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AD HOC OPEN-ENDED WORKING GROUP ON REVIEW OF IMPLEMENTATION OF THE CONVENTION

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REPORT ON PROGRESS RELATED TO DECISION XI/7 ON BUSINESS ENGAGEMENT

Note by the Executive Secretary

I. INTRODUCTION

1. The present note is submitted to the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention at its fifth meeting to supplement document UNEP/CBD/WGRI/5/10. It reports on activities in the area of business and biodiversity undertaken since the eleventh meeting of the Conference of Parties (COP) to the Convention on Biological Diversity (CBD) and the adoption of decision XI/7 on business and biodiversity.

2. The structure of the document reflects that of decision XI/7 which addressed actions applicable variously to Parties to the Convention, businesses and the Executive Secretary. Section II of the present document covers activities that were undertaken by Parties during the inter-sessional period. Section III covers activities undertaken by businesses and business organizations. Section IV covers activities undertaken by the Executive Secretary in response to the requests of the Conference of the Parties in paragraph 5 of its decision XI/7.

3. The annex to the present document presents a desk study undertaken by the secretariat that investigates the status of biodiversity considerations in public procurement policies. It contains an analysis of what kind of biodiversity-related criteria are being used in public procurement and what impacts on biodiversity these might have. The report reveals that biodiversity criteria are currently used rather indirectly and points out ways of integrating biodiversity into public procurement policies.

II. ACTIVITIES UNDERTAKEN BY PARTIES TO THE CONVENTION

4. In its decision XI/7, paragraph 2, the Conference of the Parties invited Parties to, inter alia: consider promoting the integration of biodiversity and ecosystem services values into private sector

* UNEP/CBD/WGRI/5/1.

activities; consider policies and legislation that halt biodiversity loss and reduce incentives, including subsidies, that are harmful to biodiversity or have biodiversity impacts; adopt policies that respect the goals and objectives of the Convention and the Aichi Biodiversity Targets, including consideration of best practices that will help the conservation of biodiversity and the sustainable use of its components; review and revise strategies for communicating biodiversity agendas and policies to business; and actively support relevant capacity-building in developing countries by helping to develop policy measures and guidance to assist businesses in improving their biodiversity-friendly sustainable development strategies. In line with this decision, Parties have undertaken a variety of activities to promote integration of biodiversity and ecosystem services values into private sector activities, including through workshops and conferences.

A. *Policy issues*

5. Several Parties have been active in the promotion and the integration of biodiversity into private sector activities, taking into account *The Economics of Ecosystems and Biodiversity (TEEB) for Business Report* and the work undertaken within the framework of national ecosystem assessments (decision XI/7/3a).

6. Since the results from the TEEB report series were presented at COP 10 in 2010, 17 countries and regions (for a full list refer to <http://www.teebweb.org/areas-of-work/teeb-country-studies/>) have initiated TEEB studies with an aim to demonstrate the values of nature and to encourage policy-making that recognizes the values of ecosystem services and biodiversity. Five countries — Bhutan, Ecuador, Liberia, the Philippines and the United Republic of Tanzania — are undertaking TEEB country studies under an umbrella project, *Reflecting the Value of Ecosystems and Biodiversity in Policy-Making*, being financially supported by the European Commission and implemented over a period of three years until 2015.

7. At the national level, TEEB for business studies inform public policies, particularly as they relate to important economic sectors of the country. Specifically, a TEEB for business project examines economic sectors at strategic or operational levels, identifying both the risks and opportunities that biodiversity and ecosystem services pose to that particular sector. The output of a TEEB for business study includes recommendations for public policies and business standards that would help government and businesses address these risks and opportunities. “TEEB for business” projects have been initiated at the national level by several countries, including Brazil, Germany and the Netherlands. Additional information can be found at: <http://www.teebweb.org/areas-of-work/teeb-for-business/>.

8. A number of other initiatives and organizations are also looking at the issue of assessments of ecosystem services. Of particular note is the work being undertaken by the Natural Capital Coalition (formally the TEEB for Business Coalition, which was set up as an organization independent from the TEEB project but that would pursue the TEEB study’s findings with the business community). The European Union also has an ongoing project examining natural capital accounting frameworks. References to many of these projects can be found on the website of the Global Platform for Business and Biodiversity (www.cbd.int/business). The Government of Norway is currently funding a one-year project to further advance the TEEB work on business accounting for biodiversity.

9. Several Parties have been implementing policies and legislation related to incentives, including addressing subsidies that are harmful to biodiversity or have biodiversity impacts (decision XI/7/3c). This is reflected in the document submitted to the Ad Hoc Open-Ended Working Group on Review of Implementation of the Convention at its fifth meeting.¹

¹ “Modalities and Milestones for the Full Operationalization of Aichi Biodiversity Target 3, and Obstacles Encountered in Implementing Options Identified for Eliminating, Phasing Out or Reforming Incentives That Are Harmful for Biodiversity” (UNEP/CBD/WGRI/5/4/Add.1).

10. One means for Parties to encourage sustainable consumption and production is through public procurement. By redesigning their procurement policies and procedures, governments can generate multiplier benefits internally and across society as a whole and they can use their purchasing power as a long-term incentive to stimulate green investment, production and innovation across domestic and global value chains. At the third meeting of the Global Partnership for Business and Biodiversity, held in Montreal, Canada, in October 2013, examples of sustainable public procurement processes were presented by representatives of Canada, Peru and South Africa.

11. The annex to the present document, on the issue of national procurement plans (para. 7 of decision X/30), presents a study undertaken by the Secretariat on the potential for improving business practices that impact upon biodiversity by inclusion of the issue of biodiversity in public procurement policy. The examples of sustainable public procurement processes in Canada, Peru and South Africa, noted above, are described in this annex.

B. Initiatives

12. Parties have been increasingly involved in the ongoing dialogues with the business sector, civil society and other stakeholders to formulate actions for biodiversity conservation (decision XI/7/1). This includes the ongoing development of the Global Partnership for Business and Biodiversity. During the present biennium, the Partnership has developed a formal governance structure and membership application process, and currently has 15 countries and regions as members, with a number of others currently preparing applications. Further details on the Global Partnership for Business and Biodiversity are provided in section IV of this note. Many Parties have also been actively engaged in awareness raising activities in the business community through a variety of programmes. A sampling of these activities, primarily ones in which the Executive Secretary has been directly or indirectly involved, are presented as follows:

(a) *Australia:* The inaugural meeting of the Australian Business and Biodiversity Initiative was held in November 2012. The initiative brings together key stakeholders from businesses, business associations, government, non-governmental organizations (NGOs) and international organizations. The round-table discussion at the inaugural meeting was the first initiative of its type in Australia and there have been a number of subsequent discussions with terms of reference for the initiative currently under development. Related to this, the Australian Sustainability Conference, which took place in Sydney in November 2012, was aimed at raising awareness of environmental sustainability issues amongst the wider Australian business community. Sustainable Business Australia, which runs the conference, has hosted a number of similar events, both prior and subsequent to this event, which highlight sustainability issues to businesses;

(b) *Brazil:* The Brazilian Ministry of Environment and the Brazilian National Confederation of Industries (CNI), supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, held the Brazil-India-Germany TEEB dialogue in Brasilia from 5 to 7 May 2014. The goals of the dialogue were: to discuss lessons learned for mainstreaming biodiversity and ecosystem services into public policies and the business sector; to explore the possible routes for mainstreaming the economics of ecosystems and biodiversity into policy at different levels; and to deepen discussions on the contributions of TEEB national initiatives for the achievement of the international country commitments agreed on under the CBD. Participants included representatives from India, Germany and Brazil, as well as project staff and external experts from the United Nations Environment Programme, CBD, UFZ, technical experts involved in the TEEB process from academia and organized civil society, and members of the business sector. Following this event, an international workshop entitled “Business and Natural Capital: Dialogue for a Sustainable Partnership” was held in Brasilia from 7 to 9 May 2014. Co-sponsored by the Brazilian National Confederation of Industry (CNI), the Brazilian Ministry of Environment, and the German International Development Cooperation by means of the GIZ, the meeting was well-attended with approximately 160 people registered over the three days. A series of messages emerged from the

workshop deserving of further consideration from business, government, and business and government collectively;

(c) *Canada:* The annual Canadian Business and Biodiversity workshop was held at the University of Guelph's Biodiversity Institute of Ontario, Guelph, Ontario in December 2012. Two case studies presented by Unilever and Sobeys demonstrated the impact that a company can have on the functioning of its suppliers as well as helping to position eco-friendly products in the marketplace. Parallel sessions looked at various aspects of sustainable corporate practices, including data assessment, standards and certification, partnerships, employee engagement, and various sector specific issues;

(d) *Chile:* A business and biodiversity workshop (Seminario Negocios y Biodiversidad) was held in July 2013 in Santiago with approximately 100 participants from businesses, NGOs, academia and government, including the Minister of Environment and the Executive Secretary of the CBD. The meeting generated interest among stakeholders and contributed momentum for this issue in Chile. A follow-up meeting was held the following day with key stakeholders to discuss ways of developing a Chilean national initiative on business and biodiversity and integrating it into the Global Partnership. Organizations represented at this meeting included: Aguas Andinas (a water utility); AMCHAM Chile (North American Chile Chamber of Commerce); Arauco (forestry); Concha y Toro (wine); Melon (concrete industry); Ministry of Environment; SONAMI (National Association of Mining Companies); Dimacofi (paper company); Global Compact (Chile); LIFE Institute; AcciionRSE (Chilean branch of WBCSD); Fundacion Chile; and the SCBD. The discussion was widely supportive of moving forward and all participants saw this collaborative approach as being very positive. The meeting concluded with plans for further, wider engagement;

(e) *Costa Rica/Mesoamerica:* A seminar on business and biodiversity was held in April 2013 in San Jose to share experiences amongst stakeholders in Mesoamerica and raise awareness of biodiversity-related issues for the business sector. Case studies were presented as well as solutions that have been explored by various countries and organizations. The CBD Secretariat provided a presentation setting the scene vis-à-vis the Global Partnership for Business and Biodiversity. Coincident with this event, the development of a regional initiative on business and biodiversity in Mesoamerica was initiated in April 2013. The initiative involves the seven countries of Central America (Belize, Honduras, Panama, Costa Rica, El Salvador, Nicaragua, and Guatemala) with additional contacts in Colombia and Mexico. Development of a regional initiative with national "chapters" was considered an optimal first step. The initiative is coordinated by the Biodiversity Partnership Mesoamerica and will undertake additional activities aimed at strengthening awareness and capacity building in the participating countries;

(f) *European Union:* The European Union has developed Phase 2 of its Business and Biodiversity Platform. Phase 2 of the Platform will take a different approach from the earlier version. Firstly, it will be open to all sectors. It will also provide an overview and updates on all European National B@B Platforms. Finally, a large part of the tasks will focus on themes including, but not restricted to: 1) Accounting for Natural Capital (measuring and valuing business impacts and dependencies on biodiversity, and reporting impacts and dependencies into accounting systems); 2) Innovation for biodiversity and business (promoting innovation that contributes to nature and biodiversity conservation and provides business opportunities as well as showcasing innovative business models); and 3) Access to finance and Innovative Financing Mechanisms for biodiversity-related business activities (showcasing investments in biodiversity both from a business and finance institutions perspective);

