Thomas Kohler, Pierre Walther, Susanne Wymann von Dach, Felicitas Bachmann, Axel Borsdorf

Key messages for policy-making

Cuzco, the ancient Inca capital in the Peruvian Andes, is booming thanks to tourism and mining (S.-L. Mathez-Stiefel)

The cases presented in this publication demonstrate that investments in mountain regions can be profitable and rewarding – in financial and in other terms. For maximum benefit to all sides, investors should take into account the specific context of mountain regions, including potentials and risks, and adopt a long-term perspective.

Successful investments consider all dimensions of sustainability – economic, social and environmental. The investments range from helping small enterprises get off the ground, to empowering disabled people to earn their own livelihoods, results-based support of vocational training by private firms, early warning of natural hazards, responsible mining, and road construction. They also take the form of meaningful and profitable use of remittances, compensation for nature conservation and the supply of clean water to lowland areas, and performance-based financing of urban development.

All the cases convey a commitment and the strong belief that mountain regions and their people have a future, and that investment will help spur development, which currently lags behind that of the lowlands. In doing so, investments would reduce the high level of poverty that characterizes many mountain areas, especially in developing countries.

Investments in sustainable development call for efforts by a wide range of actors – public as well as private – as also outlined in the Addis Ababa Action Agenda 2015 [1]. Often, these actors pool their funds and work together. The roles and responsibilities they can assume in investing in mountain development are outlined below.

Actors join forces to promote investment in sustainable mountain development (D. Maselli)

Roles of actors and funding schemes

Domestic public investors: National, regional and local governments are the key players for addressing specific mountain development challenges. Investment should be based on adequate policies, plans and a vision for good governance. Key government tasks are to ensure public investments in basic infrastructure and services such as roads, communication, education and vocational training, health facilities and disaster risk management. The specific environmental and socio-economic situation of mountains calls for decentralization, also regarding fiscal matters. Strong local government institutions will strengthen the public sector and help guarantee long-term maintenance of these investments.

All these efforts may need financial support from international development actors (see below). But domestic investments, often upfront, are an important means of triggering other forms of investment, also private, in the longer term.

Domestic and international private business sector: Private investment including foreign direct investment can make an important contribution to employment, income generation and enhanced well-being in mountains. This is especially so where such investment integrates local enterprises, promotes innovation and capacity development offering professional perspectives especially for the younger generation, and adheres to social and environmental sustainability standards.

International development cooperation: International public finance is a crucial complement to national investment, particularly for poverty alleviation, basic infrastructure, education, advancing sustainable resource management, and farming systems. It is also necessary for disaster risk reduction and other domains where mountain-specific challenges make it difficult to attract private investment in the first place.

NGOs and philanthropic organizations: Non-governmental organizations and large philanthropic institutions often make groundbreaking financial and non-financial investments in mountains that leverage other sources of funding. Such investments should be a complement to investment efforts made by mountain communities themselves, be it in cash or in kind. Where necessary, local communities should be enabled to access such organizations as well as other potential investor groups for investment that relates to their specific needs.

International funding for climate change adaptation: Mountains do little to cause climate change, but are among the regions to bear the brunt of its effects. This externality should be compensated by earmarking a portion of funds for adaptation activities in mountains, for example within the Green Climate Fund. Justification for such a fund can be derived from the crucial ecosystem goods and services that mountain regions provide for humankind and global sustainable development. The donor base should include all countries able to provide support.

Investment in education can make a difference for the future of mountain regions, Nepal (M.A. Zanella)

Compensation and benefit-sharing: Many mountain countries strongly rely on exploitation and export of natural resources from mountains such as minerals, timber, biodiversity or hydropower. Mountain communities should receive their fair share of the proceeds of such exploitation. They should also be compensated for sustainable resource management practices that secure the supply of mountain ecosystem services, be they provisioning, supporting, regulating or cultural. Excessive financial incentives offered by public authorities to exploiting operations should be abolished.

