Co-finance investments	√	
	Payments for proven investments in land conservation		
	Subsidies	√	
OPEN TRADING BETWEEN BUYERS AND SELLERS UNDER A REGULATORY CAP	Environmental or green taxes	√	
	Conservation Banks		
	Tradable Development Rights		
	Trading of emission reductions or removals	√	
SELF ORGANISED PRIVATE DEALS	Purchase of development rights	√	
	Direct payments for ecosystem services	√	√
	Conservation concession	√	√
ECO-LABELLING OF PRODUCTS	Marketing labels	√	√
	Certification schemes	√	

- Direct deals between off-site beneficiaries and on-site providers of ES – reduced transaction costs & direct benefits to providers
- Existing examples and lessons

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findings and recommendations

- Low levels of environmental awareness
- Poor culture of paying for environmental services
- Study process: an opportunity for advocacy and partnership building
- Policy makers, investors, CSOs and public need more knowledge and technical capacity on:
  - the real value of natural capital and ecosystem services
  - the potential positive incentives have to promote e.g. SLM and biodiversity;
  - how to chose the right incentives for a specific problem and how use and implement incentives in an optimal way

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THANK YOU

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economic valuation of land: the OSLO consortium

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other interested partners

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ASIAN DEVELOPMENT BANK

OSLO
Offering Sustainable Land-use Options

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Tanzania

- Many IMBMs are already being used in Tanzania to support:
  - conservation of forests,
  - sustainable production of timber, and
  - organic production of coffee and other crops

- Eight IMBMs identified for each of Tanzania's agro-ecological zones:
  1. Payment of environmental services;
  2. Permanent conservation easements for wildlife management areas
  3. Conservation concessions
  4. Contract land set-asides
  5. Payment of proven investments in land conservation
  6. Reduced Emission from Deforestation and Forest Degradation - REDD (trading of emissions)
  7. Co-financed investments
  8. Subsides