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INCENTIVE MEASURES (ARTICLE 11)

Updated synthesis of information on progress in implementing decision X/44

Note by the Executive Secretary

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I. INTRODUCTION

1. In paragraph 15 of decision X/44, on incentive measures, the Conference of the Parties invited Parties, other Governments, and relevant international organizations and initiatives to report to the Executive Secretary progress made, difficulties encountered, and lessons learned, in implementing the work spelled out in this decision, pertaining to the removal or mitigation of perverse incentives, the promotion of positive incentive measures, and the assessment of the values of biodiversity and ecosystem services. In paragraph 16 of the same decision, the Conference of the Parties requested the Executive Secretary to, *inter alia*, synthesize and analyse the information submitted, and prepare a progress report for consideration by the Subsidiary Body prior to the eleventh meeting of the Conference of the Parties.

2. Further to this invitation and request, the Executive Secretary sent notification SCBD/SEL/ML/GD/74510 (2011-014) from 18 January 2011 inviting Parties, other Governments and relevant international organizations and initiatives to submit, as appropriate and no later than 5 January 2012, information on the activities spelt out in decision X/44. A reminder notification was sent on 21 November 2011.

3. Submissions were subsequently received from Ecuador, the European Union and some of its Member States (France, Finland and Spain), as well as India and the United Kingdom of Great Britain and Northern Ireland. A submission was also received from the United States of America. The submissions are available on www.cbd.int (under programmes – trade, economics and incentives measures – progress).

4. Information on pertinent activities was also received from the following organizations and initiatives: the Global Mechanism of the United Nations Convention to Combat Desertification (UNCCD GM), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the World Bank, the Organisation for Economic Co-operation and Development (OECD), the International Union for Conservation of Nature (IUCN), the Natural Capital Project, and the Helmholtz-Center for Environmental Research (UFZ).

5. In light of the limited number of submissions received, the Executive Secretary reissued the invitation above by notification SCBD/SEL/ML/GD/74510 (2012-040) from 15 March 2012, inviting the submission of pertinent information no later than 11 June 2012, for preparation of an updated analysis and progress report for consideration by the Conference of the Parties at its eleventh meeting.¹ Submissions were subsequently received from Brazil, the European Union and some of its Member States (France), as well as Grenada, Japan, Thailand and the United Kingdom of Great Britain and Northern Ireland.

6. The remainder of this document synthesizes all the information received. For ease of reference, information received after preparation of the report for the Subsidiary Body is referenced as new or updated information. Some information was received after the deadline of 11 June 2012 and, while being synthesized in the present note, could therefore not be reflected in the updated analysis of the information provided in document UNEP/CBD/COP/11/34.

¹ See document UNEP/CBD/SBSTTA/16/15, paragraph 42.

II. ACTIVITIES BY PARTIES

A. *Mechanisms for accounting values of biodiversity and ecosystem services in decision-making*

7. In paragraph 6 of decision X/44, the Conference of the Parties, recognizing the importance of assessing the values of biodiversity and ecosystem services for the enhanced calibration of positive incentive measures, invited Parties and other Governments, in accordance with their national legislation, to take measures and establish, or enhance, mechanisms with a view to accounting for the values of biodiversity and ecosystem services in public and private sector decision-making, including by revising and updating national biodiversity strategies and action plans to further engage different sectors of government and the private sector, building on the work of the TEEB initiative, the UNDP regional initiative on the importance of biodiversity and ecosystems for sustained growth and equity in Latin America and the Caribbean, and other relevant initiatives.

Brazil (new submission)

8. The “National Project on Integrated Public-Private Action for Biodiversity” (PROBIO II) seeks to promote the prioritization and integration of sustainable biodiversity use and conservation across the different sectors of the economy. The project is currently in the process of implementing “Public Policy Evaluations”; each prioritization and integration initiative will follow a four-step procedure: consolidation of existing information with corresponding evaluation of the challenges and bottlenecks and alternative solutions; construction of consensus with stakeholders through examination of the corresponding challenges and best solutions; development of the solutions identified and implementation of the solutions identified in select areas.

European Union (including updated information)

9. The European Union informed on the development of its biodiversity strategy entitled *Our life insurance, our natural capital: an EU biodiversity strategy to 2020*. The strategy responds to the EU 2020 headline target for biodiversity, which calls for halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss. It was endorsed by the Environment Council at its meeting on 21 June 2011 as a key instrument to enable the EU to reach its overall 2020 headline target, while emphasizing the need to further discuss its actions so as to ensure its effective and coherent implementation.

10. The submission explains that the development of the strategy and its six targets was guided by the results of the Economics of Ecosystems and Biodiversity (TEEB) initiative. The strategy seeks to, *inter alia*, anchor biodiversity objectives into other key sectoral policies, such as agriculture, forestry and fisheries, in order to integrate biodiversity concerns into their policies and decision-making.

11. The strategy proposes to develop guidance documents for key sectors to improve their understanding of how to meet the requirements set out in EU nature legislation and its value in promoting economic development. It also proposes action to map and assess the state of ecosystems and their services in EU Member States, and to promote the integration of these values into accounting and reporting systems at EU and national level by 2020. Further to these objectives, a working group was set up in order to develop a common framework to categorize ecosystems and their services, as a basis for mapping and assessment actions within Member States and at the level of the European Union.

France

12. In May 2011, France adopted a new biodiversity strategy, one of whose objectives is to integrate biodiversity into economic decision-making.

Japan (new submission)

13. Japan informed that its Ministry of the Environment promotes efforts assessing economic values biodiversity and ecosystem services in protected areas, engages in awareness-raising and dissemination of results of pertinent studies, and encourages utilization of those results in decision making by various stakeholders. To this effect, a booklet outlining the studies on The Economics of Ecosystems and Biodiversity (TEEB) was published in Japanese.²

Spain

14. The Strategic Plan for Natural Heritage and Biodiversity 2011-2017, adopted on 16 September 2011 by the Council of Ministers, is the main planning tool for implementing the commitments under the Strategic Plan for Biodiversity 2011-2020. The sectoral integration of the goals and objectives for biodiversity and the sharing of responsibility with the private sector are two of the main guiding principles of Spain's Strategic Plan. It calls for the consideration of biodiversity and ecosystem services, including their economic value, in the design of public policies and in the private sector, as well as for the establishment a Natural Heritage Accounting System in the national accounts.

15. The following activities are envisaged, amongst others, in order to achieve the integration of biodiversity into sectoral policies: (i) monitor the impacts on biodiversity of the main elements of agricultural policy and assess the effectiveness of specific support mechanism, including conditionality and agro-environmental measures; (ii) collaborate actively with the fisheries sector and encourage the changes necessary in fishing practices to meet the challenges of sustainable fisheries management; (iii) promote sustainable development in the socio-economically influential areas of the National Parks Network and assess the impact of subsidies provided for that purpose; (iv) include in the support measures provided by the Ministry of the Environment and Rural and Marine Affairs clear valuation criteria for biodiversity conservation.

Thailand (new submission)

16. Thailand reported on the establishment of the project 'enhancing the economics of ecosystems and biodiversity' (ECO-BEST), with operations from September 2011 to February 2015 and with funding provided by the European Union as well as the Thai and German Governments. The project seeks to reduce terrestrial biodiversity loss for the benefit of local communities by enhanced economic and financial tools in two pilot areas (Dong Phaya Ken – Khao Yai Forest Reserve in Nakhon Ratchasima Province and Tha Dee watershed in Nakhon Sitharammat Province).

