



## BUSINESS AND THE 2010 BIODIVERSITY CHALLENGE: INTRODUCTION TO THE CONVENTION ON BIOLOGICAL DIVERSITY

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### **I. Introduction**

This paper provides a basic introduction to the Convention on Biological Diversity for the private sector. It begins with a brief description of the background to the Convention, the institutional and operational framework for the Convention, and the work carried out by the Convention (see Section II). It then outlines the history of private sector involvement in the CBD and highlights key CBD issues of significance to the private sector. In particular, it identifies the principles, guidelines, and tools defined by the CBD that, while developed primarily for governments, are also relevant to the private sector. Not only may they be reflected in national policies that impact the private sector, but they can also act as guides for private sector practice (see Section III).

### **II. The Convention on Biodiversity**

#### **II.1 What is Biodiversity?**

Biological diversity, or biodiversity, is the variety of life on earth. It comprises variability within species, among species, and of ecosystems. It also refers to the complex relationships among living things, and between living things and their environment. Biodiversity and its components provide a number of goods and services that sustain our lives, our livelihoods, and the environment in which we live. These goods and services include food, medicine, clean water and air, and other natural resources that support a broad range of human activities and industries, from forestry to mining to pharmaceuticals.

The availability of such goods and services, and therefore the persistence of both industry and life in general, is under increasing threat from overexploitation, habitat loss and degradation, pollution, invasive species, and climate change. Sustaining biodiversity in the face of increasing human impact on it is one of the greatest challenges of the modern era.

#### **II.2 Background to the Convention**

The importance of this challenge was universally acknowledged at the Earth Summit held in Rio de Janeiro in 1992, where the Convention on Biological Diversity (CBD) was opened for signing by national governments. This legally binding treaty was the first global agreement on the conservation and sustainable use of all components of biodiversity, including genetic resources, species, and ecosystems. It was also the first to define biodiversity in the context of social, economic, and other environmental issues. The Convention entered into force in 1993 and currently has 188 Parties (national governments and regional economic integration organizations who are bound by the Convention), reflecting virtually universal participation.

#### **II.3 What is the CBD?**

The Convention on Biodiversity is a framework for global action on biodiversity-related issues. It has a comprehensive mandate, which is reflected in its three main objectives:

- The conservation of biodiversity;
- The sustainable use of its components; and,
- The fair and equitable sharing of the benefits arising out of the utilization of genetic resources.

The Convention translates these guiding principles into binding commitments in its 15 substantive provisions (Articles 6-20, see Annex I). These provisions include measures for *in situ* and *ex situ* conservation,<sup>1</sup> sustainable use, incentive measures for conservation and sustainable use, research and training, public awareness and education, minimizing adverse impacts on biodiversity, regulating access to genetic resources, technology transfer, information exchange, handling of biotechnology, and the provision of financial resources. The Convention also defines the institutional structure, and sets out a procedure for the implementation of the Convention (Articles 4, 5, 20-42, see Annex I). By ratifying the CBD, Parties agree to implement the substantive provisions of the treaty, and comply with its operational guidelines.

#### **II.4 Institutional Framework of the CBD**

The Convention establishes an institutional framework to monitor the implementation of and further develop the Convention (see Figure 1 – to be inserted). The **Conference of the Parties (COP)** is the Convention's governing body. It consists of all Parties to the Convention and non-Party observers from interested governments and organizations. It meets biennially, or as necessary, to review progress in the implementation of the Convention, consider amendments or protocols to the Convention, and agree on work programmes to achieve its objectives. Thus, although the CBD is an international agreement, decision-making power and the onus of implementation lies primarily at the national level with Parties. COP decisions (agreements made by the COP) act as mandates for Parties, supported by the Secretariat, to implement the Convention. The next COP will be held in May 2006 in Brazil.

The Conference of the Parties is assisted by the **Subsidiary Body on Scientific, Technical, and Technological Advice (SBSTTA)**, which is made up of government representatives with expertise in relevant fields, as well as observers from non-Party governments, the scientific community, and other relevant organizations. SBSTTA is responsible for providing recommendations to the COP on the technical aspects of the implementation of the Convention.

Other subsidiary bodies have been established by the COP to deal with specific issues as they arise. Current intergovernmental bodies include the Working Group on Access and Benefit-Sharing, the Working Group on Article 8(j) and Related Provisions (traditional knowledge), the Working Group on Protected Areas, and the Working Group on the Review of Implementation of the Convention. Expert groups involving nongovernmental members, such liaison groups or expert panels, may also be convened on an ad hoc basis.

