

Distr.
GENERAL

UNEP/CBD/IC/1/4
11 August 1993

ORIGINAL: ENGLISH

INTERGOVERNMENTAL COMMITTEE
ON THE CONVENTION ON
BIOLOGICAL DIVERSITY

First session
Geneva, 11-15 October 1993

HIGHLIGHTS OF THE RESULTS OF THE EXPERT PANELS ESTABLISHED TO PREPARE
SPECIFIC ADVICE ON ISSUES IDENTIFIED BY RESOLUTION 2 OF THE
NAIROBI FINAL ACT OF THE CONFERENCE FOR THE ADOPTION OF THE
AGREED TEXT OF THE CONVENTION ON BIOLOGICAL DIVERSITY

Note by the Secretariat

INTRODUCTION

1. To facilitate preparations for the First Meeting of the Intergovernmental Committee on the Convention on Biological Diversity, the Executive Director of UNEP in November 1992 established four panels to prepare specific advice on issues identified by resolution 2 of the Nairobi Final Act. Each panel was composed of about a dozen specialists, with due account for a regional balance. The experts acted in their personal capacities; work was divided among the panels as follows:

- Panel 1:** Priorities for action for conservation and sustainable use of biological diversity and agenda for scientific and technological research [resolution 2, paragraphs 2 (a) (i), (ii) and (iv) and 2 (b)];
- Panel 2:** Evaluation of potential economic implications of conservation of biological diversity and its sustainable use and valuation of biological and genetic resources [resolution 2, paragraph 2 (a) (iii)];
- Panel 3:** Technology transfer and financial issues [resolution 2, paragraphs 2 (d), (e), (f), (g) and (h)]; and
- Panel 4:** Need for, elements for inclusion in, and modalities of a protocol for transfer, handling and use of any living modified organisms resulting from biotechnology [resolution 2, paragraph 2 (c)].

2. The panels met three times during 1992-1993. Their final reports are available in English at the present meeting of the Intergovernmental Committee on the Convention on Biological Diversity (ICCBD). The highlights of the advice provided for the Executive Director by the four panels have been prepared by the Interim Secretariat and are presented below.

PANEL 1: PRIORITIES FOR ACTION AND RESEARCH AGENDA

3. Panel 1 developed a methodology for setting priorities for action arising out of the Convention, organized Article by Article, and recommends an agenda for scientific and technical research. The panel also calls for the creation of an interim scientific and technological advisory committee (ISTAC), to be established as soon as possible.

4. The panel considers that the Convention's structure can be used as the basis for a systematic approach to identifying priorities for national action. It believes that national strategies should be considered fundamental and should aim at integrating conservation and sustainable use into relevant sectoral or cross-sectoral plans. Priorities should be based on the widest possible foundation of information and should take into account the views of all relevant sectors within a country. One criterion for determining the priority of a project for funding should be the extent to which projects are an integrated part of the national biodiversity strategy or plan. The panel recommends that an intergovernmental group be set up to develop criteria for setting global priorities for action.

5. The panel also recommends that an interim scientific and technological advisory committee (ISTAC) be established as soon as possible to undertake specific tasks. One such task would be to assess the effectiveness of actions taken by nations to implement the Convention and to assist with the process of preparing country studies and national strategies.

6. The panel further recommends that ISTAC develop a broad research agenda which would include both basic and applied scientific research. In that regard, the panel notes the need for capacity-building in the sciences for developing nations. On the question of areas for research, the panel underscores the importance of including the indigenous knowledge and informal innovations of people such as farmers, fisherfolk, pastoralists and herbalists. To avoid duplication of effort and to promote collaboration among research efforts around the world, it suggests that, on the international level, research in relation to the Convention should be monitored by ISTAC, which should make recommendations to facilitate the coordination of the research agenda. Concerning the national level, the panel recommends that emphasis be placed on research in areas relating to biological diversity which are insufficiently covered in existing programmes. The panel suggests that, to help set research priorities, ISTAC and Governments consider using the approach presented in the panel's report.

7. The panel also recognizes the importance of biodiversity in the key sectors of agriculture, forestry and fisheries. It recommends that working groups be established to identify criteria for conservation and sustainable use of biodiversity in those sectors and to facilitate the integration of conservation and sustainable use into related decision-making.

PANEL 2: ECONOMIC IMPLICATIONS AND VALUATION
OF BIOLOGICAL RESOURCES

8. In the view of Panel 2, the world's economies are critically dependant on the conservation and sustainable use of biodiversity. It observes that the world's socio-economic systems rely on the health and resilience of ecosystems which perform vital services such as soil regeneration, nutrient recycling and waste assimilation. Key economic sectors such as agriculture, forestry and fisheries are based on components of biodiversity and are therefore dependent on ecological services. The panel notes that, although not all of the important roles played by biodiversity can be translated into monetary terms, it is vital to realize that the improvement of human welfare and economic productivity are critically linked to the conservation of biodiversity.