United Kingdom of Great Britain and Northern Ireland

17. The United Kingdom made reference to a range of different tools to incorporate biodiversity into decision making, such as: (i) direct regulation, such as through the implementation of the EU Habitats, Birds and Water Framework; (ii) plans and strategies – designed to guide decision making. Examples include marine, such as the marine plans being developed across the United Kingdom, Scotland's Land Use Strategy, and the Ecosystem Approach Action Plan of the Department for Environment, Food, and

² Available at http://www.biodic.go.jp/biodiversity/wakaru/library/TEEB_pamphlet.html .

Rural Affairs (Defra); (iii) institutional measures designed to build capacity to better take account of biodiversity in decision making, such as the Natural Capital Committee, a new network of Natural Value Ambassadors, Green Infrastructure Partnership and Local Nature Partnerships; (iv) evidence and information tools such as the national and country level biodiversity indicators, the Biodiversity Evidence Programme, Ecosystems Knowledge Exchange Network, UK Natural Capital Accounts, and UK support for initiatives internationally relating to natural capital and ecosystem accounting; and (v) guidance designed to assist decision makers to take account of biodiversity.

18. The United Kingdom developed official government guidance on valuing the natural environment in economic appraisals. In addition, the Department for Environment, Food, and Rural Affairs (Defra) developed guidance on valuing ecosystem services. The United Kingdom also provided support for the international TEEB initiative (The Economics of Ecosystems and Biodiversity). In addition, the United Kingdom conducted a number of national studies on the economic value of ecosystems and biodiversity (see information in the next sub-section).

19. The submission notes that ensuring the implementation and enforcement of current requirements is a significant challenge, as is maintaining commitments not to increase the burden of regulation on business whilst further developing the policy framework to help businesses account for the value of biodiversity, particularly during the current economic downturn. In terms of lessons learned, the submission points out, *inter alia*, that estimates of the value of biodiversity are not always necessary to take account of it in decision making, provided there is understanding of the value of biodiversity and ecosystem services and how they underpin well-being. However, perceived conflicts with other priorities make influencing public and private decision-making an on-going challenge.

B. National studies on the economics of ecosystems and biodiversity

20. In paragraph 6 of decision X/44, the Conference of the Parties also invited Parties and other Governments to also consider undertaking, as appropriate, studies at the national level that would be similar to the work of the TEEB initiative, the UNDP regional initiative on the importance of biodiversity and ecosystems for sustained growth and equity in Latin America and the Caribbean, and other relevant initiatives.

21. **Brazil** informed on its TEEB Brazil initiative, a joint endeavor of the Ministry of the Environment, the Institute for Applied Economic Research (IPEA), the United Nations Environment Programme (UNEP), Conservation International of Brazil (CI) and the German Agency for International Cooperation (GIZ). The objective of the initiative is to identify and highlight the economic benefits of Brazilian biodiversity and ecosystem services through evaluation of the increased costs of biodiversity and ecosystem loss and the opportunities provided by their conservation and sustainable use. Its outcome will consist of four independent studies: formulation of national policy, business sector, local and regional governments and citizens. For TEEB Brazil for Regional and Local Policies, a detailed work proposal is presently under development. The TEEB Brazil for the business sector was launched in October 2011 by Conservation International of Brazil with the support of the National Confederation of Industry and the Brazilian Business Council for Sustainable Development.

22. The next steps provide for concluding the Gap Analysis study on the TEEB Brazil Initiative and the establishment of a TEEB Brazil Governance initiative through a Ministerial Directive mandating the creation of a Coordinating Committee and Executive Committee.

23. The **European Union** noted that several EU Member States are carrying out national TEEB assessments. In its updated submission, the European Union also informed that a study is currently under preparation on recent and on-going initiatives relevant to the assessment of the economic value of

ecosystem services, and the integration of these values into accounting and reporting systems, and to explore how the different steps could be articulated in a coherent framework to assist Member States in implementing the relevant action in the EU biodiversity strategy. The study is scheduled to be released by the end of 2012.

24. In a new submission, **Grenada** reported on two studies: (a) a valuation study conducted in the context of implementing the programme of work on protected areas, which sought to assess the willingness-to pay of (a) residents and tourists for protected areas and environmental protection more generally; (ii) water users for the water provisioning services of forests and watersheds, and to facilitate the integration of the study's results into national development planning; (b) and economic valuation study on selected protected areas (Annandale/Grand Etang Forest Reserve and Sand Island/Oyster Bed Marine Protected Area), which sought to (i) assess economic values of ecosystem services provided by these protected areas, including their distribution; (ii) help to integrate these values into development planning and to improve cost-effectiveness of protected area management.

25. **Finland** reported on a recent study on payments for ecosystem services (PES),³ commissioned by the Working Group on Environment and Economics under the Nordic Council of Ministers, which provided an overview of current theory and experiences from the use of PES, building on the existing examples of PES in Nordic countries, notably for conserving biodiversity or reducing nutrient runoff. The report showed that there is scope both to improve and expand the use of PES in the Nordic countries, and identified targeted and differentiated payments, for example by using competitive tendering, as a promising approach. An expansion of PES was identified to being useful, in particular in areas where regulation is traditionally perceived as very negative by land owners.

26. **India** informed that the TEEB India study for national level economic valuation on biodiversity was launched in February 2011, with an indicative timeframe of five years. The first national stakeholder consultations were held in September 2011 in order to develop the work programme for the study. Inland waters and coastal and marine ecosystems were identified as priorities. The economic valuation studies in India and the overall design of the TEEB India study are proposed to be ready in time for the eleventh meeting of the conference of the Parties, in October 2012.

27. The Ministry of the Environment and Rural and Marine Affairs of **Spain** developed the VANE project on the valuation of Spain's natural assets, which gives an initial estimate to the value of the goods and services provided by natural resources. Spain also prepared a National Ecosystem Assessment (<http://www.ecomilenio.es/>), with a view to produce scientifically sound and confirmed information on ecosystem's contribution to human well-being.

28. A National Ecosystems Assessment was also finalized in the **United Kingdom** (UKNEA) and published in 2011, as the first overall analysis of the UK's natural environment in terms of the benefits it provides to society and continuing economic prosperity. Other relevant studies prepared in the United Kingdom include recent studies supported by Defra to value the benefits of the UK Biodiversity Action Plan and the benefits of Sites of Special Scientific Interest, as well as several studies into the economic impacts of the natural environment, undertaken at the country level in Scotland, Wales and Northern Ireland, as well as in English regions.

29. The United Kingdom also noted that knowledge gaps, in particular a shortage of scientific evidence needed for quantifying regulating services, are a major challenge in further advancing the valuation of biodiversity and ecosystem services. The methodological limitations in valuation methods, in particular with regard to the value of cultural services derived from biodiversity and ecosystems, as

³ <http://www.norden.org/fi/julkaisut/julkaisut/2009-571>

well as the limited availability of resources for undertaking economic assessments, are other gaps. A key subsequent lesson is that the value of biodiversity and ecosystem services needs to be recognised and accounted for in decision making, even when it cannot be expressed in money terms, through structured assessment frameworks that assess benefits and services in qualitative or quantitative terms.

30. Information received through the **TEEB office of the United Nations Environment Programme** indicates that, in addition to the aforementioned Parties, the following Parties are currently engaged in preparing national studies on the economics of ecosystem and biodiversity: Brazil (led by the Ministry of Environment and the Institute of Applied Economic Research (IPEA)); Norway (through an official committee to review the values of ecosystem services in Norway); Germany; the Netherlands; Korea (by setting up a Committee tasked to introduce TEEB and its related activities at national and local levels); and Lithuania (in form of a pilot study undertaking an inventory and valuation of Lithuanian ecosystem services. The Nordic Council of Ministers is undertaking a TEEB Nordic study on the “State and Economics of the Key Ecosystem Services in the Nordic Countries” (Finland, Sweden, Norway, Denmark, Iceland and the Nordic islands). This list is very likely not comprehensive. In addition, several other countries have expressed interest in undertaking national TEEB studies, and the UNEP TEEB Office is facilitating these studies.