(g) *Finland:* A Finnish cross-sectoral business and biodiversity initiative was launched in Helsinki on 28 January, 2014. The initiative, managed by the Corporate Responsibility Network FIBS, the leading CR network in Finland, and financed by the Ministry of Environment of Finland, aims to bring biodiversity into the responsibility agendas of Finnish enterprises. By launching the initiative, FIBS is seeking to create public awareness about biodiversity and its importance, as well as help companies identify and manage their own influence on nature. Besides providing companies with information,

Business and Biodiversity Finland is also seeking to include a variety of companies from different industries to advocate for the protection and sustainable use of biodiversity. By the launch of the initiative, eight companies had enrolled for a year-long Biodiversity Master Class Programme, which the initiative is offering in Finland. To support the newly launched initiative, the Ministry of Environment has established an extensive national working group. One of the goals is to strengthen the dialogue between different stakeholders and the biodiversity sector, and to ensure that the process will help in achieving the 2020 biodiversity goals;

(h) *France*: A one-day workshop on business and biodiversity was held in Paris, France on October 22, 2013. The meeting launched the French national initiative on business and biodiversity for which Oree provides the secretariat and that will link to the Global Partnership for Business and Biodiversity. It also launched the website of this initiative and a new guide to business and biodiversity by Oree, “*Gestion de la biodiversité par les acteurs: de la prise de conscience à l’action*”. The CBD Secretariat presented the Global Partnership and a summary of the results of its third meeting. The meeting was attended by approximately 150 participants, including representatives of the French government, the European Union, the International Union for the Conservation of Nature (IUCN) France and companies including Yves Rocher, L’Oréal, and LVMH;

(i) *Germany*: As Germany comprises of many business federations, nature conservancy organizations and (public) authorities, a new project, *Unternehmen biologische Vielfalt 2020*, initiated by the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, was set up as a network for these groups in order to encourage exchange and cooperation, and was officially launched during the 5th National Forum on Biodiversity in Berlin in March 2013. The Forum, attended by the former German Federal Environment Minister Peter Altmaier, included high-level representatives from the Federation of German Industries (BDI) and the World Wide Fund for Nature (WWF). The new platform aims to: implement the German National Strategy on Biological Diversity by creating a long-term sustainable structure as a new interface; complement existing activities, such as the Biodiversity in Good Company initiative, by taking a broader approach (i.e. to reach those not yet committed); focus on systematically involving business federations (cross-sectorial and sector-specific) and using the wealth of organizations for creating synergies; and hold dialogues and take tangible action on the basis of voluntary commitment (CSR) to strengthen the diversity of nature and landscapes in Germany through integration of economic, environmental and societal values. The Biodiversity in Good Company initiative will serve as the coordination office for the entire process;

(j) *India*: The first of a series of round tables was held in New Delhi in April 2013, co-hosted by the CBD Secretariat and the Ministry of Environment and Forests of India. This initial meeting brought together representatives from several stakeholder groups, including the Confederation of Indian Industries (CII), the Federation of Indian Chambers of Commerce and Industry (FICCI), the Ayurvedic Drug Manufacturers Association (ADMA), World Wildlife Fund (WWF)-India, the Wildlife Trust of India, Research and Information System, Wetlands International, the United Nations Development Programme (UNDP), GIZ, the World Bank and IUCN. This was an interactive discussion which allowed participants to share their experiences in integrating biodiversity concerns into business and to look for ways to collaborate with the goal of forming a joint national initiative that would then be integrated into the larger Global Partnership on Business and Biodiversity. A second round table with some 50 participants was held in September 2013 with the goal of developing a framework for the national initiative, which was later launched in May 2014. A work-plan for the next year has also been developed;

(k) *Republic of Korea*: Following from a series of workshops involving key stakeholders in Korea hosted by the Korean Ministry of Environment to discuss the development business and biodiversity in Korea, a Korean business and biodiversity initiative was inaugurated during a signing ceremony for the Korean Business and Biodiversity Declaration held in September 2013. Korea has noted its intention to formally launch this initiative at COP 12, and use the meeting to build support and attract founding members and organizations;

(l) *Netherlands*: Over 240 representatives from Leaders for Nature (LfN) member companies (working in company teams), together with representatives from IUCN members, the Government of the Netherlands (with a team of several ministries) and the European Union joined together to develop action plans on “incorporating natural capital in their core business”. These Action Plans will form the basis for further mainstreaming activities by Dutch companies;

(m) *Peru*: A partnership between the public and the private sector was inaugurated on 22 January 2014 in Lima, Peru with the International Forum on "Business and Biodiversity". Organized by the Ministry of Environment, the forum included Peruvian companies and associations whose activities relate directly or indirectly to biodiversity and ecosystem services. Following the event, the Ministry of Environment indicated its intention to work closely with the various businesses that have shown an interest in developing ideas together. This will be done not only to help implement methodologies that allow enterprises to reduce their impacts on nature or identify business opportunities in biodiversity, but also to gather opinions and suggestions from the private sector about laws and best practices regarding these issues;

(n) *Singapore*: Discussions were launched in Singapore with various stakeholders in conjunction to the launch of the Singapore Business Council for Sustainable Development and the TEEB for Business Coalition in November 2012. The next step in this process, in 2014, will be to gather the stakeholders together to begin to develop an initiative;

(o) *South Africa*: The Endangered Wildlife Trust (EWT), in collaboration with the Department of Environmental Affairs (DEA), Nedbank Limited, Hatch Goba, De Beers, Transnet, Pam Golding Properties and Pick n Pay launched the National Biodiversity and Business Network (NBBN) in South Africa in May 2013. The aim of the Network is to assist businesses from various sectors to integrate and mainstream biodiversity issues into their strategies and operations. The Network will provide a national platform to stimulate a strategic discussion about biodiversity and business and the development of a national agenda in this context. Amongst other things, the network will facilitate the development and provision of relevant information, tools, resources, benchmarks, pilot-studies and strategic support to businesses looking to mainstream biodiversity issues. In order to do so, the Network will organize various events, forums, training sessions and an annual conference. South Africa also launched its corporate guidelines for the mining sector on the International Day for Biological Diversity (22 May 2013). The guidelines are the result of the combined efforts of numerous partners, spearheaded by the Chamber of Mines and the South African Mining and Biodiversity Forum (SAMBF). The Endangered Wildlife Trust (EWT), in collaboration with the University of Pretoria's Gordon Institute of Business Science (GIBS), also organized a series of business talks and events being held throughout 2013 to initiate a strategic and corporate dialogue on the mainstreaming of biodiversity into business;

(p) *Spain*: The Spanish Business and Biodiversity Initiative was launched by the Spanish Minister of Agriculture, Food and Environment and 15 large Spanish companies, seven of them from IBEX35, in Madrid in May 2013. *Fundación Biodiversidad*, a public foundation connected to Spain's Ministry of Agriculture, Food and Environment, whose mission is to preserve natural heritage and promote biodiversity conservation, is the principal actor of the Initiative. The so-named “Spanish Biodiversity Pact”, which aligns itself with the goals of the CBD, intends to explore ways to enhance private sector collaboration and foster public-private partnerships. It aims to achieve this by supporting the attainment of three objectives: integrating conservation of natural capital into business policies and management systems; increasing added value from contributions of large companies to nature conservation; and channeling private funding to biodiversity conservation. The Initiative relies on the support, willingness and expertise of four partners: *Club de Excelencia en Sostenibilidad*, one of CSR Europe's national partners; *Forética*, a non-profit multi-stakeholder organization working on promoting ethical and socially responsible policies; *Fundación Global Nature*, a private national organization that focuses on conservation, protection and management of the environment; and Biodiversity in Good Company, the German Initiative;

(q) *Sri Lanka*: The Sri Lanka Business and Biodiversity Platform, was established by the Ceylon Chamber of Commerce in association with IUCN and Dilmah Conservation in late 2012 and promotes commitment to sustainable business practices enabling inclusive growth. Leading corporates with high standards of environmental custodianship have supported the initiative by becoming Patron Members of the Platform. The Platform recently opened itself to general membership. As a part of the services it offers, the Platform has developed a comprehensive technical database comprising information on expertise available in diverse and relevant subject areas. Conservation-related requirements of businesses can be channeled to the intellectual mainstream and academia through the Platform database. At present, the Platform is also facilitating two projects directly related to biodiversity conservation - a comprehensive survey of the Sloth Bear population in the Wilpattu National Park funded by CIC Holdings PLC and an Organic Agriculture Project funded by Peoples Leasing and Finance PLC;

(r) *United Kingdom*: A round-table meeting was held in London on 18 November 2013 with DEFRA and certain other key organizations involved with the business and biodiversity file in the United Kingdom. These included: the Institute of Chartered Accountants of England and Wales (ICAEW); the Global Compact Network (United Kingdom); Green Growth International; and the Water and Resources Action Programme (WRAP). In all cases, these were in of themselves umbrella groups bringing together multiple businesses and organizations in the United Kingdom together. There was agreement that the existing business engagement networks in the United Kingdom could be better coordinated, and that the national initiative might provide a good forum for this. DEFRA has agreed to lead on initial coordination, with CBD Secretariat to feed in ideas from the wider Global Partnership on Business and Biodiversity. The group, with other organizations as appropriate, will continue to stay in contact and will meet to discuss further implementation in the new year. In addition, in May the Department for Environment, Food and Rural Affairs (DEFRA) published its Payments for Ecosystem Services action plan and best practice guide, which helps identify practical ways to deliver new and additional investment in the natural environment as well as seeking better targeting and value for money of existing funding streams. Further information can be found at: <https://www.gov.uk/government/publications/payments-for-ecosystem-services-pes-best-practice-guide>.

13. Other countries and regional organizations with active initiatives or initiatives under development include ASEAN, Benin, Japan, the Netherlands, New Zealand, Portugal, Rwanda, Switzerland, Sweden, and Thailand. Many of these, and others not specifically highlighted in the present document, have undertaken a variety of activities aimed at strengthening the existing networks and/or forging new connections with regard to business and biodiversity and promoting attention to biodiversity within their business communities.

III. ACTIVITIES UNDERTAKEN BY BUSINESS

14. Paragraphs 1, 2 and 4 of decision XI/7, requested businesses to, inter alia: continue liaising with national Governments, civil society organizations, academia and other stakeholders to formulate relevant actions for biodiversity conservation and for the sustainable use of its components and ecosystem services; consider the revised 2012 International Finance Corporation Performance Standards; take actions which would be instrumental to implementing the Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets; encourage their supply chains, and other stakeholders, to report on progress made in mainstreaming the objectives of the Convention and the Aichi Biodiversity Targets; analyse the impacts, dependencies, opportunities and risks of individual sectors as they relate to biodiversity and ecosystem services; consider covering, in their annual reports and on their corporate information platforms, the effects of their business operations on biodiversity and their reliance on ecosystem services; adopt practices and strategies that contribute to achieving the goals and objectives of the Convention and the Aichi Biodiversity Targets; align their investments in support of the conservation and sustainable use of biodiversity and ecosystem services and; collaborate with relevant organizations on the development of reporting standards on biodiversity.

