

Some notes on the economic assessment of land degradation

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Abstract

Economic factors are an important direct and indirect driver of desertification and land degradation, associated with market failures and the lack of appropriate economic policies to address these failures. Hence, economic and political instruments and mechanisms are required to modify the market in such a way that it encourages land owners to invest in sustainable land management (SLM) options and thereby help to combat land degradation. This article synthesizes the economic aspects of land degradation, first in a rather general way. It then discusses existing valuation methods used to assign economic values to land degradation including the resulting problems which in turn hamper cost-benefit analyses. Finally, based on these points a brief review is given of potential financial mechanisms to combat land degradation and promote SLM. The paper argues that valuation of the economic costs of land degradation and desertification would increase awareness of the extent of the land degradation phenomenon and its impacts on rural development and agriculture. This could also be a useful tool for decision-making on sectoral orientations for development assistance targeted at desertification, land degradation and drought. Copyright © 2010 John Wiley & Sons, Ltd.

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