C. Efforts in actively addressing existing harmful incentives

31. In paragraph 9 of decision X/44, the Conference of the Parties, recognizing that perverse incentives harmful for biodiversity are frequently not cost-efficient and/or not effective in meeting social objectives while in some cases use scarce public funds, urged Parties and other Governments to prioritize and significantly increase their efforts in actively identifying, eliminating, phasing out, or reforming, with a view to minimizing or avoiding negative impacts from, existing harmful incentives for sectors that can potentially affect biodiversity, taking into account target 3 of the Strategic Plan for Biodiversity 2011-2020, while acknowledging that doing so requires then the conduct of careful analyses of available data and enhanced transparency, through ongoing and transparent communication mechanisms on the amounts and the distribution of perverse incentives provided, as well as of the consequences of doing so, including for the livelihoods of indigenous and local communities.

European Union (including updated information)

32. The EU biodiversity strategy to 2020, referenced above, proposes actions, currently under discussion by Member States, aimed at the removal or mitigation of perverse incentives, including work to reform, phase out and eliminate subsidies harmful to biodiversity at the level of the European Union. In November 2011, the Environment Council called on the European Commission to include, as part of its work to reform, reorient and/or eliminate environmentally harmful subsidies by 2020, criteria for identification of subsidies harmful to biodiversity at EU level, and to prepare a road map for the achievement of this objective, taking into account the specificities of each Member State. According to the European Union, this issue justifies a specific and targeted approach. In its updated submission, the European Union pointed to ongoing major reforms of key policy areas such as the Common Agricultural Policy, and the Common Fisheries Policy, as well as discussions on the next financial perspectives of 2014-2020.

France (including updated information)

33. In October 2011, the Centre français d’analyse stratégique (CAS), under the office of the prime minister, published a study on public support that is harmful for biodiversity.⁴ The report analyses the

⁴ http://www.strategie.gouv.fr/system/files/2011-21-10-cas_rapp_biodiversite.pdf

potentially harmful effects of subsidies, public expenditures, as well as regulations, and identifies potential options for reform. The analysis is organized along five identified root causes for biodiversity decline, namely: (i) habitat destruction or degradation; (ii) overuse of renewable natural resources (soils, fish; water); (iii) pollution; (iv) invasive alien species; (v) climate change. Preparation of the report was undertaken pursuant to the 2009 law on implementing the results of the Grenelle environment round table, which calls for a stocktaking of fiscal measures that are harmful for biodiversity as a first step in undertaking environmental fiscal reform.

34. Pertinent recommendations of the report include: (i) reduce fiscal expenditures favouring urban sprawl; (ii) include biodiversity loss in assessment of proposed transportation infrastructure, with a view to address habitat fragmentation; (iii) reform water pollution discharge fees; (iv) reduce atmospheric emissions of heavy metals; (v) enhance the incentive components of public charges, such as those collected for private uses of public land. The report also contains a number of recommendations to address the detrimental effects of certain agricultural production methods and practices, namely: (i) revise taxation of agricultural inputs, by reducing taxes on non-built land and increasing taxes on inputs which are harmful for biodiversity when applied excessively, such as fertilizer or water; (ii) abolish sales tax reductions on fertilizer; (iii) reinforce biodiversity consideration when applying modulation or cross-compliance under first-pillar payments; (iv) reinforce agri-environmental payments under the second pillar which are targeted on biodiversity. These recommendations comes further to the observations, made in the report, that, while most support measures directly coupled to production or acreage were phased out under the Common Agriculture Policy's introduction of the single farm payment, there is still substantial support subsidizing agricultural input, which can lead to excessive mechanization and intensification.

35. The submissions point to a number of fiscal measures that were subsequently introduced which seek to strengthen disincentives for environmentally harmful activities, including: (i) a reform of urbanization taxes with a view to curb urban sprawl, including by introducing a charge on low-density developments, and by tying tax relief for housing investments to environmental requirements; (ii) strengthened disincentives for individual car use as well as for certain polluting activities; (iii) the fine-tuning of a number of measures (such as the charges for diffuse pollution, for heavy trucks, and for recreational shipping); (iv) abolishment of sales tax reductions for pesticides, unless used in organic agriculture; (v) reform of water discharge fees. A number of activities were undertaken in parallel that seek to promote environmentally-friendly behavior (see below).

India

36. India provided a brief analysis of pertinent subsidies, including their rationale and their possible impacts on ecosystems and biodiversity:

37. *Food and Crop Price Subsidies:* Food subsidies, provided to ensure food security for the poor, are provided in form of low food prices from fair price shops. There is no evidence that these food subsidies threaten biodiversity in any manner; however, minimum support prices on food crops may have biodiversity consequences. In particular, crop price subsidies encourage cultivation of common lands, which may have negative implications for biodiversity.

38. *Fertilizer subsidies:* Provided with a view to increase domestic food production, they may have encouraged the excess use of fertilizers, with rising nitrate content in soils and groundwater in certain areas.

39. *Irrigation Subsidies*: Provided with a view to increase food production, mainly by surface irrigation through canals (70 % of surface irrigated land), they may, in some instances, contribute to unregulated cropping patterns, with negative environmental implications.

40. *Energy subsidies*: Provided with a view to support the poor by buffering the volatility of international fuel prices and help the transition to cleaner cooking fuel, they mainly include the provision of cheap fuel for lighting and cooking to poor households. However, not all of it reaches the targeted population. The National Environmental Policy, Government of India 2007, recognized the fact that explicit and implicit subsidies for the use of various resources could entail policy failures. In particular, there have been reports of subsidized kerosene being “diverted” from the public distribution system for other uses.

Spain

41. The Strategic Plan for Natural Heritage and Biodiversity foresees undertaking an analysis of public subsidies with harmful effects on biodiversity, and the possibility of abolishing or adjusting them.

United Kingdom of Great Britain and Northern Ireland (including updated information)

42. The United Kingdom’s pertinent work includes initiatives both at the national level as well as the level of the European Union, where the United Kingdom continues to advocate further reform of major subsidy programmes such as the Common Agricultural and Common Fisheries Policy. At the national level, the reform of the water abstraction licensing system has been identified as a major priority in England and Wales. The current system under-prices water and permits excessive levels of abstraction in some catchments. This has adverse effects on biodiversity and is considered to be unsustainable in the long run, particularly given predicted changes in climate. The government is working to reform the system, while making short term changes designed to address its adverse impacts. In addition, it is planned to undertake a full review of incentive policies for farmers and land-managers.

43. The United Kingdom also identified key barriers and challenges in reforming perverse incentives, including: (i) political barriers, for instance on the level of the European Union; (ii) stakeholder resistance; (iii) conflicts with other policy objectives, including environmental policies such as, for instance, those related to climate change (with regard to renewables subsidies that are potentially damaging to biodiversity); (iv) complexity of the reform packages needed. However, the submission also notes that, while the reform of perverse incentives can be a long term process, persistence can yield results over time.