15. Businesses in a wide variety of sectors have been undertaking activities with relation to biodiversity conservation and the mainstreaming of activities into their business models. This section of the document will not highlight individual corporate activities, but rather will consider the broader trends with respect to awareness raising and mainstreaming by business groups and associations. However, one corporate initiative of particular note, and that has been referenced in document UNEP/CBD/WGRI/5/10, involves the efforts that Puma has been taking to find the true costs in environmental terms of its products. The environment profit and loss (EPL) studies that it has started have both shown the impact of Puma's manufacturing processes and demand for materials, but also how these impacts are distributed along its supply chain (with the vast majority being concentrated at lower tier suppliers (76% at Tier III and IV suppliers) versus the impact of the "parent" company (6%)). The results are striking in that they, not only show the complexity of the issue, but also a way in which companies can create real opportunities from this challenge by effectively and proactively managing the supply chain. Other organizations are examining the EPL model with interest, and Novo Nordisk, a Danish pharmaceuticals company, recently published a similar EPL in collaboration with the Danish Environmental Protection Agency.

A. Business organizations

16. The World Business Council for Sustainable Development (WBCSD) initiated Action2020, its primary platform for business to work towards a sustainable future, with almost 200 members from across all sectors and regions. Over the next few years, the WBCSD will shape its activities around Action2020's nine priority areas, one of which is ecosystems. The priorities in the ecosystem area are based upon the Aichi Biodiversity Targets. A primary concept arising from Action2020 is the notion that investing in natural infrastructure is key to fulfilling the targets. This is based on the notion that natural infrastructure, in many cases, can provide the same services and benefits as man-made infrastructure, often at a lower cost. WBCSD also recently spearheaded a coalition (of which the CBD Secretariat was a part) to create the "Pitch for Nature", a short video highlighting the value of nature to business (<http://www.pitchfornature.com/>).

17. Eco4Biz, which was developed by the WBCSD with inputs from many other partners (including the CBD Secretariat), has been designed to provide a structured overview of existing tools and approaches that are publicly available. The aim is to help companies make better-informed decisions about which tool they could apply when assessing and managing their ecosystem impacts and dependencies in order to ultimately lower risk and enable companies to be more competitive over time. Eco4Biz clusters tools around two questions corporate managers might ask themselves: (a) at what scale would you like to carry out an assessment, i.e. global, landscape or product level?; and (b) what outputs would best support your decision making, e.g. a map, a quantitative value, or a score showing priority areas? It is hoped that Eco4Biz will encourage companies to broaden their assessment beyond traditional environmental management to include ecosystem services and biodiversity.

18. Another example of this type of compilation is the report by Business for Social Responsibility (BSR) entitled *Measuring and Managing Corporate Performance in an Era of Expanded Disclosure: A Review of the Emerging Domain of Ecosystem Services Tools*.² This is intended to help corporate decision-makers understand and assess the current state of play within the ecosystem services tool landscape. This report offers a view of the full suite of current tools. It also suggests areas of corporate application and summarizes the challenges that private-sector representatives reported during interviews in 2011 and 2012. The report also lays out a few pathways forward that could accelerate pilot testing as well as the process of verifying and validating ecosystem services tools.

19. Several initiatives are looking at issues around supply chains and primary producers of products. One recently inaugurated example is the Responsible Ecosystems Sourcing Platform (RESP). The

² http://www.bsr.org/reports/BSR_Ecosystem_Services_Tools.pdf.

platform, which is an offshoot of the United Nations Conference on Trade and Development (UNCTAD), is a multi-stakeholder initiative with a mission to create net positive impacts by fostering business-driven changes. The focus of the platform is on the sustainable use of biodiversity and national resources, while emphasizing the collaborative approach between different stakeholders and sectors. The platform concentrates on three specific sectors: cosmetics, fashion, and jewelry while trying to enhance the collaboration in four priority areas: wool fibre; reptile skins; natural ingredients; and colored gemstones. Other organizations dealing with producers include various commodity round tables (the Round table on Sustainable Palm Oil, the Round table for a Sustainable Cocoa Economy, the Sustainable Commodity Initiative, the Tropical Commodity Coalition, the Global Round table for Sustainable Beef, the Round Table on Responsible Soy, the Better Sugarcane Initiative, the Global Forest and Trade Network, and the Round table on Sustainable Biomaterials). In addition, organizations such as WWF and UNDP are undertaking significant work with commodities producers and consumers, with the intention of creating a critical mass within major industries that will then impel progress across various sectors.

20. There are also a number of groups involved in the issue of Biotrade, including, inter alia, the Union for Ethical Biotrade and the United Nations Conference on Trade and Development (UNCTAD). The term Biotrade refers to those activities of collection/production, transformation, and commercialization of goods and services derived from native biodiversity (species and ecosystems), under criteria of environmental, social and economic sustainability.³ Some of these groups have been focused on helping companies to understand how this trade relates to access and benefit-sharing and the potential obligations that will come into force under the Nagoya Protocol. In addition, a lot of work on commodities (particularly more specialized products used in the cosmetics, fashion and certain food industries) is being undertaken by these groups. One important element that is being addressed, and needs to continue, is the distinction between ABS, which deals with genetic resources, and so-called “fair-trade”, which is more concerned with actual products. Businesses, and in particular their suppliers, need to be kept aware of their obligations under these different schemes, and ensure that in both cases biodiversity is respected and protected in their processes.

21. Many global organizations and commodity round tables analyse industrial performance on a sectoral basis. In addition, there are initiatives related to biodiversity in various areas, which include the following.

(a) *Cross Sector Biodiversity Initiative*: IPIECA (the global oil and gas industry association for environmental and social issues), the International Council on Mining and Metals (ICMM), and the Equator Principles Association launched a Cross Sector Biodiversity Initiative in February 2013 in Washington, D.C. The initiative aims to explore and develop practical tools and share good practices for the effective application of the mitigation hierarchy, which is referenced in the International Finance Corporation (IFC) Performance Standard 6 on biodiversity conservation. Industry experiences will be shared through the CSBI in order to encourage learning and continuous improvement. The collaboration was initially trialled for one year with a view to longer-term expanded collaboration. Although the CSBI has an industry focus, the initiative also engages with external groups with an interest in the mitigation hierarchy and biodiversity offsets;

(b) *UNEP-FI Natural Capital Declaration (NCD)*: This is a finance sector initiative, endorsed at the CEO-level, to integrate natural capital considerations into loans, equity, fixed income and insurance products, as well as in accounting, disclosure and reporting frameworks. To achieve this, signatory financial institutions are working alongside supporter organisations to develop metrics and tools to help incorporate natural capital factors across their businesses. This is being done through four working groups, which are focusing on understanding, embedding, accounting for and disclosing on natural capital. It is supported by a Secretariat formed by the United Nations Environment Programme Finance

³ Definition from the Glossary of the Biotrade Initiative under the United Nations Conference on Trade and Development (UNCTAD). See: <http://www.biotrade.org/aboutGLOSS.asp>.

Initiative (UNEP FI) and the Global Canopy Programme (GCP). While the Declaration remains open for signing by financial institutions, the NCD Secretariat is now focusing on practical implementation of the commitments in the Declaration. The NCD defines natural capital as the stock of ecosystems that yields a renewable flow of goods and services that underpin the economy and provide inputs and direct and indirect benefits to businesses and society. Natural capital is a subset of environmental, social and governance (ESG) factors that can be material to financial institutions, mainly through their allocations of capital to companies through loans and investments or premiums as part of insurance contracts;

(c) *IFC Performance Standards and the Equator Principles*: The International Finance Corporation's (IFC) Performance Standards have been reflected in the Equator Principles. The Equator Principles are a risk management framework, adopted by financial institutions, for determining, assessing, and managing environmental and social risk in projects. They are primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. Currently there are 79 Financial Institutions in 35 countries that have officially adopted the Equator Principles, covering over 70% of international project finance debt in emerging markets. Financial institutions commit to implementing the Equator Principles in their internal environmental and social policies, procedures and standards for financing projects and will not provide project finance or project-related corporate loans to projects where the client will not, or is unable to, comply with the principles. In addition, other financial institutions also reference IFC's Performance Standards in their policies, including 15 European Development Finance Institutions and 32 Export Credit Agencies from countries belonging to the Organisation for Economic Co-operation and Development;

(d) *Natural Resource Stewardship Circle (NRSC)*: The NRSC is a non-profit organization founded in 2008 in Grasse, France, by representatives of beauty, fragrance, and flavours companies, farming communities, and the Indigenous cause. These individuals all share a common commitment to responsible sourcing. To express this commitment, they drafted and signed the Resolution Text, a founding document based on the principles of the Convention on Biological Diversity and other international agreements. The NRSC is composed of presidents, CEOs, and chairpersons of companies in the relevant industries that have been approved by the Board of Directors. Several workgroups are currently in progress in various countries. The majority of them involve raw materials for fine fragrances and cosmetics. Other workgroups focus on sharing knowledge regarding the status of supply chains, together with best practices and unsuccessful practices. They involve local and indigenous communities, local producers, international organizations on biodiversity issues, and ministries of agriculture. They are represented at congresses and international conventions. Specific teams are assigned to the NRSC processes, permanently updating the tools and the documents for certification and communication. The workgroups include key actors in the supply chains, those having the capacity to impact biodiversity and responsible sourcing when establishing specifications;

(e) *The World Ocean Council (WOC)*: The WOC brings together the diverse ocean business community to collaborate on stewardship of the seas. This unique coalition is working to improve ocean science in support of safe and sustainable operations, educate the public and stakeholders about the role of responsible companies in addressing environmental concerns, more effectively engage in ocean policy and planning, and develop science-based solutions to cross-cutting environmental challenges that cannot be solved by one company or industry, such as: invasive species, ocean noise, marine mammal impacts, marine debris, the Arctic, and others. The WOC is engaging a wide range of ocean industries, including: shipping, oil and gas, fisheries, aquaculture, tourism, renewable energy (wind, wave, tidal), ports, dredging, cables and pipelines, carbon capture and storage, as well as the maritime legal, financial and insurance communities, and others. A growing number of companies and associations share the WOC vision of a healthy and productive ocean and its sustainable use and stewardship by responsible businesses and call on other businesses to join them;

(f) *The Global Partnership for Sustainable Tourism*: This is a global initiative launched in 2011 to inject sustainability principles into the mainstream of tourism policies, development, and

operations. It emerged as a more permanent successor to the International Task Force on Sustainable Tourism Development (ITF-STD). The Secretariat is hosted by the United Nations Environment Programme, Division of Technology, Industry, and Economics (UNEP-DTIE). The Global Partnership for Sustainable Tourism aims to make tourism more sustainable by partnering with governments, destinations, enterprises and consumers in the tourism supply chain to implement projects that are innovative and transformative. As the global clearinghouse for sustainable tourism projects, the Global Partnership will support its inscribed partners in undertaking actions that promote the implementation of policies, planning and private sector investments and management practices which mainstream sustainability in this vital and growing economic sector. The mission of the Global Partnership for Sustainable Tourism is to develop partnerships based on sustainable tourism principles to support the adoption of clear policies and management practices, share knowledge and experience and implement innovative and transformative projects with the aim of scaling up sustainable tourism practices, worldwide.

