

MARKET-BASED COMPENSATION MECHANISMS FOR RECREATION AND NATURE TOURISM SERVICES IN PRIVATELY OWNED LANDS

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Abstract

The demand for forest recreation and tourism services has increased in most European countries. In many countries, including Finland, a large part of the forests are privately owned. The use of these areas for commercial tourism purposes or conservation of their amenity values calls for a compensation to be paid the landowner. There is interest in Europe for designing compensation mechanisms or for the actual marketing of environmental services, including recreation and landscape services. Currently, efficient models to distribute tourism income or amenity values to private landowners are missing. There is an expressed will of private landowners to promote tourism and recreational use of their land, especially when compensation is provided (Tyrväinen et al. 2002). New types of agreements and markets are therefore needed between entrepreneurs or the municipalities and private landowners to achieve mutual benefits from nature-based tourism and non-wood forest services.

This paper examines European best practises of compensation and trading mechanisms of forest non-wood services. It focuses mainly on compensation models of recreation and scenic values to private landowners. Approaches and examples are given for cases outside Europe including, Costa Rica, Australia and North-America.

The results show that market-based compensation mechanisms exist, but have not been successfully put into practise in Europe. The most promising examples of compensation practices are evaluated in terms of clarity of objectives, earlier studies and experiences, suitability of the market-based instrument, policy view (acceptability, transparency, flexibility etc.), economic, social and environmental effects, sustainability, information and effectiveness. Suggestions are given for a market-based compensation model in Finland that could enhance the long-run sustainability of supplying amenity benefits of forests in recreation and tourism areas.

Key Words

compensation and trading mechanisms, market-based instruments, forest recreation and tourism, privately owned forests

Key References

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