44. An updated submission also included a tool to guide the reform of biodiversity harmful incentives. Developed by IEEP and GHK to assist the UK and other countries to identify existing perverse incentives that are harmful for biodiversity and to better understand how these should be eliminated, phased out or reformed, the tool builds on existing guidance for the identification and reform of environmentally harmful subsidies (EHS) internationally, and applies it to inform the analysis of incentives harmful to biodiversity guidance tool for identifying , The tool sets out a structured, step by step approach designed to inform the identification and reform of incentives harmful to biodiversity. It is designed to be flexible to address a wide range of situations in the UK and other countries where biodiversity is adversely affected by incentives, and to inform approaches to reforming them.

45. An overview of the guidance tool is provided in the Annex. A full description is provided in the submission.⁵

⁵<http://www.cbd.int/incentives/doc/submissions/2011-014-223/uk-submission-en.pdf>

D. Promoting positive incentive measures

46. In paragraph 10 of decision X/44, the Conference of the Parties, noting the essential role of regulation and the complementary role of market-based instruments, encouraged Parties and other Governments to promote the design and implementation, in all key economic sectors, of positive incentive measures for the conservation and sustainable use of biodiversity that are effective, transparent, targeted, appropriately monitored, cost-efficient as well as consistent and in harmony with the Convention and other relevant international obligations, and that do not generate perverse incentives, taking into account, as appropriate, the range of positive incentive measures identified in the report for policy-makers of the TEEB initiative, the “polluter-pays principle” and the associated “full-cost recovery principle”, as well as the livelihoods of indigenous and local communities.

Brazil (new submission)

47. The Dialogue on Payments for Ecosystem Services (PES), as a component of the European Union – Brazil Sector Dialogue on the Environmental Dimensions of Sustainable Development, was launched in October 2011 and is coordinated jointly by the Brazilian Ministry of the Environment and the Directorate-General of the Environment of the European Union, including several national and international partners. The objective is to contribute to the development of a reference base to guide decision-making on use of the PES as an environmental policy instrument in Brazil and to identify opportunities for cooperation with the European Union in this area. The following activities have been undertaken:

(a) A technical study analyzing five international PES experiences in the public policy field centered on the EU and countries with tropical forests or savannas, in addition to lessons, opportunities and challenges to public policy making in Brazil;

(b) A technical study that systematizes the state of the art in PES experiences in Brazil vis-à-vis international cases;

(c) A workshop held in Brasilia (April 2012) to exchange knowledge, discuss the studies above as available, identify challenges and common areas for cooperation between Brazil and the EU;

(d) A publication on the PES experiences considered and recommendations for decision-makers.

48. The Brazil-EU dialogue on PES will be extended to a second stage until January 2013. One of the issues to be examined more closely will be the possible formulation of innovative PES mechanisms at the national level through increased private sector engagement.

Ecuador

49. Ecuador reported on the implementation of its programme providing positive incentives for the conservation of native forests (Proyecto Socio Bosque de Conservación). Established in 2008, this voluntary programme provides incentives to indigenous and local communities or individual forest owners in exchange for a twenty-year commitment towards agreed forest conservation activities. The programme targets priority forest areas, based on, *inter alia*, deforestation rates; importance for the generation of ecosystem services in particular hydrological services; biodiversity habitat; contribution to climate change mitigation; and poverty levels. Since its establishment in 2008, the programme covered more than 882,000 hectares and benefitted more than 90,000 participants, with total receipts of over 14 Million dollars.

50. With regard to difficulties encountered and lessons learned, the submission points *inter alia* to Ecuador's cultural diversity and notes that it is sometimes difficult to explain to communities how the incentive mechanism works. These cultural barriers were further compounded by linguistic barriers and political preferences.

European Union (including updated information)

51. The EU biodiversity strategy to 2020, referenced above, proposes actions, currently under discussion by Member States, to promote positive incentives for biodiversity conservation and sustainable use, including financial and other incentives encouraging farmers, forest holders and fishermen to protect and enhance biodiversity and ecosystem services, as well as innovative mechanisms, such as Payments for Ecosystem services, to finance the maintenance and restoration of ecosystem services. In its updated submission, the European Union also pointed to (i) the development of a Green Infrastructure strategy, including possible financing sources for Green Infrastructure-related activities, slated for adoption by the end of 2012, and (ii) the development of an initiative on no net loss of ecosystems and their services by 2015.

Finland

52. Approved in 2008 together with a new National Forest Programme for 2015, the Forest Biodiversity Programme of Finland (METSU) seems to halt the ongoing decline in forest biotopes and species and establish stable favourable trends in forest biodiversity by 2020. Under the programme, protected areas are designated based on voluntary conservation agreements between authorities and forest owners. Conservation is based on forest owners' voluntary competitive tendering. Authorities compare tenders and choose the most suitable sites and negotiate conservation agreements with the forest owner. Agreements can be of temporary or permanent nature, depending on the nature of the conservation site in question.

53. The programme defines ten forested habitats to be potentially preserved, with site selection criteria covering the most important habitats and structural features in Finland's forests. Forest owners are compensated and some areas can also be purchased by the State to be designated as permanently protected areas. The programme aims to protect over 96,000 hectares of ecologically valuable forests by establishing permanent conservation areas and making fixed term conservation contracts (20 years) on private lands or by acquiring land by the State.

France

54. France reported on a number of existing measures that encourage environmentally friendly behavior, in particular those related to nature conservation, including: (i) exemptions to the land tax for non-developed land in humid zones, Natura2000 zones and core zones of national parks and reserves; (ii) revenue tax deductibility for restoration and maintenance work in these zones; (iii) tax advantages for environmental funds (fonds de dotation). An awareness raising campaign for potential beneficiaries of these measures will be undertaken in 2012.

India

55. Noting that organic farming is an area where subsidies create positive externalities for biodiversity conservation, India reported that it provides subsidies for the certification of organic farms as well as for marketing infrastructure, in particular for transport of organic farm produce from farms to markets, through its Agricultural and Processed Food Products Export Development Authority (APEDA). The Spices Board of India provides a variety of subsidies to encourage production of organic spices by

way of subsidies for planting materials, bio composts and related inputs. Envisaged work to further organic agriculture includes: (i) the gradual phasing out of subsidies on synthetic fertilizer/pesticides; (ii) initiating the promotion of bio-inputs; (iii) subsidized insurance schemes for organic farms addressing increased risks of crop failure; (iv) support to market development and commercialization under existing international standards and norms.

56. As positive incentives provided include the depreciation benefits accorded to the private sector for the application of renewable energy that saves on use of biomass derived from forests to meet energy needs, as well as the loans provided by financial institutions such as the Small Industries Development Bank of India to enterprises in the small and medium sector that utilize bio-resources in a sustainable manner.

Spain

57. The Strategic Plan for Natural Heritage and Biodiversity foresees introducing incentive measures for the conservation and sustainable use of biodiversity, including the development of incentive systems for positive environmental externalities; and the study of (i) fiscal mechanisms that promote the conservation of biodiversity; (ii) systems of payment for environmental services and (iii) biodiversity banks. Agricultural practices shall be identified that can have significant effects on biodiversity at the national level and propose and measures shall be promoted to discourage them, including through the use of positive incentives.