The **Secretariat to the Convention** is the administrative body of the CBD. It is responsible for preparing for and servicing meetings of the COP and other subsidiary bodies. It also assists member governments in the implementation of the programme of work, collects and disseminates information, and coordinates with other international organizations. The Secretariat is housed in the United Nations Environment Programme. It is led by an Executive Secretary and located in Montreal, Canada.

Each Party to the Convention designates a **National Focal Point** responsible for coordinating CBD-related activities at the country level. National Focal Points work closely with the Secretariat, as well as government agencies and relevant organizations in their countries to implement the decisions of the COP. Guiding the development and implementation of National Biodiversity Strategies and Action Plans (NBSAPs) and reporting on national implementation of the Convention are among their key tasks.

The **Financial Mechanism** of the Convention was established to provide financial resources to developing countries for the implementation of the CBD. It is supported primarily by funding from member governments and operated by the Global Environment Facility (GEF) under the guidance of the Conference of the Parties.

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<sup>1</sup> *In situ* conservation measures are implemented in the organism's natural environment, while *ex situ* conservation measures are carried out outside of the organism's natural environment (e.g. in laboratories or zoos).

The **Clearing-House Mechanism (CHM)**<sup>2</sup> is an internet-based network that promotes technical and scientific cooperation and the exchange of information. It relies on CHM Focal Points, which are national and international centres and institutions with relevant expertise, to gather and organize information to be shared.

The only existing protocol to the Convention is the **Cartagena Protocol on Biosafety**.<sup>3</sup> It was adopted by the Conference of the Parties in 2000 and entered into force in September 2002. The Protocol seeks to protect biodiversity from the potential risks posed by living modified organisms (LMOs)<sup>4</sup> resulting from biotechnology. It establishes procedures for ensuring that countries are provided with the information necessary to make informed decisions before agreeing to the import of such organisms into their territory. The Protocol breaks new ground through its practical application of the precautionary approach: the idea that lack of absolute scientific certainty is not a reason to delay action to prevent potential risks. It also promises to make a real contribution to technology transfer and access to information for developing countries.

The Conference of the Parties to the Convention also serves as the Meeting of the Parties to the Protocol, and the Secretariat and the Financial Mechanism set up under the Convention perform the same functions under the Biosafety Protocol. The Protocol is supported by a Biosafety Clearing-House designed to facilitate information exchange on living modified organisms and help countries to implement the Protocol. It currently has 107 Parties.

The implementation of the Convention is also supported by workshops, meetings, and activities outside the formal Convention process. These may be held in conjunction with the Secretariat and Parties to the Convention, or outside the auspices of the CBD. Examples include specialized conferences, regional and subregional preparatory meetings for the COP, side events at COP and SBSTTA meetings, and the Global Taxonomy Initiative.<sup>5</sup>

## II.5 Work of the Convention

The **Ecosystem Approach** was adopted by the Conference of the Parties as the primary framework for action under the Convention. It is a strategy for integrated natural resource management that takes a holistic approach to managing biodiversity and its components. It involves managing resources at a scale and scope that not only conserve the components of biodiversity, but also protect the essential processes and functions of the ecosystem of which they are part (e.g. nutrient cycling, carbon sequestration, supply of freshwater and food). The Ecosystem Approach recognizes humans, with their cultural diversity, as integral parts of ecosystems. Thus, it involves managing ecosystems and natural resources in a way that reflects their intrinsic value, as well as the benefits they provide to humans, in a fair and equitable way. All implementation of the Convention is carried out and evaluated according to the ecosystem approach.

Since the Convention entered into force, Parties have developed seven **thematic work programmes**, each of which establishes a vision for, and basic principles to guide future work, sets out key issues for consideration, identifies potential outputs, and suggests a timetable and means for achieving these outputs (see Table 1).

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<sup>2</sup> A clearing-house is any agency that brings together seekers and providers of goods, services or information, thus matching demand with supply.

<sup>3</sup> Biosafety is a term used to describe efforts to reduce and eliminate the potential risks resulting from biotechnology and its products.

<sup>4</sup> A living modified organism (LMO) is any living organism that possesses a novel combination of genetic material obtained through the use of modern biotechnology.

