

INCENTIVES & MARKET BASED MECHANISMS FOR SLM

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There are a range of incentives and market-based mechanisms that can:

- **encourage** companies, communities and other private land users to adopt and invest in sustainable land use; &
- **enable** private land users to cover the cost of adopting sustainable practices



Why and how does it work?

- Land users are compensated (direct monetary payment, technical assistance or preferential market access) for managing the land sustainably from those who benefit (buyers of ecosystem services).

Framework: 14 incentive and market based mechanisms

| Type | Mechanisms |
|---|---|
| 1. Public payment scheme | 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 |

Enabling conditions



National context

1. Institutional capacity
2. Governance capacity
3. Macroeconomic situation/economic freedom
4. Regulatory framework
5. Environmental awareness



Site specific context

1. Ecosystem type and current uses of the land
2. Environmental capacity and technical know-how
3. Local capacities
4. Land tenure



Economics of sustainable land use practices

1. Demand (on-site and off-site benefits, awareness, payment culture)
2. Supply (opportunity cost)

THANK YOU!

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For the Global Mechanism
of the UNCCD



INCENTIVE AND MARKET-BASED
MECHANISMS TO PROMOTE SUSTAINABLE
LAND MANAGEMENT

FRAMEWORK AND TOOL TO ASSESS APPLICABILITY

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