B. Standards

22. Voluntary sustainability standards have grown rapidly in number and importance over the past decade. The growth of voluntary sustainability standards has occurred in parallel with growing recognition of the importance of economic drivers in implementing sustainable development. Voluntary standards have evolved in response to the risks that companies face due to the potential environmental or social harm associated with their activities. In addition, the lack of clear political and regulatory guidance creates increased uncertainty, prompting businesses and other stakeholders to take the initiative. A major ongoing challenge is therefore obtaining support and guidance by governments, vis-à-vis clear and concise commitments and standards.

23. An indication of the increasing uptake of sustainability standards by businesses was given by the *State of Sustainability Initiatives Review 2014*, produced by the International Institute for Sustainable Development and other partners (http://www.iisd.org/pdf/2014/ssi_2014.pdf), which revealed the following development:

“Sustainability standards continue to experience exceptional growth. The average annual growth rate of standard-compliant production across all commodity sectors in 2012 was a stunning 41 per cent, significantly outpacing the annual average growth of 2 per cent in the corresponding conventional commodity markets. Growth in compliant production was strongest in the palm oil sector, which experienced 90 per cent growth in 2012. Other leading commodity sectors for production growth in 2012 were sugar (74 per cent growth), cocoa (69 per cent growth) and cotton (55 per cent growth).”

24. Sustainability standards have forcefully penetrated mainstream markets. The Review reveals a persistent trend in sustainable sourcing commitments by manufacturers, which is resulting in significant penetration in several commodity markets. For example, standard-compliant coffee, which led in terms of market penetration, reached a 38% share of global production in 2012 (up from 9% in 2008). Other commodities with significant shares of global production in 2012 include cocoa (22%; up from 3% in 2008), palm oil (15%; up from 2% in 2008) and tea (12%; up from 6% in 2008). It was also noted that the criteria of voluntary sustainability standards has been declining as standards target mainstream markets. An analysis suggests that newer, mainstream-oriented standards apply criteria of reduced depth and breadth as a means of allowing for more rapid uptake. Most initiatives contain few criteria related to economic sustainability, reflecting a general belief that economic benefits should follow automatically upon reaching compliance.

25. These standards can offer an important contribution to sustainable economic development in that they can help the market to better achieve full-cost accounting in the pricing mechanism as well as facilitating investment in sustainable technologies and practices. However, the ability of standards to

accomplish this depends on their credibility and objective accuracy in linking claims of product sustainability to outcomes on the ground. While the prevalence of these kinds of commitments is growing, their effects are still somewhat difficult to definitively assess.

C. Workshops and activities

26. There are a wide range of workshops and symposia being undertaken in different sectors (and cross-sartorially) around the world. Many of the workshops listed above in section two could also be included in this section. The following set of activities represents some of the activities that have been undertaken. As with the list of activities in section II, the primary criteria for inclusion, are those in which the CBD Secretariat has played a role:

(a) *Third International Forum of CRS Pioneers in Africa*: This meeting, held in Accra, Ghana on 27-28 November 2013, was the third in a series of conferences held in Africa dealing with corporate social responsibility (CSR) issues for African businesses. The workshop was co-organized by Institut RSE, Kilimandjaro (a resource for CSR in Africa), and the Ghana Employers Association. More than 100 participants from across West Africa attended. The conference covered a wide range of issues, and demonstrated that despite the interest, there remains a rather weak understanding of CSR in general amongst the target audience. That said, there were a number of very strong case studies presented (both African and multinationals) and some specific issue related presentations on certain aspects of CSR. The CBD Secretariat presented the business case for preserving biodiversity as well as the Secretariat's work to date in engaging with the business community which generated interest from a number of participants at the workshop;

(b) *B4E Summit (India)*: Held in April 2013 in New Delhi, this meeting was designed to bring together businesses and other stakeholders to raise awareness of sustainability issues. The summit was one in a series of B4E conferences held around the world. Natural capital/biodiversity issues were strongly addressed at this conference, well-situated in the context of the overall sustainability agenda. Given the size and scope of the Indian market, many of the issues and solutions were focussed directly on the sub-continent, although there were international experts also present who lent a broader perspective. The CBD Secretariat, which has partnered with B4E, took an active role in several sessions during this summit;

(c) *Launch of the TEEB for Business Coalition (renamed the Natural Capital Coalition)*: There were two related workshop sessions held on 6 November 2012, the first of which saw the launch of the Singapore Business Council for Sustainable Development (Singaporean chapter of the WBCSD) and the second the launch of the TEEB for Business Coalition. The events were well attended with over 200 representatives from business and other stakeholder groups. The TEEB for Business Coalition is a global, multi stakeholder open source platform for supporting the development of methods for natural and social capital valuation in business. It's founding organisations and supporters include: the Institute of Chartered Accountants in England and Wales (ICAEW); H.R.H The Prince of Wales' Accounting for Sustainability Project; the International Union for Conservation of Nature (IUCN); the World Business Council for Sustainable Development (WBCSD); WWF-UK; the Economic Development Board of Singapore; Conservation International; the Global Reporting Initiative; Global Initiatives; and the World Bank. There are also a number of other participants and observers, including the CBD Secretariat, represented in the coalition. The Coalition, which has since been renamed the Natural Capital Coalition, is in the process of developing Natural Capital Protocols which will be designed to help systemize the approach to natural capital accounting;

(d) *Meeting of the World Biomimetic Foundation*: This meeting took place in Barcelona, Spain on 15 November 2013. The meeting served to launch and introduce this new Foundation which seeks to make the business case for protecting biodiversity based upon the potential for bio-mimicry (using natural designs or structures as an analogy for man-made products). The foundation is based in

Spain, but works around the world. The CBD Secretariat made a presentation about the Convention and the Global Partnership for Business and Biodiversity;

(e) *World Forum on Natural Capital*: This well attended and comprehensive conference on Natural Capital, the first of what is hoped to be a biannual event, was held in Edinburgh, United Kingdom, on 21-22 November, 2013. The meeting attracted numerous organizations and corporations, several governments and, of particular note, a large number of businesses. The conference was organized in plenary sessions and four parallel streams involving the financial sector, supply chains, primary industries and infrastructure, and collaborative frameworks. It is difficult to pick out particular highlights as the quality of the presentations, discussions and case studies was universally strong. CBD Secretariat was part of a panel session on collaborative frameworks and held numerous side-meetings with relevant organizations to build on existing relationships or establish potential new collaborations to advance business engagement for the objectives of the Convention.

IV. ACTIVITIES CARRIED OUT BY THE EXECUTIVE SECRETARY

27. In decision XI/7 paragraph 5, the Conference of the Parties requested the Executive Secretary to: facilitate dialogue among business, government and other stakeholders through ongoing support for national, regional and international business and biodiversity initiatives, using the Global Partnership as a framework; compile information on best practices and facilitate the engagement of businesses, governments and other stakeholders in adopting such practices; work with partners to further refine the analysis of the various tools and mechanisms; and raise awareness about the conservation of biodiversity and sustainable use of its components and the drivers of biodiversity loss thereby assisting businesses to build capacity related to biodiversity and ecosystem services.

A Facilitation of dialogue among business, government and other stakeholders

28. The primary vehicle for efforts by the Secretariat towards facilitating dialogue among business, government and other stakeholders (decision XI/7/5a) has been the development and support of the Global Partnership for Business and Biodiversity and its component national and regional initiatives.

29. The Global Partnership for Business and Biodiversity, which stemmed from decision X/21, links together various existing programmes into National and Regional Initiatives. These programmes are then encouraged to share information and best practices, and cooperate so as to encourage mainstreaming of biodiversity concerns by companies. The National and Regional Initiatives also link together businesses, governments and other key stakeholders so as to encourage information sharing and the facilitation of greater understanding and action by businesses at the national level. The role of the Partnership is to facilitate greater dialogue and cooperation amongst existing and newly created groups and ensure that their collective efforts are as complementary and efficient as possible.

30. After COP 11, the Global Partnership for Business and Biodiversity saw the development of a governance document designed to establish a governance structure and process for the organization. The document lays out basic membership requirements to the Global Partnership noting that members of each National or Regional Initiative are automatically part of the Partnership. In addition, the document notes that each country or region will have a single “voice” representing various constituent national/regional initiatives and/or programmes, and that the decision as to which specific national/regional initiative will serve as the representative for that country/region in the Global Partnership will be up to the respective individual countries/regions. The document also reflects the decision taken at COP that the Global Partnership should be facilitating a dialogue between business, Government and other relevant stakeholders, but it notes that the specific role of government in the various initiatives will be at the discretion of those individual initiatives.

31. The third meeting of the Global Partnership for Business and Biodiversity held on 2-3 October 2013 in Montreal, Canada (reported below) had a session specifically designed for the national/regional initiatives to discuss issues related to the functioning and management of the Global Partnership. One major issue dealt with the design and structure of an Executive Committee. It was decided that the executive committee will provide direction and support to the Partnership and will be responsible for making decisions pertaining to the further development and management of the Partnership. In addition, the executive committee will participate as an observer at COP meetings on behalf of the Partnership and its members. An interim committee has been created to work on the establishment of an inaugural executive committee. Other subjects that were dealt with included the future directions of the Global Partnership, annual meetings, and issues related to communication and marketing of the Partnership.

32. The Global Partnership for Business and Biodiversity is currently in the process of accepting formal membership applications, the full list of which can be found on the CBD Global Platform business and biodiversity website (http://www.cbd.int/business/National_Regional_BB_Initiatives.shtml). As of May 2014, there were 15 formal members in the Partnership, with a number of prospective members in the process of creating national initiatives expected to request membership in the near future. In further support of the Partnership, the Secretariat has begun compiling a newsletter based on the latest activities undertaken by the various national and regional initiatives. Depending on interest and the growth of the Partnership, the intention is to publish such newsletters on a regular basis.

33. Recent years have seen a growing number of groups and initiatives involved in the area of business and biodiversity and natural capital, both at the national and the global level. The work of many of these, including that of the CBD Secretariat, touches on different aspects, including awareness raising, provision of tools, standards setting, commodities, resource mobilization. Some initiatives are multi-stakeholder efforts involving large numbers of partners, others are single-issue projects. The growing number of activities can add significantly to the knowledge available in this area and has the potential to reach many companies in different sectors around the world. However a disconnected approach can lead to inefficiencies and overlaps. Furthermore, the number and variety of programmes can prove daunting to companies looking for information, particularly small and medium-sized enterprises (SMEs) with relatively limited resources and knowledge in this area. The Secretariat is therefore preparing an initial scoping of the major initiatives and actors in this area. This mapping will be further developed in order to help avoid duplication as well as to foster increasing collaboration amongst the different stakeholders involved. This exercise will also be of direct use in the ongoing development of the Global Partnership for Business and Biodiversity, which aims to create connections between different networks at the national, regional and global levels.

