

Generating Socio-economic and Environmental Value

What ?

Public expenditure on core physical infrastructure – broadly comprising roads, transport systems, communications, energy and water supply, housing, environmental conservation structures, including parks and forestry – can play an important role in promoting economic growth and encouraging private investment. In dryland areas, these infrastructures contribute significantly to sustainable development and sustainable management of natural resources.

Hitherto, infrastructure investment has largely gone into areas regarded as having high potential. Yet less productive areas such as drylands have unique and resilient species adapted to seasonal rainfall and recurrent droughts and which have developed features that enable them to provide precious environmental services such as the conservation of land, water and biodiversity. They are also endowed with natural properties that provide valuable substitutes for chemical components and processes in a number of pharmaceutical, energy, cosmetic and food industries. Furthermore, drylands contain vast resources, biodiversity and watersheds with potential for agriculture, fishing and energy generation. These lands have enormous potential for tourism, eco-tourism, game ranching, honey production and other profitable activities. The acacia trees produce gum resins; a variety of indigenous crops are suited for biofuel production; plants such as aloe, commiphora, *Prunus africana* and other multi-purpose medicinal plants have many therapeutic uses in addition to their nutritional, environmental and commercial values. This huge potential remains largely untapped.

Lack of investment in dryland areas can be attributed to physical, technological and institutional barriers or to the absence of macro-economic underpinnings and inadequate design capacity. Valuable proposals for infrastructure investments in drylands are often rejected because of alleged economic inferiority in comparison to investment in high-potential areas. Such decisions are frequently based on assessment techniques that underestimate overall socio-economic and environmental values.

To address this situation, the Global Mechanism (GM) of the United Nations Convention to Combat Desertification (UNCCD) has developed a programme to help developing countries with drylands to capitalize on infrastructure investments to achieve their anti-desertification goals. The programme is implemented in collaboration with GM partner organizations.

Why ?

The programme aims to assist governments and their development partners identify and finance infrastructural projects that have significant potential for sustainable development and sustainable land management (SLM). A fundamental element of the programme is the development and application of methods and analytical tools to improve assessment of the socio-economic and environmental value of infrastructures in drylands.

How?

Infrastructure investments in drylands are promoted largely through consultations between governments and their development partners that pursue the following objectives:

- **Attract infrastructure investments in drylands**
The consultations will facilitate dialogue between the stakeholders on the rationale for investing in drylands, and will induce research to improve the understanding and modelling of the impacts that infrastructure investments have on the economy, society and the environment. The analysis of past and ongoing investment trends, as a baseline for benchmarking, performance monitoring and resource mobilization, is paramount to this objective. The consultations will include discussion of appropriate regulatory frameworks and market incentives designed to establish enabling conditions for public and private investment.

- **Enhance socio-economic and environmental assessments**
The consultations will encourage governments and their development partners to adopt enhanced socio-economic and environmental assessment techniques in order to better gauge the effectiveness and performance of infrastructure investments in drylands. Conventional environmental impact assessment (EIA) will be complemented by an assessment of the positive socio-economic and environmental impacts, particularly in terms of SLM. Emphasis will be placed on the indirect, off-site, long term, cross-sectoral and other potential advantages. The use of harmonized auditing guidelines will encourage compliance with national and international commitments and improve environmental governance.
- **Support capacity-building**
The consultations will identify capacity building needs such as training, workshops, knowledge management, technical assistance and other catalytic activities leading to a better understanding of the role that infrastructure investments can play in the framework of national and international strategies to combat desertification. Given the cross-cutting nature of desertification, activities related to the categorization and certification of pro-SLM infrastructural technologies will be included. Specific assistance may also be needed to integrate the principles of SLM into relevant stakeholders' policy, planning and budgetary frameworks.

In practice

Programme components and activities envisaged include:

- **Observatory on pro-SLM infrastructure investments**
The **Financial Information Engine on Land Degradation (FIELD)** is a comprehensive database of authoritative information on UNCCD-related programmes, projects and funding opportunities. It has been designed to facilitate information sharing on resources available for SLM.
A **portfolio review** of pro-SLM infrastructure investments made by governments and their development partners in previous years.
A **report on infrastructure investment trends** highlighting infrastructure service gaps and opportunities for investment in drylands.
- **Methods and Instruments for Monitoring Performance**
The **Network of Experts on Costs of Inaction and Benefits of Action** was established in 2007 as a follow-up to an international workshop organized by the GM in collaboration with the governments of France and Italy. Its objective is to develop standard approaches and a common framework for assessing the socio-economic impacts of desertification.
Socio-economic and environmental assessment guidelines to help stakeholders calculate the positive and negative externalities of infrastructure projects and compare returns on investments.
Methods for conducting **infrastructure public expenditure reviews** to monitor spending patterns and assess financial management effectiveness.
- **Capacity-Building**
Technical assistance **to promote infrastructure investments in drylands** will help governments to establish consultations with donors, private-sector entities and other development partners with a view to attracting infrastructure investment in drylands as a vehicle for achieving greater development effectiveness.
Technical assistance **to enhance the assessment of the socio-economic and environmental value of infrastructure projects** will help countries to apply socio-economic and environmental assessment methods and to obtain access to relevant technologies and best practices.
Technical assistance **to identify financial resources available for infrastructure investments** in drylands will be part of the development of integrated financing strategies for UNCCD implementation.

For more information

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