<sup>5</sup> The Global Taxonomic Initiative (GTI) was established by the COP to address the lack of taxonomic information (identification and classification of organisms) and expertise in many parts of the world, thereby improving decision-making on biodiversity-related issues.

Parties, the Secretariat, and relevant organizations contribute to the implementation of the thematic work programmes, which are periodically reviewed by the COP and SBSTTA.

**Table 1. Thematic Programmes of Work of the Convention on Biological Diversity**

Thematic Programmes of Work of the Convention
Agricultural biological diversity
Inland water biological diversity
Marine and coastal biological diversity
Forest biological diversity
Biological diversity of dry and sub-humid lands
Mountain biological diversity
Island biological diversity (under development)

The COP also initiates work on key **cross-cutting issues** of relevance to multiple thematic areas. Essentially these correspond to the issues addressed in the Convention's substantive provisions in (Articles 6-20, see Annex I). The seventh meeting of the Conference of the Parties (COP-7), for example, adopted a programme of work on protected areas to support the establishment and maintenance, by 2010 for terrestrial and by 2012 for marine areas, of comprehensive, effectively managed, and ecologically representative national and regional systems of protected areas that reflect the objectives of the Convention.

The work done under the thematic areas and in relation to the substantive provisions of the Convention has resulted in a number of **principles, guidelines, and other tools** to facilitate the implementation of the CBD (see Table 2). They have been developed on the basis of expert technical and legal advice.

**Table 2. Principles, Guidelines, and other Tools Developed under the Convention**

Principles, Guidelines, and other Tools Developed under the Convention
Description, Principles, and Operational Guidelines for the Ecosystem Approach ( <a href="http://www.biodiv.org/programmes/cross-cutting/ecosystem/default.asp">http://www.biodiv.org/programmes/cross-cutting/ecosystem/default.asp</a> )
Bonn Guidelines on Access to Genetic Resources and Fair and Equitable Sharing of the Benefits Arising out of their Utilization ( <a href="http://www.biodiv.org/programmes/socio-eco/benefit/bonn.asp">http://www.biodiv.org/programmes/socio-eco/benefit/bonn.asp</a> )
Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity ( <a href="http://www.biodiv.org/programmes/socio-eco/use/addis-principles.asp">http://www.biodiv.org/programmes/socio-eco/use/addis-principles.asp</a> )
Guiding Principles on Invasive Alien Species ( <a href="http://www.biodiv.org/decisions/?dec=VI/23">http://www.biodiv.org/decisions/?dec=VI/23</a> )
Akwé: Kon Voluntary Guidelines for the Conduct of Cultural, Environmental, and Social Impact Assessment regarding Developments Proposed to Take Place on, or which are Likely to Impact on, Sacred Sites and on Lands and Waters Traditionally Occupied or Used by Indigenous and Local Communities ( <a href="http://www.biodiv.org/doc/ref/tk-akwe-en.pdf">http://www.biodiv.org/doc/ref/tk-akwe-en.pdf</a> )
Guidelines for Incorporating Biodiversity-related Issues into Environmental Impact Assessment Legislation and/or Processes and in Strategic Environmental Assessment ( <a href="http://www.biodiv.org/decisions/default.aspx?dec=VI/7">http://www.biodiv.org/decisions/default.aspx?dec=VI/7</a> )
Guidelines on Biodiversity and Tourism Development ( <a href="http://www.biodiv.org/programmes/socio-eco/tourism/guidelines.asp">http://www.biodiv.org/programmes/socio-eco/tourism/guidelines.asp</a> )

Proposals for the Design and Implementation of Incentive Measures  
(<http://www.biodiv.org/programmes/socio-eco/incentives/proposals.asp>)

Proposals for the Application of Ways and Means to Remove or Mitigate Perverse Incentives  
(<http://www.biodiv.org/decisions/default.aspx?dec=VII/18>)

In 2002, the Conference of the Parties adopted a **Strategic Plan**, which commits Governments to more effective and coherent implementation of the three objectives of the Convention in order to achieve, by 2010, a significant reduction in the current rate of biodiversity loss at the global, regional, and national level as a contribution to poverty alleviation and to the benefit of all life on Earth. This target was subsequently endorsed by Heads of Government at the World Summit on Sustainable Development and the United Nations General Assembly. The Summit also highlighted the essential role that biodiversity and the **2010 target** play in meeting the Millennium Development Goals.<sup>6</sup>

The Conference of the Parties adopted a framework to evaluate progress towards the 2010 target. This included the establishment of a Working Group on the Review of Implementation of the Convention, and the identification of a set of goals and sub-targets under seven focal areas for action (see Table 3). Indicators for these sub-targets are currently being developed (see Annex II for provisional indicators). The combination of goals, sub-targets, and indicators builds upon the approach taken in the Global Strategy for Plant Conservation.<sup>7</sup> It provides a flexible, yet meaningful framework within which regional and national targets can be set for further advancement towards the 2010 target.