B. Compiling information on best practices

34. Work on this issue (referenced in decision XI/7/5b) has been pursued through the following activities of the CBD Secretariat:

(a) *Business and Biodiversity Website*: The Secretariat's Global Platform for Business and Biodiversity continues to be refined with further case studies and tools being added. Recently, there have been discussions with various partners also creating comprehensive "hub" websites for this type of information to try to create a type of networking structure whereby the sites can be mutually supportive and ensure that traffic is maximized and flows to where it can be best served;

(b) *Newsletters*: The *Business.2020* magazine (which evolved from the *Business.2010* newsletter prior to COP 10) has been published by the CBD Secretariat continuously since 2006. Two editions of the *Business.2020* magazine have been prepared by the Secretariat since COP 11. These included: business and biodiversity in India; and a review of 2012 for business and biodiversity; with a third edition business and biodiversity in Canada currently under preparation. There have some changes to the magazine instituted in the past year, including a greater focus on themes linked to specific aspects

of the CBD business decisions, country focus, or priority sectors. In addition, the Secretariat has instigated a greater use of electronic distribution, including through social media, with the newsletters being more closely linked to the Global Platform website. This has resulted in significantly reduced print runs, with a consequent saving of both funds and natural resources. The full archive of newsletters can be found at: <http://www.cbd.int/business/newsletters/>;

(c) *Sustainable public procurement*: The Secretariat began a collaborative effort with UNEP-DTIE and ICLEI in late 2012 to look at the issue of biodiversity and the sustainable use of natural capital in public procurement. Some of the initial work that has been undertaken in this regard includes a survey to governments incorporating elements of biodiversity and a joint information session which was held on this topic during COP 11. Further work is being planned to follow-up on the survey results. A review on the issue of sustainable public procurement prepared by the Secretariat is provided in the annex to this document.

C. *Analysis of various tools and mechanisms*

35. As with the activities on best practices noted above, tasks related to the analysis of tools and mechanisms (as requested in decision XI/7, paragraph 5 (c)) represents a continuation of ongoing work and research projects with partners. The following represent the major elements of this work:

(a) *Analysis of standards*: The UNEP World Conservation Monitoring Centre (UNEP-WCMC), in collaboration with the CBD Secretariat and other partners, undertook a review of biodiversity and ecosystem services requirements of standards and certification schemes covering 36 standards across 8 industry sectors. The study noted a great deal of variation between standards regarding coverage of biodiversity, definitions used, and measures adopted for biodiversity protection and also observed that specific guidance on managing ecosystem services was rarely given. This was published as CBD Technical Series volume #63 “*Review of the Biodiversity Requirements of Standards and Certification Schemes*”. Building on the work that was begun in this initial study, the second phase of this research is entitled “*Best Policy Guidance for the Integration of Biodiversity and Ecosystem Services in Standards*” and is available as Technical Series #73. This second step builds upon the earlier work by examining best policies in standards systems with regard to the biodiversity and ecosystem services safeguards. It does this by providing an overview of some of the key issues and approaches related to biodiversity management that could be adopted by standard setting organizations. These include the identification of principles or commitments that fit with the intent of the standard and support attainment of the Aichi Biodiversity Targets. Other overarching approaches that are discussed include an integrated ecosystem services approach to help ensure that the benefits that natural ecosystems and processes provide to people are maintained, and a landscape approach to help ensure that operations support the wider sustainability objectives of a landscape. The study also discusses the five pressures that economic activities pose to biodiversity and ecosystem services and provides specific guidance on how each pressure can be addressed. These pressures are habitat and land cover change; harvest and resource consumption; pollution and external inputs; climate change; and invasive species and genes. UNEP-WCMC has also produced an “A to Z guide” which aims to address the issue of consistency in terms and definitions across different standards. This work was begun prior to COP 11 but finalized afterwards;

(b) *Analysis of tools*: The reports and tools highlighted in section III complement the CBD Secretariat’s Global Platform for Business and Biodiversity (www.cbd.int/en/business/tools-and-mechanisms) which is being refined and updated to act as a portal for the analysis and dissemination of information. In addition, the Global Platform is being “networked” with other web-based platforms, such as the Corporate Ecoforum Natural Capital Hub (<http://www.corporateecoforum.com/>) and other similar sites that are being constructed as to create a coherent, synergized and seamless flow of information in this area;

(c) *SME Guide*: The Secretariat has undertaken a project aimed primarily at SMEs as well as those companies that have not begun to seriously consider the issue of biodiversity and sustainability in

their business practices. The document “Biodiversity and Business: Making the Case for a Profitable Change” takes a straightforward and entry level approach to this subject, explaining the basics of biodiversity loss, the business case, and introduces some of the steps that can be taken as well as available tools and mechanisms that can be of assistance in this process. Although this is meant as a stand-alone document, it directly complements the compilation of tools and mechanisms on the Secretariat’s Global Platform website and is intended to act as a way of making these items more accessible to businesses. It has been widely reviewed and will be ready for release for final web release shortly.

D. Awareness-raising

36. With respect to the fourth element of the request of the COP to the Executive Secretary (decision XI/7/5d), a variety of activities have been undertaken since COP 11 that have contributed to awareness raising. The CBD Secretariat was actively engaged in the country and industry workshops listed in sections II and III of this document. In addition to these events, messages of support were sent to other meetings that took place in Europe, Asia, Africa, and Latin America over the past two years. Since COP 11, the Secretariat has also contributed to a variety of collaborative projects designed to raise awareness of biodiversity and help business mainstream the goals of the Convention into their activities.

E. Third meeting of the Global Partnership for Business and Biodiversity

37. A major activity undertaken by the Secretariat involved the organization and convening of the third meeting of the Global Partnership for Business and Biodiversity, held in Montreal, Canada, on 2 and 3 October 2013. The meeting was attended by over 180 participants from more than 25 countries, approximately half from Canada, who represented a cross section of business sectors, as well as government, NGOs and academia. The meeting involved about 60 speakers in nine concurrent sessions that included panels on ABS, Safeguards, Supply Chain Management, Agrifood, Retail/Consumer Goods, Extractive Industries, Sustainable Public Procurement, Standards, and Engagement of Stakeholders. The discussions and subsequent recommendations echo many of the conversations that have been undertaken in other fora around the world, covering similar topics. These recommendations were not confined to the topics discussed, but rather covered topics related to the issue of business engagement and mainstreaming of biodiversity more broadly. The meeting generated a number of recommendations with regard to Reporting, Accounting and Resource Mobilization, and Standards and Engagement. The full report of this meeting is available on the CBD website at: <http://www.cbd.int/business/bc/3m.shtml>.

Annex

SUSTAINABLE PUBLIC PROCUREMENT

STATUS AND POTENTIAL OF INTEGRATING BIODIVERSITY OBJECTIVES IN PUBLIC PROCUREMENT POLICIES

EXECUTIVE SUMMARY

Government procurement is of considerable economic significance at both the domestic and international levels. It accounts for a significant proportion of national GDP. But the multitude of different systems, criteria and approaches to Sustainable Public Procurement (SPP) risks confusing suppliers and purchasers. Furthermore, the integration of biodiversity aspects into SPP is often limited due to restricted availability of tools and knowledge. It is therefore important, that SPP receives renewed support and is stimulated to become an essential part of the development of green economies. Through their purchasing choices, governments have the potential to significantly influence consumption of environment-friendly products. Sustainable procurement can provide a boost to sustainable entrepreneurship and send a strong signal to companies.

It is currently rather difficult to measure and assess progress in procurement and the impact it has on biodiversity, respectively sustainability at large. The main reason being, that no well-defined indicators are yet available to measure direct impacts such as species or ecosystems protected. Furthermore, in many cases where SPP is applied, the indicators and criteria used refer to other major environmental impacts such as climate change. Impacts on biodiversity can therefore only be analysed indirectly. Any kind of monitoring and impact assessment of SPP requires clear data and definitions. This is presently not yet sufficiently available, such impacts must be estimated.

This report contains first an overview of the regulatory framework of SPP, such as the World Trade Organization and the 10-Year Framework of Programmes on Sustainable Consumption and Production, as well as an overview of SPP under the Convention on Biological Diversity. The third section illustrates some examples and best practices of SPP from various regions. General approaches by Canada, Peru and South Africa are followed by specific examples related to sustainable food procurement. The focus is here placed on public food procurement as it is commonly used to improve specifically environmental impacts and thus has a close link to biodiversity related aspects. This is followed by an analysis of what kind of biodiversity related criteria are used and what impacts on biodiversity might be expected.

The fourth section deals with requirements for biodiversity integration into SPP practices. Specifically, capacity-building at the national level, political support and regulatory frameworks, NBSAP criteria, and standards are addressed.

I. INTRODUCTION

Sustainable Public Procurement (SPP) is about ensuring that the products and services purchased by the government are sustainable, both in the sense of smallest environmental impact as well as in terms of having the most positive social impacts, while still being economically viable. SPP can be applied by all levels of government, i.e. national, regional and municipal. Through its procurement policies and procedures, governments can see many benefits internally and across society as a whole. These include environmental improvements, financial savings and better working conditions. Public procurement has a significant impact on the economy and thus the potential to contribute greatly to economic growth in a wide range of industrial sector. Governments can use their purchasing power as a long-term incentive to

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stimulate green investment, production and innovation across domestic and global value chains by strategically investing in certain sectors.

Present patterns of consumption are mainly unsustainable and responsible for resource degradation and depletion. Sustainable consumption means consuming in a way that is more efficient, i.e. produces less waste and poses less risks to human health and to the environment.

While a great deal of work has been done in the last five years and many countries now have adopted an SPP policy or policy measures, difficult economic conditions may offset this trend. Barriers such as the persistent idea that these sustainable products are more expensive may also hinder further progress. Moreover, the multitude of different systems, criteria and approaches to SPP risks confusing suppliers and purchasers.⁴ It is therefore important, that SPP receives renewed support and is boosted to become an essential part of the development of green economies and that its potential to create green economies is widely recognized.

This report contains first an overview of the regulatory framework of SPP and its discussion under the Convention on Biological Diversity. The third section illustrates some examples and best practices of SPP from various regions. The focus here is placed on public food procurement as it is commonly used as a tool to specifically improve environmental impacts and thus has a close link to biodiversity related aspects. The fourth section deals with requirements for biodiversity integration into SPP practices.

II. Background

A. Policy targets and economic impact

Government procurement is of considerable economic significance at both the domestic and international levels. It accounts for a significant proportion of national GDP. At the domestic level, the procurement of goods and services by government agencies provides inputs that enable governments to deliver public services. Procurement systems have a significant impact on the efficiency of use of public funds and, more generally, on public confidence in government and on good governance.