9. The panel identifies human-induced change in the environment as the main cause of biodiversity loss. Socio-economic forces are pinpointed as a key influence in shaping the decisions leading to those changes. Underlying socio-economic policies are seen as inadvertently establishing incentives, causing consumers and producers to mismanage resources, leading to loss of biodiversity. Such harmful components of economic structures are seen to stem from a variety of sources. First, the panel indicates that, if higher quality information were available concerning the full value of ecosystems, better decisions would result. Second, the panel believes that some government policies which act in contradiction to the goals of biodiversity conservation are the result of strong pressures to achieve other objectives. Subsidies for land clearance and taxation benefits for large-scale fish farming represent just two examples of action which has the potential to promote the destruction of biodiversity. Third, individuals and Governments cannot express the total value of habitat conservation investments in monetary terms. For example, a forest owner is not paid for the genetic resources housed in the forest. Fourth, market prices do not reflect the total benefit and cost of human activities in relation to the environment. In other words, the harm done to an ecosystem resulting from the harvesting of a resource is seldom included in the price the consumer pays for the goods. The panel emphasizes the importance of addressing those underlying economic forces in order to prevent further loss of biodiversity.

10. The panel recommends steps which need to be taken immediately to address those economic issues. First, Governments need to identify and change policies and incentive systems which work against biodiversity conservation. According to the panel, a thorough approach to that task requires detailed consideration of major sectors of the economy -- agriculture, forestry and fisheries -- individually and in a cross-sectoral configuration, to understand how the economic pressures influencing their performance impact upon biodiversity.

11. Second, the panel concludes that more research is needed to understand the potential for using economic instruments to combat biodiversity loss. Many external forces push and pull Governments to maintain policies that send out the wrong signals. International trade and government debt are two forces operating at the international level which have a profound impact on domestic policies. The panel suggests that the subsidiary body established under the Convention to provide scientific and technical advice should promote research to provide further insights into those complex issues.

12. Third, the panel recommends that ways and means be devised to estimate and capture the rewards of the values of biological and, in particular, genetic resources. It notes that mechanisms for doing that could include increasing the value added within a nation by building up a fund of knowledge about its own genetic resources, and establishing networks, marketing cooperatives and legal services to assist in maximizing a nation's share of the benefits in transactions. Furthermore, the panel suggests that a multilateral agreement be considered to advance the capacity of nations to capture the full values of their genetic resources. The panel urges that the three activities outlined in paragraphs 10-12 above begin immediately.

PANEL 3: TECHNOLOGY TRANSFER AND FINANCIAL ISSUES

Technology transfer¹

13. Panel 3 identifies access to relevant information as a first step to implementing the Convention's provisions on technology transfer. It recommends that a small, cost-effective clearing-house mechanism be set up, possibly within UNEP. The purpose of that mechanism, as described by the panel, would be to coordinate a network with a view to providing developing countries with access to information about technologies that could enable them to meet their technological needs. Wherever possible, emphasis would be on drawing upon existing systems, networks and databases, rather than starting from scratch. The suggested clearing-house mechanism could be designed to ensure that the information is readily accessible in as simple a form as possible. That would enable would-be recipients to make informed choices on the basis of their identified needs. The aim should be to obtain bilateral and multilateral support, in both cash and kind and on a continued and increased basis, with emphasis on national capacity-building.

14. According to the panel, capacity-building and the development of know-how should accompany the acquisition of a particular technology, as those will have a crucial role to play in achieving the objectives of the Convention. The panel suggests that the Intergovernmental Committee consider developing guidelines for international cooperation between Parties, particularly in coordinating technical support to improve the developing countries' capacity to absorb appropriate technologies to achieve the objectives of the Convention.

15. With regard to modalities of technology transfer, the panel suggests that the Intergovernmental Committee consider drawing up a range of appropriate models, based on the analysis of case studies of successful partnership arrangements. Possible models could include examples of benefit-sharing arrangements, such as those envisaged in Article 15, paragraph 7 of the Convention, or joint programmes for research and development of technologies, as envisaged in Articles 15, 16 and 19 of the Convention. The experience of the UNEP Industry and Environment Office Programme Activity Centre and the UNEP International Environmental Technology Centre may be useful for the Committee in identifying possible modalities for technology exchange and the scope for involving regional mechanisms.

Funding arrangements

16. Regarding policy guidance to the Global Environment Facility (GEF), the panel suggests that Governments accord priority to finding an effective way to exchange views with and transmit advice to the GEF. For example, the Intergovernmental Committee could request representation at GEF Participants' Assemblies and other relevant GEF meetings until such time as formal contractual arrangements are entered into between the Conference of the Parties and the financial mechanism.

