THE GLOBAL MECHANISM: NEW PERSPECTIVES ON LAND FINANCE
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Land is at the heart of today’s most pressing global development challenges, with an enormous potential to stimulate sustained economic growth and long-term social security.

Across many parts of the globe, however, degradation processes are severely undermining land’s rich value with significant economic consequences. The World Bank estimates that USD 42 billion is lost each year in revenues from agricultural production, forest and water management, as a result of land degradation.
With the livelihoods of so many directly dependent on the quality and productivity of soil, vegetation and water, sustainable land management (SLM) is a vital measure in promoting food security and rural development at large. Despite its undoubted value in alleviating poverty, SLM is an often marginalized issue in political decision-making processes and domestic budgetary allocations, and is seldom promoted by the private sector as an investment opportunity. And yet, economically speaking, it clearly pays to transform degraded lands into productive natural assets, and to empower smallholder farmers to become profitable entrepreneurs.
The UNCCD is a key global instrument for coordinating policy processes on agriculture, forest and water management, rural development and climate change.

With the global food crisis and subsequent price volatility focusing the spotlight once more on rural development, the UNCCD has a unique opportunity to promote the central role of land by positioning itself at the interface of relevant international processes.
Land is rarely, if ever, seen to warrant its own dedicated sector. Its impact, however, across other sectors related to natural resource management is cross-cutting, including in the areas of education, trade and finance.

Stepping-up interaction and forging dialogue between these different sectors and policy processes are crucial actions to capture the true cross-sectoral value of land, and maximize opportunities to boost financial resource allocations.
In order to attract significant and sustained public and private investments, SLM must be adopted by Governments as a national political priority. This requires a process of integrating – or ‘mainstreaming’ – SLM into national development and budgetary frameworks, whilst also improving the way in which land, and its sustained productivity, is factored into the day-to-day business of all relevant sectors.

In order to achieve this, compelling macro-economic arguments are needed to convince decision-makers of the benefits of adopting SLM-smart approaches. The GM conducts national-level Economic Valuations of Land to help countries make this investment case, by demonstrating the socio-economic consequences of responsible vs. non-responsible behaviour in the management of land resources.
Donors are shifting towards country-driven identification of development priorities and country ownership, as called for by the Paris Declaration on Aid Effectiveness.

As a result, the level of finance for UNCCD implementation depends increasingly on the political will of governments to identify land rehabilitation and its sustainable management, as a key driver for socio-economic development.

The new aid modalities mean that there is a greater need to access finance from the domestic budget. Financial instruments such as Sector-Wide Approaches (SWAps), debt relief, basket funding and direct budget support can all offer key entry points towards leveraging finance for SLM from in-country sources, to blend with international contributions.
The GM has adopted an innovative approach centred on mainstreaming UNCCD issues into development programming and budgetary processes. It does so by supporting countries to develop Integrated Financing Strategies (IFS) for SLM as a necessary step to implement their National Action Programmes (NAPs) and align these with the UNCCD Ten-Year Strategy.

This approach is founded on long-term collaboration with country partners to bring about positive, tangible changes in budgetary allocation processes through strong country ownership.
The IFS is a structured process that supports countries to identify and mobilize a mix of financial resources for programmes related to SLM. The IFS constitutes an effective tool for improved governance. It adopts a flexible step-by-step approach, which starts from an in-depth analysis of the current investment climate and national budgetary allocations.

The IFS identifies constraints that may hamper financial flows into SLM and recommends actions to improve access to investments from domestic and international sources.

Once this picture is clear, the IFS strives to integrate SLM as a national development and investment priority into key development policies and processes, such as Poverty Reduction Strategies and national budgetary frameworks.
The ultimate objective of the IFS is to ensure adequate, predictable and sustainable financing, by leading the way to the establishment of an Integrated Investment Framework (IIF) for SLM, as called for by the UNCCD Ten-Year Strategy.

The IIF is an umbrella agreement between national and international partners that packages finance for SLM programmes from a broad range of sources.

The IIF is designed to fully complement UNCCD National Action Programmes and is harmonized with other ongoing national development processes.
The GM offers strategic advisory services to broaden access to financing from non-traditional sources and sectors, that are closely linked with SLM. These include compensation for environmental services, synergistic implementation of Multilateral Environmental Agreements, adaptation to climate change, Aid for Trade, and financing opportunities from the private sector and civil society.

The GM has established a knowledge management programme, which focuses on building national and regional capacities on SLM finance and facilitating an exchange of experiences between developing countries through the creation of South-to-South cooperation platforms.
The GM acts as a hub for a dynamic network of partners, committed to focusing their energies, resources and knowledge towards delivering the goals of development.

The GM has already forged or joined a variety of strategic partnerships at international, regional and sub-regional levels and a broad range of operational partnerships are in place to support country level actions.

Partnership-building will continue to be the essence of the GM’s work.
As a subsidiary body of the UNCCD, the GM supports partners in establishing a conducive enabling environment for SLM investments, by calling for an increased emphasis on legislative reform, improved governance and institution building. This is the foundation for increasing financial allocations into land.

The GM’s country engagement firmly places the UNCCD in the context of sustainable domestic development, and supports country Parties in making the UNCCD a more effective vehicle for natural resource management.
The structure of the GM is based on a matrix approach, combining regional and strategic programmes. Knowledge management is a core component of the GM’s work, feeding into all its operations.

The matrix approach was adopted to optimize the impact of the GM’s operations in light of the new international setting for resource allocations and emerging investment opportunities. Regional programmes work in partnership with national and international actors in jointly structuring GM country support programmes, which aim to increase financial allocations into SLM.

The strategic and knowledge management programmes were established to inform and strengthen country-level operations by capitalizing on emerging financing opportunities, based on the most up-to-date priorities in the international development arena.