**Table 3. Provisional Framework for Goals and Targets**

**Protect the components of biodiversity**

***Goal 1. Promote the conservation of the biological diversity of ecosystems, habitats and biomes***

Target 1.1: At least 10% of each of the world's ecological regions effectively conserved.

Target 1.2: Areas of particular importance to biodiversity protected.

***Goal 2. Promote the conservation of species diversity***

Target 2.1: Restore, maintain, or reduce the decline of populations of species of selected taxonomic groups.

Target 2.2: Status of threatened species improved.

***Goal 3. Promote the conservation of genetic diversity***

Target 3.1: Genetic diversity of crops, livestock, and of harvested species of trees, fish and wildlife and other valuable species conserved, and associated indigenous and local knowledge maintained.

**Promote sustainable use**

***Goal 4. Promote sustainable use and consumption.***

Target 4.1: Biodiversity-based products derived from sources that are sustainably managed, and Production areas managed consistent with the conservation of biodiversity.

<sup>6</sup> In September 2000, at the United Nations Millennium Summit, world leaders agreed to a set of measurable goals and targets to combat poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women. These Millennium Development Goals are to be achieved by 2015.

<sup>7</sup> The Global Strategy for Plant Conservation, adopted by COP-6 (decision VI/9), aims to halt the current and continuing loss of plant diversity by harmonizing existing initiatives, identifying gaps in initiatives, and promoting the mobilization of resources for plant conservation. It includes 16 global outcome-oriented targets for 2010.

Target 4.2: Unsustainable consumption, of biological resources, or that impacts upon biodiversity, reduced.

Target 4.3: No species of wild flora or fauna endangered by international trade.

### Address threats to biodiversity

#### ***Goal 5. Pressures from habitat loss, land use change and degradation, and unsustainable water use, reduced.***

Target 5.1: Rate of loss and degradation of natural habitats decreased

#### ***Goal 6. Control threats from invasive alien species***

Target 6.1: Pathways for major potential alien invasive species controlled.

Target 6.2: Management plans in place for major alien species that threaten ecosystems, habitats or species.

#### ***Goal 7. Address challenges to biodiversity from climate change, and pollution***

Target 7.1: Maintain and enhance resilience of the components of biodiversity to adapt to climate change.

Target 7.2: Reduce pollution and its impacts on biodiversity.

### Maintain goods and services from biodiversity to support human well-being

#### ***Goal 8. Maintain capacity of ecosystems to deliver goods and services and support livelihoods***

Target 8.1: Capacity of ecosystems to deliver goods and services maintained.

Target 8.2: Biological resources that support sustainable livelihoods, local food security and health care, especially of poor people maintained.

### Protect traditional knowledge, innovations and practices

#### ***Goal 9 Maintain socio-cultural diversity of indigenous and local communities***

Target 9.1 Protect traditional knowledge, innovations, and practices.

Target 9.2: Protect the rights of indigenous and local communities over their traditional knowledge, innovations and practices, including their rights to benefit-sharing.

### Ensure the fair and equitable sharing of benefits arising out of the use of genetic resources

#### ***Goal 10. Ensure the fair and equitable sharing of benefits arising out of the use of genetic resources***

Target 10.1: All transfers of genetic resources are in line with the Convention on Biological Diversity, the International Treaty on Plant Genetic Resources for Food and Agriculture, and other applicable agreements.

Target 10.2: Benefits arising from the commercial and other utilization of genetic resources shared with the countries providing such resources.

### Ensure provision of adequate resources

#### ***Goal 11. Parties have improved financial, human, scientific, technical and technological capacity to implement the Convention***

Target 11.1: New and additional financial resources are transferred to developing country Parties, to allow for the effective implementation of their commitments under the Convention, in accordance with Article 20.

Target 11.2: Technology is transferred to developing country Parties, to allow for the effective implementation of their commitments under the Convention, in accordance with its Article 20, paragraph 4.