Public spending accounts for an average of 12% of GDP in OECD countries and up to 30% in developing countries and has as such a significant purchasing power. The economic impact of public procurement is thus significant. Shifting that spending towards more sustainable goods and services can help drive markets in the direction of innovation and sustainability, thereby enabling the transition to a green economy.⁵

The main objective of procurement law is providing an adequate legal framework for the acquisition of goods and services, to be used by governments themselves or by any of their affiliated service institutions. Furthermore, procurement policies generate transparency such that potential bidders are subject to equal conditions and opportunities in a particular procurement process. Governments can use procurement policies to achieve specific purposes as i. a. economic objectives as improving resource-efficiency and realizing financial savings. Non-economic goals such as raising environmental and social standards are often targeted as well.

Through their purchasing choices, governments have the potential to significantly influence consumption of environment-friendly products. In defining their SPP policies, governments often create their own definitions of SPP. However, common principles may include:

⁴ UNEP (2013). Sustainable Public Procurement: A Global Review. Available on [http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20\(2\).pdf](http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20(2).pdf).

⁵ UNEP (2014). The 10YFP Programme on Sustainable Public Procurement. Available on http://www.unep.org/10yfp/Portals/50150/downloads/Brochure_SPP%20Programme_10YFP.pdf.

- Achieving other goals for procurement practices, including value for money, transparency, fairness, non-discrimination, competition, verifiability and accountability;
- Balancing economic, environmental and social factors when making purchasing decisions;
- Generating benefits to society and/or reducing negative social outcomes;
- Generating benefits to the environment and/or reducing environmental impacts;
- Considering the impacts of a product or service being bought over its full life-cycle;
- Seeking resource efficiency and financial savings;
- Helping to optimize costs, including encouraging life cycle costing or whole of life costing methods;
- Improving the quality of products and services available on the market;
- Demonstrating leadership, and by so doing generating new market opportunities for greener companies, products and services.⁶

Specifically the influence of local governments on SPP cannot be underestimated. The Procura+ programme, initiated by ICLEI – Local Governments for Sustainability, is one example of how local governments are enabled to use their purchasing power with regard to achieving environmental targets. Sustainable procurement by local governments is used as a tool to conserve biodiversity. Sustainable procurement can provide a boost to sustainable entrepreneurship and send a strong signal to companies. According to ICLEI, sustainable procurement can thus help to green supply chains, assist in properly valuing environmental impacts (emissions or natural capital) and drive innovation.

B. Regulatory framework

There is a wide variety of approaches to adopting SPP. For most countries, public procurement is influenced by international legal and regulatory frameworks such as the Government Procurement Agreement (GPA) from the World Trade Organization (WTO). WTO GPA is a voluntary plurilateral mutual agreement that establishes rules for tendering. It is intended to make government procurement markets less discriminatory and more transparent. Furthermore, public procurement guidelines developed by the World Bank or development finance institutions, including multilateral regional development banks, are becoming increasingly important.⁷

The revised WTO Agreement on Government Procurement came into force on 6 April 2014, effectively two years from the date on which the Protocol amending the Agreement was adopted in March 2012. The GPA is a plurilateral agreement under the WTO Agreement, meaning that not all Members of WTO are bound by it.

The revised Agreement streamlines and modernizes the text of the Agreement, for example by taking proper account of the widespread use of electronic procurement tools. It provides gains in market access for the Parties' businesses that have been estimated to be in the range of \$80-100 billion annually. The revision also incorporates improved transitional measures that are intended to facilitate accession to the Agreement by developing and least developed economies.

The GPA commits members to certain core disciplines regarding transparency, competition and good governance in the public procurement sector. It covers the procurement of goods, services and capital infrastructure by public authorities. The aim is to open up, as much as possible, government procurement markets to international competition and to help eradicate corruption in this sector.

⁶ UNEP (2013) Sustainable Public Procurement: A Global Review. Available on [http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20\(2\).pdf](http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20(2).pdf)

⁷ Ibid.

The 10 Parties that have, to date, accepted the Protocol to amend the Agreement are Liechtenstein, Norway, Canada, Chinese Taipei, the United States of America, Hong Kong (China), the European Union, Iceland, Singapore and Israel. In addition to the 43 WTO Members that already participate in the GPA, 10 other WTO Members, including China, Moldova, Montenegro, New Zealand and Ukraine, are in the process of negotiating accession to it.⁸

10-Year Framework of Programmes on Sustainable Consumption and Production

At the United Nations Conference on Sustainable Development (Rio+20), Heads of State strengthened their commitment to accelerate the shift towards Sustainable Consumption and Production (SCP) patterns with the adoption of the 10-Year Framework of Programmes on Sustainable Consumption and Production (10YFP). The 10YFP lists sustainable public procurement as one of its main programmes.

Sustainable Public Procurement is an effective tool to accelerate the shift towards SCP, since governments are the largest consumers in an economy. Public purchasing represents 20% of GDP in OECD countries and up to 30% in developing countries. For this reason, SPP was the first 10YFP programme to be launched on 1 April 2014.

The 10YFP programme on SPP is built upon the previous work of the Marrakech Process Task Force on SPP (2005-2011). The 10YFP Programme on SPP also further strengthens and broadens the impact of UNEP's Sustainable Public Procurement Initiative (SPPI), which was launched in June 2012 at the Rio+20 Conference (www.sppinitiative.org). The goal of the SPPI is to promote worldwide implementation of SPP through increased cooperation between key stakeholders and a better understanding of its potential benefits and impacts.

The main objectives of the 10YFP programme on SPP are building the case for SPP through improving the knowledge base on SPP and its effectiveness as a tool to promote sustainable consumption and production as well as supporting greener economies and sustainable development through increased collaboration and better access to capacity building tools. It is structured around four areas of work:

1. Description of SPP definitions, concepts and principles;
2. Monitoring implementation and assessing impacts. This includes communications on the benefits of SPP and promoting best practices;
3. Addressing barriers and promoting innovative solutions. This includes addressing legal barriers and implementing product-service-systems;
4. Cooperating for SPP implementation. This includes collaborating with the private sector as well as with multilateral development banks. The target here is the greening of supply chains and the development of ecolabels and sustainability standards.⁹

The SPP programme is open to all relevant stakeholders interested in engaging to support the implementation of SPP. Interested stakeholders are encouraged to register their project within the SPP programme in order to meet the goals of the 10YFP.

Fostering sustainable consumption and production patterns for the conservation and sustainable use of biodiversity through sustainable procurement policies is the fundamental principles of the 10YFP programme on SPP. It thus constitutes an important tool in progressing sustainable public procurement.

⁸ http://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm

⁹ <http://www.unep.org/10yfp/Programmes/ProgrammeConsultationandCurrentStatus/Sustainablepublicprocurement/tabid/106267/language/en-US/Default.aspx>

C. SPP under the Convention

Previous decisions by the Conference of the Parties

At its eleventh meeting, in October 2012 in Hyderabad, India, the Conference of the Parties adopted decision XI/4 on the review of implementation of the strategy for resource mobilization. Specifically, in paragraph 16, the Conference of the Parties invited Parties and relevant partner organizations to examine their role in establishing enabling conditions for the public and private sector to support the objectives of the Convention and its two protocols, and to submit information on their experiences to the Executive Secretary.

At the same meeting, the Conference of the Parties adopted decision XI/30 on incentive measures. In paragraph 7, the Conference of the Parties encouraged Parties and invited other Governments to consider...inclusion of specific criteria on biodiversity in national procurement plans, national strategies for sustainable consumption and production, and similar planning frameworks, as a contribution to implementing Aichi Biodiversity Target 4.

Strategic Plan for Biodiversity 2011-2020, including Aichi Biodiversity Target 4

In 2010, the Parties to the Convention on Biological Diversity adopted the Strategic Plan for Biodiversity 2011-2020 in Nagoya, Japan, with the purpose of inspiring broad-based action in support of biodiversity over the next decade by all countries and stakeholders. The Strategic Plan for Biodiversity 2011-2020 and the 20 Aichi Biodiversity Targets provide a universally agreed framework for action on biodiversity by all stakeholders.

Aichi Target 4 makes explicit reference to SPP: *By 2020, at the latest, Governments, business and stakeholders at all levels have taken steps to achieve or have implemented plans for sustainable production and consumption and have kept the impacts of use of natural resources well within safe ecological limits.*

This target should be seen as a commitment by Governments, businesses and other stakeholders to take the steps necessary to bring resource consumption to sustainable levels. Specifically, the target requires that steps to achieve sustainable production and consumption have been taken or plans for this purpose have been implemented. Recognizing that achieving sustainable production and consumption is a long term process, this target does not require that sustainable consumption and production is achieved by 2020 but that meaningful steps have been taken or measures put in place by 2020 to achieve it. It further requires that the impacts of natural resource use stay within safe ecological limits. The concept of ecological limits can generally be understood as a point where the amount of resources being extracted or used is less or equal to the amount of resources ecosystems are able to provide on a sustainable basis while maintaining ecosystem functionality. Specific limits vary with different ecosystems depending on ecosystem compositions and conditions and the type and magnitude of pressures being applied. In many cases, the actual limits will be unknown so applying a precautionary approach will be needed.

This target will build upon and contribute to the sustainable consumption and production framework resulting in the Marrakech process. Both, Aichi Biodiversity Target 4 and the 10YFP on SPP, foster sustainable consumption and production patterns for the conservation and sustainable use of biodiversity. They both constitute important and mutually supportive tools in progressing sustainable public procurement. Further, given its cross cutting nature, progress towards this target will help to achieve many of the other Aichi Biodiversity Targets as well as greatly contribute to the overall Mission and

Vision of the Strategic Plan. Fulfilling this target will require dialogue among sectors and stakeholders in order to develop plans for sustainable consumption and production which are effective.¹⁰

Sustainable Public Procurement Initiative by UNEP

UNEP and various partners announced at Rio+20 the launch of a Sustainable Public Procurement Initiative (SPPI) to support a global transition to a green economy through promoting governmental sustainable procurement. The SPPI builds on the work of the Swiss-led Marrakech Task Force on Sustainable Public Procurement that ended its mandate in May 2011.

Supported by over 45 governments and institutions, the SPPI aims to scale-up the level of public spending flowing into goods and services that maximize environmental and social benefits. The goal is to promote worldwide implementation of SPP through increased cooperation between key stakeholders and a better understanding of its benefits and impacts. The objectives are to bring together representatives from governments, local authorities, business sector and civil society. SPPI intends to build the case for SPP, increasing knowledge on SPP and its effectiveness as a tool to promote greener economies and sustainable development, and support the implementation of SPP through collaboration and better access to capacity building tools.¹¹

The Secretariat of the Convention on Biological Diversity joined the SPPI in March 2014 and contributes to its various working groups.