The mountain diaspora: Mountain areas have some of the highest migration rates worldwide. It is no surprise then that remittances from migrant workers have become an increasingly important source of income and investment in many mountain areas. Ways should be developed to make remittance flows available for funding mechanisms in support of local mountain development. This could be achieved by creating local development funds fed by remittances, which could then be matched by funds from other funding sources, both national and international. Care must be taken to include members of the community, often the poorer segments, who do not benefit from remittances. Mountain countries should also join forces to protect their migrant labour in the countries where they work, to ensure adherence to the international labour standards set forth by the International Labour Organization.

Key factors to encourage investments

- An **enabling national environment**. This includes a national policy for mountain regions, linked to overall national development policy, that can help encourage and coordinate public investment. Such a policy can prompt investments by private business, civil society and international development cooperation.

- **Security is a precondition for investment**. This relates to political stability and peace, as well as trusted leadership, rule of law, and secure access to resources such as land, credit, savings and insurance, for local as well as national and international investors. In mountain areas, security from natural hazards is also a precondition for investment – at the same time, investment in preventing such hazards increases security in mountains.

- **Investment** should preferably **be decentralized**, with a focus on small and medium enterprises. Reasons are the dispersed settlement, dissected topography and low population density in many mountains as compared to lowlands. Small and medium-sized towns present opportunities for implementing these investment principles.

- **Political and fiscal decentralization** is important to take account of the great diversity, often at short distances, in environment, society and culture. It entails devolving power, competence and funding to subnational and local bodies. Countries are called upon to develop the necessary governance framework, including local participation and the capacity building required to make this participation effective.

- **Transboundary collaboration** creates opportunities for investment as mountain regions often straddle national boundaries. Investing in transit infrastructure, transboundary water management, disaster risk reduction, and tourism and recreation may help overcome conflicts that often exist in mountainous border regions.

- **Knowledge and research** is essential for just, effective and sustainable investment. Local and scientific knowledge and capacity development are important for tailoring investments to the specific natural and cultural conditions of a region. Increasing the capacity of local actors, both public and community, is also crucial for correcting power imbalances that may exist between them and investors, and thus for negotiating just investment deals. Monitoring the outcomes of investments is important for illustrating their benefits for mountain communities and ecosystems as well as for investors, and thus for attracting more investments in sustainable mountain development in future.

Authors

Thomas Kohler, Susanne Wymann von Dach,
Felicitas Bachmann
Centre for Development and Environment
University of Bern, Switzerland
thomas.kohler@cde.unibe.ch

Pierre Walther
fast4meter
Bern, Switzerland
pw@fast4meter.ch

Axel Borsdorf
Austrian Academy of Sciences (OeAW)
Institute for Interdisciplinary Mountain Research
Innsbruck, Austria
Institute of Geography
University of Innsbruck, Austria
axel.borsdorf@uibk.ac.at

References and further reading

[1] UN. 2015. Addis Ababa action agenda of the Third International Conference on Financing for Development (Addis Ababa action agenda). New York, NY, USA, United Nations. http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf.

This case study is part of the publication *Investing in sustainable mountain development: Opportunities, resources and benefits*. The publication looks at investments from the perspective of sustainable development. It presents 19 case studies from mountain regions around the world, covering efforts by diverse public and private actors, and ranging from classic examples of development investments to innovative financing mechanisms specifically tailored to the local context and conditions. The publication concludes with specific messages on mountain development, addressed to policymakers.

Citation
Kohler, T., Walther, P., Wymann von Dach, S., Bachmann, F. & Borsdorf, A. 2016. Key messages for policy-making. *In* S. Wymann von Dach, F. Bachmann, A. Borsdorf, T. Kohler, M. Jurek & E. Sharma, eds. *Investing in sustainable mountain development: Opportunities, resources and benefits.* Bern, Switzerland, Centre for Development and Environment (CDE), University of Bern, with Bern Open Publishing (BOP), pp. 64–67. http://doi.org/10.7892/boris.74058.

This publication was supported by the Austrian Development Cooperation and the Swiss Agency for Development and Cooperation.

Austrian Development Cooperation

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

The publication was a cooperative effort by