## **II.6 Cooperation**

An important dimension of the implementation of the Convention is cooperation at the global, regional, and national level. At the international level, coordination with other treaties, particularly multilateral environmental agreements, such as the United Nations Framework Convention on Climate Change and the Ramsar Convention on Wetlands, is essential to ensuring that goals and initiatives are mutually beneficial, or at least not competing. The CBD works with related treaties through liaison groups. It also collaborates with treaties and international organizations, such as the Food and Agriculture Organization of the United Nations and the International Maritime Organization, through its work programmes.

Cooperation with relevant treaties and organizations at the national and regional level is just as critical, as most international treaties are implemented at the national scale. Furthermore, collaboration will help to optimise the use of limited resources by streamlining the implementation of biodiversity-related initiatives. It may also lead to additional resources for biodiversity management.

The 2010 target has shed new light on the importance of engaging all organizations that impact biodiversity in the implementation of the Convention and its three objectives. Goal 4 of the Strategic Plan encourages Parties to seek broader participation across society in the implementation of the Convention, and Objective 4.4 acknowledges the role that the private sector plays in impacting biodiversity. It encourages cooperation with relevant organizations, including the private sector, as a means of working towards the 2010 target.

## **III. The Relevance of the CBD to the Private Sector**

### **III.1 History of Private Sector Involvement in the CBD**

The benefit of incorporating the private sector in the implementation of the Convention in terms of promoting the objectives of the Convention more effectively has long since been recognized. A COP-3 decision (decision III/6) requests the Secretariat to explore possibilities for encouraging the private sector to support the objectives of the Convention. In addition, numerous decisions on specific mechanisms, such as the Clearing-House Mechanism, the Financial Mechanism, and the Biosafety Protocol, as well as programmes of work and cross-cutting issues, including technology transfer, sustainable use, agricultural and forest biodiversity, and incentive measures, refer specifically to engagement of the private sector.

While the acknowledgement that private sector involvement in the CBD would enhance the effectiveness of the Convention exists, so does hesitation around the issue. This is apparent from the COP-4 decision (decision IV/2) requesting the Secretariat to examine “the constraints to, opportunities for and implications of private sector support for the implementation of the Convention”. This hesitation, and that of the private sector to engage biodiversity issues and the CBD, is also reflected in the limited participation of the private sector at meetings of the COP, SBSTTA, and other subsidiary bodies, and in the work programmes. Some programmes of work, such as access and benefit-sharing, have engaged the private sector more effectively than others; however one of the major challenges to the CBD continues to be cross-sectoral implementation of the Convention.

The Strategic Plan adopted in 2002 gives the Secretariat the mandate to further explore private sector engagement in the implementation of the Convention, as a means of working towards the 2010 biodiversity target. This mandate comes at a time when companies and industry associations are increasingly acknowledging the importance of biodiversity and its components to their operations and therefore, their bottom-line. Thus, an enabling environment for engaging the private sector in the CBD and biodiversity issues more broadly exists for the first time.

### **III.2 Key CBD Issues of Relevance to the Private Sector**

The CBD is the global policy platform for biodiversity related issues. Its comprehensive and integrated approach to biodiversity conservation and management acts as a framework within which Parties can define national policies, and the private sector can develop corporate biodiversity strategies and action plans. Guidance for these policies lies in the Articles of the Convention, decisions of the Conference of the Parties, and the principles, guidelines, and other tools developed under the CBD (see Table 2). Although these outputs of the Convention primarily address governments, they are likely to be reflected in national policies that influence private sector practices. They also provide a basis upon which corporate biodiversity policies can be defined. Some of the issues and tools that are most relevant to the private sector are outlined below.

Parties to the Convention have committed to defining and implementing **National Biodiversity Strategies and Action Plans** that reflect the objectives of the Convention (Article 6). These strategies and action plans outline the biodiversity policy framework within which businesses should be operating. They can be used to guide private sector biodiversity and environmental strategies and help businesses to identify partnership opportunities to improve their practices and public image.

The **Ecosystem Approach**, as mentioned in Section I of this paper, is a powerful tool for the implementation of the Convention. The Description, Principles, and Operational Guidelines for the Ecosystem Approach that were adopted by the Fifth Conference of the Parties (decision V/6) and developed further by COP-7 (decision VII/11) can be used as the foundation for biodiversity-related policies and activities undertaken by the private sector.