II. SELECTED BEST PRACTICES AND CASE STUDIES RELATED TO FOOD PROCUREMENT

Over the course of the 20th-century, global changes placed tremendous pressure on cities and their food systems, resulting in pollution due to long distance transportation of food, rising food costs, interruptions in food supply, and dramatic losses of agricultural land needed to feed a growing global population. These changes, coupled with broader challenges related to climate change, environmental degradation, and public health crises, made it obvious that food affects communities and daily lives in many ways, both globally and locally.

Sustainable consumption and production in food and agriculture is mainly consumer-driven and involves the implementation of sustainable patterns while respecting the carrying capacities of natural ecosystems. It requires consideration of all phases in the product life-cycle, from production to consumption, and includes such issues as sustainable lifestyles, sustainable diets, food losses and food waste management and recycling, voluntary sustainability standards, and environmentally friendly behaviors and methods that minimize adverse impacts on the environment and do not jeopardize the needs of present and future generations.

Sustainability, climate change, biodiversity, water, and food security are all closely connected. Healthy ecosystems are essential to increase resilience and agricultural production. It is essential that exploiting and harvesting biological resources is carried out without compromising natural capital such as biodiversity and ecosystem services.

Producing food sustainably means: reducing or eliminating pesticides, fertilizers and hormones, ensuring safe and fair working conditions for workers, protecting and enhancing habitat and biodiversity, and

¹⁰ Convention on Biological Diversity, Quick guide to Aichi Biodiversity Target – Sustainable consumption and production. Available on <http://www.cbd.int/doc/strategic-plan/targets/T4-quick-guide-en.pdf>

¹¹ UNEP (2013) Sustainable Public Procurement: A Global Review. Available on [http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20\(2\).pdf](http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20(2).pdf)

reducing energy consumption and polluting emissions in food production, processing, distribution and waste management.¹²

Common agricultural practices may have an immense impact on biodiversity. Food procurement is therefore here used as an example where SPP may result in considerable positive effects for biodiversity.

A. *General approaches to SPP*

The following country examples were presented at the third meeting of the Global Partnership on Business and Biodiversity in Montreal, Canada, in October 2013.

Canada

In 2006, the green procurement policy of the Office of Greening Government Operations, which is part of the Government of Canada, came into effect. The objective of the policy on green procurement is to integrate environmental consideration into the procurement decision making process. Its focus is on environmental issues and considerations, with other aspects of sustainability (i.e. social aspects) being handled by other organizations within the federal government. The policy is implemented within the context of value for money, where environmental impacts and environmental considerations are considered a value among many others. The emphasis is also on a life cycle approach to procurement, considering each step from sourcing material to product manufacture to disposal. This policy is to be implemented on a government-wide basis and integrated into already existing processes. The types of activities to be encouraged include:

- Centralized purchasing strategies, plans and instruments (in reality this is more of a mixed model as not everything is purchased centrally);
- Target setting through reports on plans and priorities;
- Monitoring and use of industry standards and eco-labels;
- Developing and sharing of information and tools

In practice, the procurement policy is meant to help reduce the amounts of material required as well as encourage recycling and reuse as much as possible. As this policy has been developed and implemented, the following was revealed:

- It is a challenge to maintain competition while advancing sustainability as the open-source criteria for procurement requires more than one potential supplier;
- In determining procurement policies it is not just environmental issues that are considered, but also value for money and other factors are important;
- Despite the strong market influence, it is difficult to train everyone along a value chain so challenges to full implementation remain;
- A centre of expertise and having partner organizations is important, particularly in the creation of a principles-based approach that needs to be phased in.

Peru

The Peruvian government issued sustainable public procurement programmes, one of which is the business and biodiversity program (Biodiversidad y Empresas). The focus of this programme is to promote "...innovative, efficient, competitive, socially responsible and environmentally friendly companies, capable of improving the quality of life and increase the welfare of society as a whole." The share of public environment expenditure versus public expenditure is growing slowly due to regulations

¹² FAO (2013) Food wastage footprint. Available on <http://www.fao.org/docrep/018/i3347e/i3347e.pdf>

put in place that prioritize the building of infrastructure in Peru, instead of environmental conservation. The sustainable public procurement programme is engaged with the Ministry of Finance regarding several criteria (i.e. price/quality, procurement). Most of those criteria are still at an early stage of development. Green growth initiatives in Peru include the national public investment system green (which formulates projects related to ecosystems services and biodiversity), environmental national accounting, and eco-efficiency measures for the public sector involving additional provisions of the budget laws. In this way, the concept sustainable public procurement is gradually being integrated into social programmes.

South Africa

South Africa has several policies and programmes in place that address sustainable public procurement, including the National Development Plan, the Public Finance Management Act (PFMA) and the Preferential Procurement Policy, which gives historically disadvantaged people preferential consideration. The idea of green procurement in South Africa is relatively new. Some of the barriers to full implementation include a lack of awareness regarding the issue, a lack of a clear legal mandate, and the premium costs of green solutions. In order to overcome these barriers, various types of support are required such as training, information databases, and cooperation with (and engagement of) various stakeholders. The National Development Plan for 2012-2030 could be a viable way forward to revise biodiversity and public procurement regulations and operations.

B. Sustainable food procurement

Food Strategy - Vancouver, Canada

The City of Vancouver has been working to support a just and sustainable food system since 2003 in partnership with the Vancouver Food Policy Council and countless community organizations. The importance of creating a coordinated food strategy for Vancouver was not only a response to vulnerabilities and challenges, but equally in response to the recognition of what food brings to the city: it greens the environment, promotes biodiversity and contributes to the local economy.

With regard to the aim of creating a just and sustainable food system for the City of Vancouver, the main target of the strategy is to enhance local and sustainable food purchasing by City facilities. Local and sustainable food procurement refers to food purchasing decisions made in a way that consider not only cost and quality, but equally a full range of social, health and environmental sustainability factors associated with conditions of production, processing, and transportation of food. Local and sustainable food procurement entails purchasing mainly locally grown or sustainably produced food for City operations.

According to the City of Vancouver, local institutional food purchasing has a number of benefits:

- City purchasing practices can influence food service companies and distributors to shift purchases to local sustainable food;
- Support of local farmers and processors by providing stable markets for local, sustainable food and contribute to local economic development;
- Shifting purchasing towards local and sustainable food can help create opportunities for new local supply chains and processing infrastructure;
- Increasing the availability of local and sustainable food improves consumer knowledge and awareness about its benefits.

In 2009, the City adopted a Corporate Procurement Policy to guide procurement for the City of Vancouver. The City's sustainable and ethical objectives were incorporated directly into the policy. With

this change, the City envisioned that sustainability and ethical considerations would be included as integral evaluation components in procurement.

In December 2011, Council approved the Greenest City Action Plan which identified the creation of a local and sustainable food purchasing policy as a high priority. In December 2011, the City of Vancouver contracted with Local Food Plus (LFP) to develop, establish and initiate implementation of a comprehensive Local and Sustainable Food Procurement Action Plan. This initiative is aimed at increasing the amount of local and sustainably produced food purchased by, and served in City of Vancouver and Vancouver Parks Board facilities.

The specific actions of the strategy included:

- Measure the percentage of local and sustainable food procured by the City and make recommendations for an appropriate local and sustainable food target.
- Explore opportunities to increase the percentage of local and sustainable food purchased by City and school facilities as a way to support local farmers and producers.
- Explore opportunities to increase the percentage of local and sustainable food purchased by Park facilities including community centres and concessions in parks and beaches.
- Examine opportunities for aggregation of local and sustainable food purchasing among neighbourhood houses, smaller community centres and childcare centres.

The Vancouver Food Strategy shows that buying local and sustainable food improves air quality by reducing emissions due to long distance transportation of food. It aims to localize the food supply chain by facilitating direct marketing opportunities that link local producers with urban consumers, such as farmers markets, community food markets, street food vendors, and urban farmers. This minimizes environmental impacts by reducing food travel distances and supports local economic development.¹³

Public food procurement in Brazil

The Government of Brazil developed a new approach to support both national food production and food access through a local public procurement scheme (Programa de Aquisição de Alimentos, PAA). PPA is a strategic part of the country's wider food security policy framework known as Zero Hunger, which aims to ensure that populations suffering from food and nutritional insecurity have access to food. PPA connects food products coming from smallholder or family farmers with local public institutions, such as community associations, day-care centres and hospitals. Products are bought without a bidding process, providing the farmer with greater access to buyers in an otherwise highly competitive market.

In 2008, around 120 000 farmers were selling products through the scheme to local institutions, which were distributing the food to 16.8 million people. The programme has led to multiple benefits for the farmers, such as increases in productivity and product quality. In addition to the security of financial support, the quality of the food has improved considerably. PPA has further encouraged the production and consumption of neglected native food species, such as cassava.¹⁴

In the Brazilian example, the supply by smallholder farmers was linked to the demand of institutional procurement. This kind of structured demand connects large, predictable sources of demand for agricultural products to small farmers. It reduces economic risks for the farmers and encourages them to improve the quality of their products.

¹³ City of Vancouver (2013) What feeds us: Vancouver Food Strategy. Available on <http://vancouver.ca/files/cov/vancouver-food-strategy-final.PDF>

¹⁴ FAO (2014) Sustainable Local Procurement. Available on <http://www.fao.org/nr/sustainability/sustainability-assessments-safa/en/>

In Brazil, this programme has brought about a shift in public sector food procurement from price concerns to quality and sustainability concerns. Local production coupled with local consumption also reduces the ecological footprint associated with international food procurement.

C. Biodiversity related criteria and impact on biodiversity

It is currently rather difficult to measure and assess progress in procurement and the impact it has on biodiversity, respectively sustainability at large. The main reason being, that no well defined indicators are yet available to measure direct impacts such as species or ecosystems protected. Furthermore, in many cases where SPP is applied, the indicators and criteria used refer to other major environmental impacts such as climate change. Impacts on biodiversity can therefore only be analysed indirectly. Any kind of monitoring and impact assessment of SPP requires clear data and definitions. This is presently not yet sufficiently available, such impacts must be estimated.

Generally, indicators used in SPP are often not directly related to biodiversity. The most commonly used indicators are related to climate change, such as the effects of transportation on greenhouse gas emission levels. However, indirectly, these indicators do have an effect on biodiversity as well since climate change and biodiversity are closely linked with each other. On the one hand, species and ecosystems are directly affected by natural disaster that might be induced by climate change. On the other hand, species and ecosystems might not be able to adapt to an increasingly faster rate of environmental changes likely caused by climate change.

In the examples above, one commonly used criterion for the sustainable procurement of food is local procurement. Procurement from local businesses first of all reduces the need for transportation, which results in fewer greenhouse gas emissions and reduces the need for the construction of roadways and other facilities. Emission reductions are primarily associated with impact on climate change. However, the impact of climate change and impact on biodiversity are closely linked. Reducing climate change related impacts, such as natural disasters or rising temperatures, is thus beneficial for biodiversity. Species and ecosystems are expected to suffer less from disturbances through natural disasters or from rapidly changing environmental conditions. Furthermore, due to reduced construction of roadways, it is likely that ecosystems will be kept intact so as to permit species to migrate and maintain their natural habitat.