United Kingdom of Great Britain and Northern Ireland

58. UK positive incentive measures for biodiversity include: (i) funding for large scale habitat management, restoration and re-creation available under the agri-environment programme; (ii) grants and incentives for woodland creation, restoration and maintenance; (iii) cross compliance measures, requiring farmers to achieve basic environmental standards as a condition for receipt of direct payments under the CAP; (iv) a series of funding programmes focused on biodiversity, such as Nature Improvement Areas (England), Biodiversity Action Grant Scheme and Natural Project Grants (Scotland), the Wildlife, Geology, Landscapes and Seascape Grant Pillar (Wales) and Natural Heritage Grants (Northern Ireland); (v) a range of grants and incentive measures designed to improve management of the water environment; (vi) requirements to implement action to compensate for biodiversity loss, including compensatory measures required by the planning system, piloting of biodiversity offsets, and UK implementation of EU environmental liability legislation; (vii) international incentive programmes, such as UK support for REDD+, the Overseas Territories Environment Programme, the Darwin Initiative, the Flagship Species Fund and the UK Implementation of Nagoya Protocol on Access and Benefit Sharing; (viii) national lottery funding for biodiversity projects, especially through the Heritage Lottery Fund; (ix) Defra research to inform the development of Payments for Ecosystem Services (PES) schemes and other positive incentives.

59. Significant barriers and challenges include: (i) insufficient funding, in particular outside agriculture; (ii) coordinating the delivery of various conservation measures including incentive programmes; (iii) uncertain market conditions and changing policy landscapes may affect uptakes; (iv) mobilizing non-public funding sources. The submission also notes the usefulness of a mix of “top-down” and “bottom-up” approaches to the delivery of incentives. While “top-down” approaches based on common frameworks can help to enhance the coherence of incentive structures, bring economies of scale in policy design and delivery, and encourage sharing of knowledge and experience, “bottom-up” approaches can foster local partnerships and address local priorities; thus often enhancing the effectiveness of delivery.

E. Engaging with business on ways and means to contribute to the national implementation of the Convention

60. In paragraph 11 of decision X/44, the Conference of the Parties, acknowledging the crucial role of communication between the public and private sectors in developing incentive measures that are supportive of the national implementation of the Convention, encouraged Parties and other Governments to engage with businesses and enterprises on ways and means to contribute to the national implementation of the Convention, including through the design and implementation, with their participation, of direct and indirect positive incentive measures for the conservation and sustainable use of biodiversity.

Brazil (new submission)

61. Brazil informed on several initiatives to engage business. Supported by the CBD and the Ministry of the Environment of Brazil, the *LIFE Institute* is a third-sector Brazilian entity established in July 2009 by the AVINA Foundation, O Boticario Foundation for Nature conservation, POSIGRAF and the Society for Wildlife Research and Environmental Education. The institute provides a business certification process (the LIFE seal; standing for 'Lasting Initiative for Earth'), the objective of which is to serve as a management instrument for recognizing business efforts to protect biodiversity. The *Business Movement for the Conservation and Sustainable Use of Biodiversity* (MEB) seeks to promote the mobilization of the Brazilian business sector for the conservation and sustainable use of biodiversity with the participation and support of the civil society organizations, and to promote dialogue between the government and the business sector to enhance the existing legal and regulatory framework. More than 60 companies and institutions have so far joined the MEB. The *Brazilian Business Council for Sustainable Development* (CEBDS) was founded in 1997 by a coalition of the largest and most important business group in Brazil accounting for approximately 40% of GDP, with the aim of establishing conditions within the business sector and other segments of the society to harmonize the three principal components of sustainability: economic, social and environmental.

62. In addition, some activities under Brazil's Action Plan on Sustainable Production and Consumption (PSPC) are also relevant for business engagement (see sub-section F. below).

European Union

63. The EU biodiversity strategy recognizes that the full engagement of different levels of government, a broad range of stakeholders and the public is needed to ensure effective implementation. A number of key partnerships will be expanded and promoted to support the strategy, including the EU Business and Biodiversity Platform, which currently brings together businesses from six different sectors (agriculture, extractive industries, finance, food supply, forestry and tourism) to share their experiences and best practices. The European Commission will further develop the Platform and encourage greater cooperation between businesses in Europe, including small and medium-sized enterprises, and national and global initiatives.

India

64. India's National Biodiversity Action Plan (NBAP) 2008, emphasizes 'business' and private sector as target groups in education, training, awareness and extension programmes, as well as research and development, on biodiversity issues. Promoted by the Council for Scientific and Industrial Research (CSIR) and the Department of Biotechnology, leading Ayurveda/Indian medicine manufacturing enterprises have undertaken voluntary activities to promote the sustainable use of important medicinal plants. A number of companies have supported field based projects for conservation of biodiversity,

examples range from the support provided by Tata Steel for the IUCN Initiative at Dhamra port in the State of Orissa, to the campus greening initiative of the Indian Institute of Management Bangalore (IIMB).

65. As regards the interplay with positive incentives, the Green Thumb Certification program is a voluntary certification initiative, operated by the Applied Environmental Research Foundation (AERF), for companies that have played a stellar role in conservation. The Foundation has also initiated a 'Sponsor a forest' scheme for provides financial support to the private sector for voluntary forest conservation.

Spain

66. The Strategic Plan for Natural Heritage and Biodiversity pays particular attention to the promotion of partnerships between the private sector and the public authorities to contribute to the conservation and sustainable use of biodiversity. The proposed measures include the encouragement of new forms of collaboration with business through Corporate Social Responsibility and the development of tools to promote the consideration of biodiversity in business activities. Work is under way on the dissemination of existing methodologies and guidelines on the corporate evaluation of ecosystems in order to promote awareness and use of these tools.

Thailand (new submission)

67. Thailand established in 2010 a subcommittee 'Conservation and Sustainable Use by Business Sector', which includes the major business sectors in the country. A working group was tasked to establish best practices for conservation and sustainable use for business sectors. The draft best practices, consisting of eight strategies, are currently slated for cabinet approval.

United Kingdom of Great Britain and Northern Ireland

68. UK initiatives to engage business in biodiversity issues include: (i) the development of new guidance to assist businesses in reporting their environmental impacts, within which biodiversity reporting is a key theme; (ii) initiatives to support the green economy, including the establishment of a new Green Economy Council and Ecosystem Markets Task Force (iii) to explore opportunities for business to benefit from markets which value and protect nature's services; (iv) initiatives to engage businesses in key sectors and product areas, such as construction, fisheries and peat; (v) Partnerships and forums designed to engage business in biodiversity issues at the country, regional and local levels; (vi) support for international initiatives to engage business with biodiversity, such as the TEEB for Business Coalition.

69. Key barriers and challenges include: (i) convincing business of the relevance of action for biodiversity, in particular when the immediate business impacts of biodiversity loss are not immediately apparent; (ii) identifying specific and practical actions; and (iii) the continuing existence of market failures. However, there is a significant and growing appetite of businesses to engage in the biodiversity agenda. Partnerships and initiatives to engage business with biodiversity require strong leadership, good governance, effective communications and a clear and shared agenda for action.

F. Implementing sustainable consumption and production patterns

70. In paragraph 12 of decision X/44, the Conference of the Parties invited Parties and other Governments to foster, as appropriate, implementation of sustainable consumption and production patterns for the conservation and sustainable use of biodiversity, both in the public and the private sector,

including through business and biodiversity initiatives, procurement policies that are in line with the objectives of the Convention, and development of methods to promote science-based information on biodiversity in consumer and producer decisions, consistent and in harmony with the Convention and other relevant international obligations.

Brazil (new submission)

71. Brazil's Action Plan on Sustainable Production and Consumption (PSPC) was launched in November 2011 by the Brazilian Government and is the organizing document of the measures adopted by government, industry and society to steer Brazil toward more sustainable production and consumption patterns. The Plan articulates the country's key environmental and development policies, in particular the National Policies on Climate Change and Solid Waste and the Greater Brazil Plan (Plano Brasil Maior). The global debate on the Green Economy is also reflected in the Plan, as it seeks to serve as a vehicle for transitioning to a green economic model. In its first implementation cycle (2011-2014), focus will be given to six areas: (i) education for sustainable consumption; (ii) retail sales and sustainable consumption; (iii) increased recycling; (iv) sustainable public procurement; (v) sustainable construction; and (vi) environmental agenda in the public administration. The Plan includes Sector Agreements, Government Measures, Voluntary Initiatives, as well as Partnership Actions and Task Forces, which will drive implementation of the development model through the execution of public and private as well as individual and partnership activities.