One of the main objectives of the Convention is the **conservation** of biological diversity at the species and ecosystem level. This objective is reflected in Articles 8 and 9, which address issues such as the protection of ecosystems, habitats, and species; the *ex-situ* conservation of the components of biodiversity; the rehabilitation of degraded ecosystems and recovery of threatened species; the prevention, control, and eradication of invasive alien species; and legislation or other measures to promote the conservation and sustainable use and management of biodiversity. Resource-intensive industries often impede conservation by adversely impacting biodiversity and its components. However, these industries also have the potential to make a major contribution to the Convention by incorporating conservation measures into their policies. Company policies should reflect national legislation on biodiversity conservation, as well as the relevant guidelines and principles of the Convention. The Guiding Principles on Invasive Alien Species (decision VI/23), for example, should be reflected in the operational policies for relevant industries such as agriculture and transportation.

The **sustainable use** of biodiversity is one of the three objectives of the Convention. Article 10 requests Parties to protect, promote, and support the sustainable and traditional use of biological resources. It also encourages Parties to “cooperate with the private sector in developing methods for sustainable use of biological resources.” The Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity adopted at COP-7 (decision VII/12) provide Parties with practical principles and operational guidelines for the sustainable use of biodiversity and its components. The principles encourage the engagement of business in the sustainable management of natural resources and can be used as the basis for private sector policies and actions regarding the sustainable use of biodiversity.

The Convention also addresses specific aspects of sustainable use. For example, Guidelines on Biodiversity and Tourism Development have been created to ensure that tourism development in vulnerable ecosystems and habitats of major importance for biodiversity and protected areas is carried out in a way that reflects the principles of sustainable use. These detailed guidelines are of significance to companies in the tourism industry, as they may be reflected in national policies and can be used to mitigate biodiversity risks. Similar guidelines may be developed for other biodiversity-related industries in the future.

The Convention encourages Parties to adopt economically and socially sound **incentive measures** for the conservation and sustainable use of biodiversity and to remove or mitigate perverse incentives<sup>8</sup> (Article 11). The design, implementation, and removal of incentive measures all have the potential to heavily influence private sector practices, particularly for resource-intensive industries. Private sector participation in the design of incentive programmes will help to maximize the benefits of such programmes to business, and ensure that the programmes effectively target high impact industries, such as extractive industries. To date, the Convention has adopted Proposals for the Design and Implementation of Incentive Measures (decision VI/15) and developed Proposals for the Application of Ways and Means to Remove or Mitigate Perverse Incentives. It has also initiated an analysis of new and existing instruments that provide positive incentives for the conservation and sustainable use of biodiversity.

Parties to the Convention have committed to requiring **environmental impact assessments** for proposed projects, minimizing the adverse environmental impacts of activities under a state's jurisdiction, regardless of where the impacts may occur, and addressing issues of liability and redress (Article 14). The sixth Conference of the Parties adopted Guidelines for Incorporating Biodiversity-related Issues into Environmental Impact Assessment Legislation and/or Processes and in Strategic Environmental Assessment (decision VI/7). National policies reflecting these commitments and guidelines will require companies to identify and plan to avoid, minimise, or offset their adverse impacts on biodiversity, thereby, directly affecting business practices, particularly for natural resource-intensive industries

Another set of impact assessment guidelines was adopted at COP-7 (decision VII/16): The Akwé: Kon Voluntary Guidelines for the Conduct of Cultural, Environmental, and Social Impact Assessment Regarding Developments Proposed to Take Place on, or which are Likely to Impact on, Sacred Sites and on Lands and Waters Traditionally Occupied or Used by Indigenous and Local Communities. These guidelines reflect work being carried out under the Convention to protect, and promote the application of **indigenous knowledge, innovations, and practices** (Article 8(j)). The guidelines and other activities of the Working Group on Article 8(j) and Related Provisions can provide guidance to companies that operate near indigenous communities or use indigenous knowledge and resources in their operations.