Impacts on biodiversity arise mainly in those places where production occurs. Therefore, procuring locally produced food generates greater influence on how food is produced and what impact on biodiversity is caused. Moreover, local producers and businesses can be better managed in terms of their practices and resulting impacts. Governments and local authorities may influence through their procurement choices how local businesses operate. In connecting their procurement choices to certain environmental and social standards, public procurers are able to shift production towards more environmentally – and thus biodiversity – friendly patterns of production.

Local procurement further reduces the need to import food from sources with lower environmental standards or from sources where deforestation and conversion of natural land occurs in favour of monocropping. Local food procurement may therefore indicate less deforestation or conversion of natural land due to agriculture. This may have positive effects on biodiversity since habitats and ecosystems are more likely to be maintained if the demand for food from such agricultural sources decreases. Additionally, local procurement can be an effective option for protecting traditional food cultures and native species, both of which can be essential resources for sustainability.

Often, local procurement is combined with sustainable procurement, which means that the product – in this case food – is produced under environmentally and social conditions that do not harm the environment or workers but at the same time maintain economic viability. Environmentally sustainable production of food usually means that not pesticides, fertilizers or environmental pollutants are used. In

combinations with sustainably managed land, this may increase the resilience of ecosystems. More resilient ecosystems usually mitigate the impacts of extreme weather events, such as droughts and floods.

Another common criterion used for sustainable food procurement in the examples above is the reduction of the amount of food waste. According to the Food and Agriculture Organization (FAO), the carbon footprint of food produced and not eaten is estimated to be 3.3 Gtonnes of CO₂ equivalent. As such, food wastage contributes significantly to greenhouse gas emissions. Food that was produced but not eaten would occupy almost 1.4 billion hectares of land. This represents close to 30 per cent of the world's agricultural land area. It is difficult to estimate the impact of food wastage on biodiversity at the global level. However, food wastage increases the negative effects that monocropping and agriculture expansion into wild areas have on biodiversity, such as loss of species and ecosystem services.¹⁵

IV. REQUIREMENTS FOR BIODIVERSITY INTEGRATION INTO SPP

This section gives an overview of various requirements that will support the integration of biodiversity aspects into SPP. The list is however not conclusive. Further aspects of biodiversity integration into SPP and resulting recommendations might be possible, depending on the specific situation that a Government or national/local authority faces.

A. *Capacity-building at the national level*

A significant barrier for carrying out SPP in practice is that public procurers often lack sufficient knowledge and experience in order to be able to carry out procurement under environmental considerations. Further, the variety of environmental product information and standards demands extensive competence and environmental expertise to evaluate. Specifically with regard to biodiversity the expertise is often very limited. The concept of biodiversity itself is often considered to be rather complex such that procurers find themselves not sufficiently qualified to be able to integrate biodiversity aspects into their procurement choices.

The more extensively SPP is implemented, the greater the challenges for procurement staff. Information or ecolabels may not always solve the problem since their abundance often creates confusion as to what label or standard might in fact be useful. It may even lead to a greater burden on the procurement organization to have knowledge in new areas and evaluate different verification systems in order to make an assessment. Integrating sustainability dimensions can be complex. Even with sustainability-performance criteria as part of the contracts, understanding and rating the responses requires specialist sustainability expertise. Further, most public sector organizations face tight budgets and difficult economic conditions. It is therefore crucial, that the financial viability and cost-effectiveness of SPP are recognized. A lot of times, environmentally friendlier products are perceived to be more expensive. A survey carried out by UNEP in 2012 indicates that the perception of cost-effectiveness is a crucial barrier to SPP implementation.¹⁶

In order to encourage the integration of biodiversity aspects into SPP it is important to increase knowledge and expertise about environmentally friendlier products and their possible impacts on biodiversity. Here, engagement with suppliers can be helpful. Sharing knowledge about what impacts a product might have and specifically about its true and long-term costs, will help to remove some of the reservations regarding SPP. Providing information platforms, training, and reporting systems are useful for capacity-building and information sharing.

¹⁵ FAO (2013) Food wastage footprint. Available on <http://www.fao.org/docrep/018/i3347e/i3347e.pdf>

¹⁶ UNEP (2013) Sustainable Public Procurement: A Global Review. Available on [http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20\(2\).pdf](http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20(2).pdf)

However, capacity will not only have to be promoted on the side of the procuring organizations. In terms of better information and data on biodiversity related impacts, industry itself needs build up capacity. It is therefore essential that procuring and producing sides enter into a dialogue on what is required and how this can be achieved.

B. Establishing political support and regulatory framework

SPP is in most countries influenced by international or national policies and legal frameworks. Internationally, the World Trade Organization or the OECD set framework conditions for member countries. On a national level, extend and implementation of policies and laws related to SPP strongly depend on political support and leadership. Defining SPP strategies requires that regulatory and policy requirements for sustainable procurement are in place. If that is not the case, public procurers will generally not include environmental considerations in their procurement procedures.

Sustainability considerations are today part of policy considerations in most countries. But not all national SPP policies are the same. They might take the form of National Action Plans, Executive Orders, Decrees, or sustainability-related requirements within national procurement policies and regulations. The UNEP study estimates that by the end of 2012, at least 56 countries had adopted a national SPP policy implemented in some form. The largest driver for SPP is often national legislation as well as strong political leadership and policy commitments. Thus, a top-down approach to policy and implementation provides the strongest effects.¹⁷

SPP policies may further be implemented on a voluntary or mandatory basis. This mainly depends on the governmental institutional setting in a country; whether it is e. g. centralized or decentralized. SPP policies may apply to national government agencies only, if the national government cannot mandate policies to other levels of government.

In addition, the scope of SPP policies depends on criteria used to define sustainable procurement. SPP criteria may apply to product-related criteria, to producer related criteria, or both. There exists a great variety of possible SPP policies, considering the vast amount of standards, guidelines and product labels available. The consideration of biodiversity aspects here depends on the specific standard or label used. Some do include biodiversity related indicators, others do not. It is therefore primarily important to develop standards and labels that include biodiversity aspects.

However, in order for SPP policies to be developed it is essential that political support is established. The regulatory framework will then be developed accordingly. Political support for SPP can be established through various drivers, such as international legislation as mentioned above. Another important driver is public demand for more sustainable spending of public funds and corresponding reporting frameworks.

C. Development of NBSAP criteria

Independently of what kind of legal SPP framework is implemented, monitoring and reporting on progress made, remains to be the biggest challenge in many cases. Often, due to a lack of capacity and available tools, progress and impact of SPP implementation are not monitored, or only to a minor degree.

National Biodiversity Strategies and Action Plans (NBSAPs) are the principal instruments for implementing the Convention on Biological Diversity at the national level. The Convention requires countries to prepare a national biodiversity strategy (or equivalent instrument) and to ensure that this

¹⁷ Ibid.

strategy is mainstreamed into the planning and activities of all those sectors whose activities can have an impact on biodiversity. Aichi Biodiversity Target 17 states that, *by 2015, each Party has developed, adopted as a policy instrument, and has commenced implementing an effective, participatory and updated national biodiversity strategy and action plan.*

In order to be able to evaluate progress made in SPP implementation and in order to analyse its impact on biodiversity, it is essential that reporting on SPP practices is made available. This will facilitate benchmarking and the dissemination of good practices and examples. In addition, countries interested in implementing SPP but lacking sufficient capacities to do so, could benefit from examples and best practices.

NBSAPs comprise all biodiversity-related aspects of national policies. Thus, biodiversity-related aspects of SPP might become integral part of strategy development such that NBSAPs could be used to include SPP-related criteria. Reporting on SPP implementation would have the advantage that local and national authorities can keep track on progress made and evaluate further requirements and challenges regarding biodiversity related aspects of SPP.

Moreover, citizens increasingly ask for information on how public funds are being used, demanding funds to be spent responsibly and sustainably. Environmental concerns play an important role. Through reporting on SPP practices as part of NBSAPs, governments may give account for procurement activities and demonstrate a willingness to spend public funds sustainably.

Considering reporting criteria on SPP to be included in NBSAPs can therefore be a useful tool to advance the reporting on SPP implementation and its impact on biodiversity.

d. Development of standards and guidelines

A significant barrier for carrying out SPP in practice is the collection and evaluation of environmental information on products and producers. The availability of data is often very limited due to the complex nature of the subject and the resource-intensity associated with collecting and maintaining the data.

One of the challenges facing SPP is creating good monitoring, evaluation and reporting systems that track progress on implementation and communicate the environmental and social benefits being achieved. The creation of reliable and comparable indicators for SPP is complicated due to the lack of good infrastructure for collecting procurement data and difficulty in tracking procurement activity. Further, it is often not clear what is defined as being sustainable procurement. The vast number of standards and ecolabels often create confusion among producers and procurers as to what is reliable and sustainable and what is not.

Experience gained to date by countries shows that certain institutional measures greatly enhance the ability to monitor and report on SPP implementation. These are:¹⁸

- The use of e-procurement platforms;
- Having official targets and mandates that are reported against;
- The ability to collect data on SPP through indicators being integrated into standard procurement procedures as routine practice (as opposed to adding it later or having a separate system to track results);
- The use of clearly defined and agreed upon environmental and social criteria, facilitated, for example, by a list of pre-screened ecolabels and standards;

¹⁸ UNEP (2013) Sustainable Public Procurement: A Global Review. Available on [http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20\(2\).pdf](http://www.unep.org/resourceefficiency/Portals/24147/SPP_Full_Report_Dec2013_v2%20NEW%20(2).pdf)

- Making the link between SPP and financial measures and/or other policy goals (such as job creation). The ability to demonstrate the savings generated and jobs created incentivizes the implementation of SPP as well as monitoring.

Ecolabels and sustainability standards are often used by procurers to identify products that meet SPP criteria. Ecolabels and standards are thus a useful tool in SPP programmes. Standards, guidelines and labels are numerous. However, the indicators and criteria used here, generally reflect a specific product criterion only, e. g. energy performance or the amount of greenhouse gas emissions. If at all, biodiversity aspects are addressed only indirectly, e.g. through climate change related criteria and others.

For biodiversity to be included into the procurement process, the applied criteria and indicators should reflect biodiversity related impacts directly. Currently, this is rarely the case. Impacts on biodiversity can therefore usually only be estimated. It is therefore essential that the development of standards and labels includes biodiversity related indicators. Furthermore, an overarching global standard that represents the most common and universal impacts on biodiversity is lacking. There exist a great number of single standards and guidelines that refer to specific products or commodities. Yet, particularly with regard to measuring impacts on biodiversity and progress made through SPP, it would be important to develop a common set of indicators or standards. This would allow procuring organization to assess their activities with regard to biodiversity-related impacts and to compare this to other schemes and practices.

The development of an international framework and a common set of indicators are therefore essential in order to be able to assess impact of and progress in implementing biodiversity aspects in SPP. A common framework would allow for further development and mainstreaming of SPP practices.