72. The submission refers to the following specific initiatives related to sustainable production and consumption under the framework of the Action Plan: (i) Good Agricultural Practices; (ii) Conscientious Consumption Campaigns; (iii) Sustainable Public Procurement including the Sustainable Public Procurement Portal; (iv) New Green Protocol or Protocol of Intentions on Socio-Environmental Responsibility; (v) Support to Waste Picker Cooperatives; (vi) Establishment of Minimum Prices for Products Generated from Extractive Activities; (vii) Sustainable Retail Sales; (viii) The Business Sustainability Index (BSI BOVESPA); (ix) energy-efficiency of products and buildings (PROCEL Seal and PROCEL Builds), (x) sustainable construction (My Home My Life Programme), (xi) Environmental Agenda in the Public Administration (A3P); (xii) Integrated System of Waste Exchanges (SIBR); (xiii) National Solid Waste Policy; (xiv) Technological Innovation Portal; (xv) green rating of cars; (xvi) sustainable tourism (green passport programme); (xvii) refrigerator replacement programme, and (xviii) Environmental Quality Programme (COLIBRI/ABNT).

European Union

73. The EU biodiversity strategy to 2020, referenced above, proposes measures, currently discussed by Member States, to reduce negative impacts on biodiversity resulting from EU production and consumption patterns, as part of the EU's flagship initiative on resource efficiency.

Finland

74. A national strategy on sustainable consumption and production (SCP) was approved by government in 2006 and will be reviewed in spring 2012. The programme's 73 proposed measures focus on solutions for the issues with the greatest impact on society's overall eco-efficiency. A material efficiency centre was established which provides services for businesses and advice for consumers and public sector organisations on various ways to improve material efficiency. The results from the pioneering companies show that it is possible to reduce material-use by 10-20 % and simultaneously save resources and money and cut CO₂ emissions. Moreover, a government resolution, passed in 2009, encourages all public actors to adopt sustainable procurement, particularly in the areas of energy, construction and housing, transport, food services, energy-using equipment and services. The

environmental impacts of material flows caused by the Finnish economy were analysed and will be used as a basis for discussion on the environmental impacts of private consumption and the possible means to reduce their impacts.

India

75. India is engaged in numerous activities to promote sustainable consumption including by: (i) being part of a two-year capacity-building programme, financially supported by the European Union, for twelve Asian governments and other stakeholders to implement the UN Guidelines on sustainable consumption, and to share experiences within the region and internationally; (ii) impartial testing of consumer products through national NGOs with strong credibility; (iii) active promotion of green building by the Indian Green Building Council (IGBC), addressing sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality; and (iv) advancing the concept of fair trade by creating a consumer market for fair trade products in India, through the PRO SUSTAIN project and its Switch Asia Programme, under a three-year grant from the European Union. India is also working on resolving the political, financial, planning related issues that currently limit the use of modern technology in waste management, such as the establishment of large-scale recycling plants in the major cities.

76. Activities on sustainable production include: (i) the ongoing development of Green Procurement and Purchasing guidelines by the CII-ITC Centre of Excellence for Sustainable Development, with support of the Ministry of Environment and Forests; (ii) the identification of more sustainable options for the paper industry, such as a move towards the use of handmade paper; (iii) the promotion of organic food production, which has grown by a factor of twenty-five in the past seven years, including through an internally acclaimed certification system both for export and domestic purposes.

Spain

77. The Council of Ministers Spain approved a plan for green procurement, and the Ministry of the Environment and Rural and Marine Affairs is currently developing manuals on specific aspects to be taken into account for the green procurement of certain products. It is also studied whether to include specific criteria on biodiversity into the plan, in accordance with the objectives of the Strategic Plan for Natural Heritage and Biodiversity 2011-2017.

United Kingdom of Great Britain and Northern Ireland

78. The UK has implemented a number of initiatives to promote sustainable consumption and production, including: (i) research to assess the lifecycle impacts of products, and to inform action to reduce these impacts; (ii) product roadmaps, designed to assess the impacts of particular products and to stimulate action to reduce them, in partnership with businesses; (iii) provision of technical advice and financial support to improve resource efficiency, through the Waste and Resources Action Programme (WRAP); (iv) the development of a new Product Research Forum, bringing government and industry together to understand and take steps to reduce the environmental impacts of grocery and home improvement products; (v) government sustainable procurement standards.

79. Key barriers and challenges include: (i) cost considerations, as addressing biodiversity impacts is less likely to yield cost savings than some other environmental priorities; and (ii) consumer resistance to change, for instance with regard to the biodiversity impacts fisheries. Action designed primarily to achieve other environmental objectives may help to achieve biodiversity gains as well. Moreover, biodiversity can benefit indirectly from measures to improve resource efficiency.

G. Capacity building

India

80. India also reported on identified capacity building needs with regard to students of environmental studies as a critical focus group, including: (i) forms and typology of biodiversity and ecosystems; (ii) inter-linkages characterizing environmental systems and ecosystem services; (iii) ecological energetics and cycles; (iv) economic valuation techniques of biodiversity and ecosystem services; (v) environmental impact assessments and damage impacts; (vi) ecological anthropology. The impact of capacity building could be assessed against the following criteria: (i) number of pilot ecosystem valuation exercises carried under actual field conditions; (ii) number of training programmes carried out amongst local communities and amongst regional policy makers; (iii) number of local community driven ecosystem assessment studies mentored by the students; (iv) efforts made to conduct pilots based on inter-institutional collaboration.

III. ACTIVITIES BY OTHER GOVERNMENTS

United States of America (USA)

81. The United States of America informed on a range of biodiversity-related measures undertaken by the United States Department of Agriculture (USDA) and the National Parks Service. Measures described include information dissemination activities, including the operation of web portals and databases (Soil and Water Resources Conservation Act Data Viewer, Web Soil Survey, PLANTS database, Sustainable forests Report), technology transfer and training on soil quality and health, and the promotion of public awareness and involvement through “Biodiversity Discovery” initiatives.

82. Positive incentive measures are provided in particular under the Migratory Bird Habitat Initiative (MBHI) of the Natural Resources Conservation Service (NRCS) of the USDA, which set aside 470,000 acres for restoration and enhancement, including the provision of food, water and critical habitat for bird populations; support for local economies by attracting hunters and bird watchers; and new opportunities to improve wildlife management. NRCS supports implementation of the programme through its Wetlands Reserve Programme, Environmental Quality Incentives Programme, and Wildlife Habitat Incentive Programme. Positive incentives are also provided to agricultural landowners under the Conservation Reserve Programme (CRP), in form of annual rental payments and cost-share assistance to establish long-term, resource conserving covers on eligible farmland. The programme seeks to protect topsoil from erosion and, by reducing water runoff and sedimentation, to protect groundwater improve the condition of lakes, rivers, ponds, and streams. As land enrolled in the CRP is planted with resource-conserving vegetative covers, the programme is a major contributor to increased wildlife populations in many parts of the country.