17. The panel believes so strongly in the need for immediate dialogue with the GEF that it recommends that, until linkages of the kind described above are established, an appropriate and knowledgeable interlocutor should

¹ This panel's consideration of technology transfer issues has been based on the understanding that the term "technology" includes biotechnology and that it refers to technology protected by intellectual property rights, as well as that in the public domain.

be appointed to fulfil that role. It further recommends that the Intergovernmental Committee study the GEF policy for selecting projects and its track record in funding projects, with a view to developing guidelines that reflect the objectives of the Convention and proposing substantive modifications to GEF procedures, where necessary. The panel also notes the importance of examining the policies and track records of other funding mechanisms such as the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol.

18. The panel concludes that the Intergovernmental Committee should develop a credible and technically sound procedure for estimating how much money will be needed for implementation of the Convention. It suggests that estimates take account of the need for national strategies and priorities. In order to assess the most desirable financial mechanism for the Convention, it recommends the preparation of a descriptive paper on other funding arrangements, such as those under the Montreal Protocol, the Basel Convention and the Framework Convention on Climate Change, for use by the Intergovernmental Committee in its deliberations. The panel underscores the need for continuing efforts to mobilize financial support to fund interim arrangements and the participation of developing countries in the Intergovernmental Committee.

Agreed full incremental costs

19. The panel identifies two major priorities for the Intergovernmental Committee relating to incremental costs: agreement on the meaning of "agreed full incremental costs", and preparation of an indicative list of incremental costs, as called for in Article 20 of the Convention. Elements the panel believes should be considered include:

(a) Whether the intrinsic value of biological diversity should give rise to incremental costs or whether incremental costs require that a global environmental benefit or a general environmental value be demonstrated; and

(b) Whether domestic economic benefits, such as projected revenues, should be deducted from domestic costs, with the remainder being defined as incremental.

20. The panel recommends that the subsidiary body for scientific, technical and technological advice be asked to assist in developing options for handling the issue of incremental costs and in analysing the implications of the various options.

Eligibility criteria

21. The panel suggests that, before elaborating the eligibility criteria for financial assistance under Article 20 of the Convention, the Intergovernmental Committee invite the subsidiary body for scientific, technical and technological advice to develop a matrix approach for deciding eligibility. In that respect, the panel indicates that special attention should be given to development of national strategies, policies and programmes; national inventories of biological diversity; capacity-building activities; and the assessment of needs for technology.

Funding mechanism

22. The panel recommends that the Intergovernmental Committee give urgent attention to determining the policy, strategy, programme priorities and eligibility criteria for the provision of financial resources to developing nations, and that it transmit the results to the financial mechanism to guide GEF resource allocation decisions in the area of biological diversity for the period up to the first meeting of the Conference of the Parties.

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23. The panel suggests that the Intergovernmental Committee consider developing a proposal for the Conference of the Parties on the format, frequency and substance of regular reports from the financial mechanism and recommends that the administrative arrangements of existing multilateral funds be reviewed to assist in that task.

PANEL 4: SAFE TRANSFER, HANDLING AND USE OF LIVING MODIFIED ORGANISMS RESULTING FROM BIOTECHNOLOGY

24. Panel 4 divides its discussion into two parts: consideration of the need for a protocol and, if it is needed, the modalities of such a protocol. On the issue of the need for a protocol, the panel recognizes that only the Conference of the Parties can take a political decision on whether or not a protocol in relation to biosafety is to be created.

25. Based on the principle that any instrument contemplated should not duplicate other legal instruments, the panel approaches the question of whether or not a protocol is needed by examining a number of existing international agreements and instruments to see whether they seem capable of covering the biosafety concerns raised by the Convention on Biological Diversity. A majority of panel members conclude that gaps exist which would require the creation of a protocol. A minority's report expresses the view that before a conclusion can be reached on whether or not a protocol is needed, the full list of existing international regulatory instruments needs to be examined, taking into account the need for a clearer understanding of those activities that need to be regulated.

26. The panel recognizes that there is a need for strengthened international cooperation on biosafety to ensure that developing countries do not inadvertently become testing grounds for potentially harmful genetically modified organisms. Supportive measures for moving forward in that direction are identified, including increased international sharing of non-confidential information about field tests, risk assessment and management procedures; research; and capacity-building. The minority's report emphasizes that, to date, the safety record for products of biotechnology is good and underlines the importance of basing action on realistic estimates of the potential risks to biodiversity from the genetically modified products of biotechnology.

27. In considering the possible scope of a protocol, the panel recommends that, if such an instrument were to be developed, it should only cover genetically modified organisms. The panel further indicates that those should be defined as organisms in which genetic material has been altered in a way that does not occur naturally by mating and/or natural recombination. In the view of the panel, alien species, organisms modified by traditional breeding techniques and human health issues should not be covered by such a protocol. One exception to that, the panel indicates, would be that those subjects might sometimes come under risk assessment or management procedures under the envisioned protocol.

28. Panel 4 concludes that a possible protocol should aim at preventing and mitigating the consequences of unintended releases of organisms from containment and suggests that the protocol include a procedure for advance informed agreement, covering all genetically modified organisms used under contained conditions or to be released in transfer situations.