IV. ACTIVITIES BY RELEVANT INTERNATIONAL ORGANIZATIONS AND INITIATIVES

83. In paragraph 8 of decision X/44, the Conference of the Parties invited national, regional and international funding institutions to support the building or enhancement of national capacities for assessing the values of biodiversity and ecosystem services, for identifying and removing or mitigating perverse incentives, and for the design and implementation of positive incentive measures for the conservation and sustainable use of biodiversity.

84. In paragraph 13 of decision X/44, the Conference of the Parties, recognizing the methodological limitations of existing approaches, such as of existing valuation tools, invited relevant international organizations, such as the Food and Agriculture Organization of the United Nations (FAO), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and its initiative on the Economics of Ecosystems and Biodiversity (TEEB), the Organisation for Economic Co-operation and Development (OECD), the International Union for Conservation of Nature (IUCN), as well as other international organizations and initiatives, to continue and intensify their support to the efforts at global, regional and national levels in identifying and removing or mitigating perverse incentives, in promoting positive incentives for the conservation and sustainable use of biodiversity, and in assessing the values of biodiversity and associated ecosystem services, with a view to raising awareness on, and promoting common understanding of, these issues.

The Global Mechanism of the United Nations Convention to Combat Desertification (GM of the UNCCD)

85. The Global Mechanism, in collaboration with the Tropical Agricultural Research and Higher Education Center (CATIE), identified 14 incentive and market based mechanisms (IMBMs) that provide incentives for land users to invest in conservation practices, and developed a score card system to assess the applicability of these incentive mechanisms in a given country context. This tool serves to identify potentially suitable mechanisms for sustainable land management (SLM) in the country or site context, and has proved to be useful for a systematic analysis as well as for engagement and discussion among relevant stakeholders. The GM also collected best practices of existing initiatives using incentives to promote sustainable land use practices in a number of countries, as an input for developing integrated financing strategies (IFSs). These tools have been used to provide recommendation for Governments and stakeholders in 6 countries in Africa and Latin America (Cameroon, Dominican Republic, Guatemala, Mozambique, Tanzania and Zambia).

86. The Global Mechanism, in cooperation with a range of partners from academia, CSOs, and the private sector, established the OSLO consortium (Offering Sustainable Land-use Options), which seeks to develop a comprehensive, robust and replicable methodology for assessing the value of land resources and ecosystems services, and for establishing the policy, regulatory and incentives framework necessary to promote sustainable land management.

87. The Global Mechanism has already supported economic valuation studies in a number of countries as part of its development of national integrated financing strategies (see above), with a view to raise awareness of investors and policy makers of the real value of land and other associated ecosystem services, and to promote investments, funding and policies for sustainable land management.

United Nations Conference on Trade and Development (UNCTAD)

88. Since COP-10, the UNCTAD BioTrade Initiative has consolidated its Fashion and Cosmetics Biodiversity Platform (FCBP) which now brings together a number of international organizations and non-governmental organizations with more than 60 multinational companies and 150 micro, small and medium sized biodiversity-based enterprises from the two industries. The Platform has been instrumental in mainstreaming current efforts of these two industries to further their knowledge of their dependency and impacts on biodiversity, and in developing public-private partnerships in the design and implementation of incentive measures.

89. Specific activities include: (i) production of two sectoral documents for the cosmetic and fashion industries that will compile relevant knowledge, case studies and best-practices in addressing the

importance and impact of conservation and sustainable use of biodiversity; (ii) production of a study on “Improving International Systems for Trade of Reptile Skins based on Sustainable Use”; (iii) in cooperation with globally-recognized fashion research institutes, production of a manual for designers and purchasing managers of the fashion industry that includes a biodiversity impact review of a selected number of species that provide raw materials to the fashion industry while presenting opportunities to promote their conservation through positive incentives; (iv) collaborative supply chain initiatives with stakeholders from the food, cosmetics and fashion industries, governments and scientific experts, under the framework of the UNCTAD BioTrade Principles and Criteria; for instance, a project in Indonesia, undertaken in cooperation with the UNDP Bureau of Crisis Prevention and Recovery, seeks to promote the development of BioTrade value chains as a way to reintegrate ex-combatants and associated groups in areas affected by conflict while conserving and sustainably using native resources. This is particularly relevant as two thirds of Earth’s biodiversity “hotspot” areas experienced violent conflict between 1950 and 2000; (v) finalizing a Resource Assessment Manual which will provide tools to analyze the species potential to be used in trade activities and the information needed to make decisions related to its sustainable management; and the development of a series of training tools and material that allow companies to become better skilled in the application of these guidelines, including an on-line course on the analysis and development of sustainable value chains; (vi) development of the BioTrade Impact Assessment System (BTIAS) and its baseline, which determines the economic, environmental and social benefits of BioTrade organizations working under sustainable practices in over 15 countries.

United Nations Development Programme (UNDP)

90. The global UNDP project ‘Building Transformative Policy and Financing Frameworks to Increase Investment in Biodiversity Management’, funded by the European Union, will run for three years from 2012–2014 and seeks to develop a methodology for mainstreaming biodiversity into national development and sectoral planning, and for addressing the biodiversity financing gap. Project work will be carried out a global level and in eight countries: Argentina, Ecuador, Seychelles, Malaysia, Uganda, South Africa, Kazakhstan and Philippines. Its component on identifying, combining and sequencing different sources of funds to meet biodiversity-financing needs also addresses innovative financial instrument which generate positive incentives for conservation and sustainable use, such as biodiversity offsets and payments for ecosystem services, amongst others. Particular attention will be paid to the potential risks and barriers related to the implementation of innovative financing instruments, given country-specific circumstances; ways and means to overcome these barriers when possible; and the potential need for environmental and social safeguards. UNDP co-finance in the target countries of a set of financing frameworks for national Protected Areas and for ecosystem-based adaptation, and identification of financing options for Payments for Ecosystem Services, including relevant policy and institutional support, will feed directly into this component.

United Nations Environment Programme (UNEP)

91. Further to the launch of the final studies on The Economics of Ecosystems and Biodiversity (TEEB) at COP-10, UNEP is facilitating coordination of post-TEEB activities among the TEEB network and TEEB donors, by hosting the TEEB Office. Activities of the TEEB Office include facilitating the preparation of national TEEB studies (see above), and the organization of a number of national and sub-regional capacity-building workshops, in cooperation with pertinent partner organizations including the Convention Secretariat. Other important work includes:

- Establishment of a ‘TEEB Business Coalition’ with a view to further advance the TEEB for Business workstream, by UNEP, WWF, IUCN, Global Reporting Initiative (GRI), Accounting for Sustainability (AFS), and others, and hosted by ICAEW (Institute of Chartered Accountants in England and Wales), with financial support by the United Kingdom and by the Gordon and Betty Moore Foundation;

- Release of the TEEB Manual for Cities – Ecosystem Services in Urban Management” by ICLEI & IUCN to address the specific needs of local policy-makers in urban areas;
- TEEB for Water and Wetlands: A synthesis report is being developed by the Ramsar Secretariat and the Ramsar Scientific & Technical Review Panel (STRP) on freshwater bodies and wetlands;
- A quantitative assessment of economic impacts, based on an analysis of several credible scenarios specified by a survey of policy-makers, is currently prepared by EFTEC (Edinburgh), IVM and the University of Wageningen.

92. UNEP is also implementing a Project for Ecosystem Services (Proecoserv).⁶ Launched in June 2011, the four-year project, with a GEF grant of USD 6.3 million, will assist five countries (Chile, South Africa, Lesotho, Trinidad and Tobago, and Vietnam) to better integrate ecosystem assessment, scenario development and economic valuation of ecosystem services into national sustainable development planning. National inception workshops were held from September 2011 to January 2012.

World Bank

93. Through the WAVES (Wealth Accounting and Valuation of Ecosystem Services) global partnership, the World Bank will expand the number of countries undertaking environmental accounting. WAVES aims to promote sustainable development worldwide through the implementation of comprehensive wealth accounting that focuses on the value of natural capital and integration of environmental accounting in more conventional development planning analysis. The partnership works towards widespread adoption of environmental accounting on the basis of the System of Environmental-Economic Accounts (SEEA). It is also contributing to the development of methodology in areas where agreement is yet to be achieved, notably the measurement and valuation of ecosystem services in the national accounting context. Already, WAVES is undertaking pilot programs in five developing countries (Botswana, Colombia, Costa Rica, Madagascar, Philippines) while partnering with developed countries leading the way in the area. The global partnership also provides a broad platform for exchanging knowledge and experiences with environmental accounting. A key goal is to demonstrate how countries can use environmental accounts to improve decisions about managing natural capital.

Organisation for Economic Co-operation and Development (OECD)

94. Policy analysis by the OECD focuses on the economic valuation of biodiversity and ecosystem services, and the use of economic incentives and market-based instruments to promote the conservation and sustainable use of biodiversity and associated ecosystem services. Recent and/or on-going OECD work on incentive measures includes the following:

- *Paying for Biodiversity: Enhancing the Cost-Effectiveness of Payments for Ecosystem Services.* OECD (2010) identifies good practice in the design and implementation of PES programmes so as to enhance their environmental and cost effectiveness, drawing on the literature concerning effective PES and on more than 30 case studies from both developed and developing countries;
- *Greening Household Behaviour: The Role of Public Policy.* OECD (2011) presents the main results and policy implications of an OECD survey of more than 10 000 households in 10 countries: Australia, Canada, the Czech Republic, France, Italy, Korea, Mexico, the Netherlands, Norway and Sweden; and offers new insight into what policy measures really work, looking at what factors affect people’s behaviour towards the environment;

⁶ www.proecoserv.org

- Ongoing work on environmentally harmful subsidies, including fossil fuel subsidies;⁷
- *Review of Fisheries in OECD Countries 2009: Policies and Summary Statistics* (OECD 2010);
- *Natural Resources and Pro-Poor Growth: The Economics and Politics*. (OECD 2009);⁸
- A database on instruments used for environmental policy and natural resources management, managed in cooperation with the European Environment Agency (EEA), contains information on environmentally related taxes, fees, and charges; tradable permits; deposit-refund schemes; environmentally motivated subsidies (including various tax relief measures), and voluntary approaches;⁹
- An expert workshop on “Mobilising Private Sector Finance for Biodiversity Conservation and Sustainable Use”, convened at OECD headquarters in Paris, France, in March 2011, explored how private sector engagement in biodiversity conservation and sustainable use can be scaled up in practice, looking across a range of incentive measures.

The International Union for Conservation of Nature (IUCN)

95. IUCN has been very active in supporting the process of revision of National Biodiversity Strategies and Action Plans (NBSAPs), in particular in providing capacity-building on the economics of ecosystem and biodiversity, in close partnership with the Secretariat of the Convention, at several sub-regional NBSAPs workshops, reaching delegates of some 50-60 countries in 2011, and anticipated participation at several additional events in 2012. This component focused on Aichi Targets 2, 3 and 20 of the Strategic Plan for Biodiversity 2011-2020 and addressed the principles of economic valuation, harmful and positive incentives and policy formation, mainstreaming biodiversity and ecosystem service values into national wealth accounts, and broad based mobilization of resources toward the implementation of the Strategic Plan.

96. An awareness of the appropriate use of economic valuation was an often stated benefit of the NBSAPs workshops. However, the local capacity to adopt economic valuation approaches and other recommendations of the TEEB study is often recognized as a significant challenge at the national level. The lack of appropriate human capital resources are a major obstacle to the efficient use of whatever financial capital might be mobilized in support of the NBSAPs revision process.

97. One of the priorities of IUCN’s programme for 2013-2016 is to support countries to roll out the recommendations of TEEB, in particular at the national level. IUCN is involved in TEEB for Water and Wetlands and the early days of the TEEB for Business Coalition, and IUCN’s involvement in national TEEBs in South Africa, Brazil and Georgia is under development.

98. IUCN continued to cooperate closely with the private sector on biodiversity conservation, with the recent release of the WBCSD guide for Corporate Ecosystem Valuation being one concrete result. Application of the approach is currently under way in several large footprint industrial sectors. The TEEB for Business report was released in December 2011 under the leadership of IUCN. IUCN was also a close partner in organizing the first meeting of the Global Platform for Business and Biodiversity on 15-16 December 2011 in Tokyo, Japan.

⁷ www.oecd.org/iea-oecd-ffss

⁸ http://www.oecd.org/document/51/0,3746,en_2649_34421_41808627_1_1_1_1,00.html

⁹ www.oecd.org/env/policies/database

99. IUCN also continues its work on innovative finance mechanisms that create a business case for biodiversity conservation including the Green Development Initiative (GDI), an offset methodology for wetland ecosystem services, and a book to be released in 2012 that provides guidelines for the implementation of International Payments for Biodiversity and Ecosystem Services.

The Natural Capital Project

100. The Natural Capital Project is an innovative partnership among Stanford University, The Nature Conservancy, University of Minnesota, and World Wildlife Fund. Its vision is a world in which people and institutions recognize natural systems as capital assets, appreciate the vital roles they play in supporting human well-being and incorporate the values of natural capital into decision making. The Natural Capital Project works to develop practical ecosystem service tools, apply these tools around the world to demonstrate the impact of ecosystem service approaches in policy and decision outcomes, and engage influential leaders to advance change in policy and practice.

101. Among other decision-support tools, the Natural Capital Project has developed InVEST – a software for mapping, measuring and valuing ecosystem services in marine, terrestrial and freshwater systems. InVEST is available for free download at www.naturalcapitalproject.org/InVEST. It is useful in a number of different decision-contexts including: payments for ecosystem services, spatial planning, development permitting and climate adaptation planning. The following is a partial list of locations where the Natural Capital Project has worked or is currently working with partners to incorporate ecosystem services into decisions: Amazon (Brazil, Colombia, Peru), Belize, Borneo, China, Canada (Vancouver Island), Sumatra (Indonesia), Northern Andes and Southern Central America (Colombia and Ecuador), Tanzania, Virungas landscape in Uganda, Rwanda and Democratic Republic of Congo, and the United States (e.g. Hawaii, Oregon, Minnesota, California, Texas).

The Helmholtz-Center for Environmental Research (UFZ)

102. The Helmholtz-Center for Environmental Research (UFZ), Germany, acted as scientific coordinator of the TEEB initiative during the main study phase 2008-2010 and now supports TEEB mainstreaming, facilitation and implementation. UFZ serves as focal point for disseminating TEEB concepts and knowledge and it is leading and coordinating the national TEEB study. As organizer of the 2012 TEEB conference in Leipzig on “Challenges for Science and Implementation”, UFZ is gathering the international TEEB community and strengthening in particular the link between policy and research. In close cooperation with the TEEB office of the United Nations Environment Programme, UFZ supports the TEEB Coordination Group in the development of a network approach aimed at effectively providing relevant TEEB knowledge to users from science and policy. As partner in several international projects (e.g., ECO-BEST in Thailand; see submission from Thailand), UFZ provides scientific expertise as well as conceptual and educational backstopping to efforts towards applying TEEB in regional development and nature conservation policy.

ANNEX

Summary of tool to guide the identification of harmful incentives submitted by the United Kingdom of Great Britain and Northern Ireland