The Convention recognizes national sovereignty over genetic resources and sets out measures to ensure that providers of such resources benefit from their use and that genetic resources are used fairly and equitably (Article 15). It also encourages access to genetic resources and the sharing of benefits from the utilization of both genetic resources and indigenous knowledge and practices between users and local communities. To facilitate the implementation of access and benefit-sharing policies and activities by all stakeholders, including the private sector, COP-6 adopted the Bonn Guidelines on Access to Genetic Resources and Fair and Equitable Sharing of the Benefits Arising out of their Utilization (decision VI/24). At COP-7, Parties agreed to undertake work complementary to the guidelines, including implementing an Action Plan on Capacity-Building for **Access and Benefit-Sharing** that includes private sector involvement in capacity-building, negotiating an international regime on access and benefit-sharing, and exploring measures to support compliance with the Convention's requirements that access to genetic resources are subject to the resource provider's prior consent, and on terms mutually agreed by the provider and user of the genetic resources (decision VII/19). These guidelines, plans, and initiatives provide companies with insight into the direction in which policy related to access and benefit-sharing is heading. This is of particular importance for industries involved in bioprospecting and other activities that may be directly affected by national level access and benefit-sharing policies.

Parties to the Convention undertake to provide other Parties, particularly developing countries, with access to, and facilitate the **transfer of technologies** that are relevant to the conservation and sustainable use of biodiversity or that reduce the environmental impact of resource use. Access and transfer is subject to the

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<sup>8</sup> In this context, perverse incentives or ones that have negative consequences for biodiversity.

“adequate and effective protection of intellectual property rights.” Article 16 on technology transfer explicitly states that Parties should take “legislative, administrative, or policy measures...with the aim that the private sector facilitates access to, joint development and transfer of technology [inline with the Convention] for the benefit of both governmental institutions and the private sector of developing countries.” This article not only directly impacts private sector practice regarding operations in developing countries and intellectual property rights, but it also provides an opportunity for business to make a significant contribution to biodiversity conservation.

The **Biosafety Protocol**, adopted at the First Extraordinary Meeting of the Conference of the Parties (decision EM-I/3), defines an international regulatory framework for the growing biotechnology industry that seeks to reconcile the interests of international trade with the need to minimize risks to the environment and human health. The Protocol outlines provisions for the safe transfer, handling, and use of living modified organisms, which are binding for the 107 contracting Parties and may be considered in the WTO dispute resolution process. The provisions, as well as national policies that reflect the Protocol, can act as operational guidelines for industries involving biotechnology, such as agriculture, fisheries, and pharmaceuticals.

Parties to the Convention are responsible for providing funding to support the implementation of the Convention (Article 20). They contribute to the **financial mechanism**, which assists developing countries to meet their commitments under the Convention (Article 21). Other funding institutions are also encouraged to ensure that their activities support the implementation of the Convention, while relevant organizations, including the private sector, are asked to develop and transfer technologies and provide financial support for the national implementation of sustainable use principles (decision VII/20).

### **III.3 Industry Links to the CBD**

Different types of industries impact biodiversity in different ways. Thus, each type of industry will be influenced by and can effectively contribute to different components of the Convention. Table 4 identifies the relevance of the objectives of the Convention and the Biosafety Protocol to various types of industries. It is important to note that not all industries impact biodiversity and its components directly. Many also have indirect impacts through supply chains, through activities related to industry operations, such as the development of infrastructure to support mining communities, or by influencing environmental processes and conditions that impact biodiversity (e.g. climate change). Others, like finance and insurance, have few direct impacts on biodiversity, but have tremendous potential to influence companies that do. The kind of impact that a company has on biodiversity provides insight into the measures it can take to minimize its negative impacts and the components of the CBD to which it can contribute.

**Table 4. The Relative Importance of CBD Objectives for Different Types of Industries**

Type of Industry	Biodiversity Conservation	Sustainable Use	Fair and Equitable Sharing of Benefits	Safe Transfer, Handling, and Use of LMOs
Extractive: mining, oil, gas, hydroelectric etc.	✓	✓		
Agriculture, Forestry, and Fisheries	✓	✓	✓	✓
Water	✓	✓		
Transport, Tourism, and Travel	✓	✓		
Pharmaceuticals, Bioprospecting, and Biotechnology		✓	✓	✓
Manufacturing and Construction	✓	✓		
Retailing		✓		✓
Banking, Finance, and Insurance	✓	✓	✓	✓

#### **IV. Conclusion**

This paper provides an introduction to the institutional, operational, and substantive components of the Convention on Biodiversity. It also elaborates on areas and issues that are of particular relevance to the private sector in general, as well as to specific industries. The Conference of the Parties to the CBD has adopted a series of principles, guidelines, and tools that can be drawn upon during the development of private sector strategies and policies on biodiversity-related issues. The work undertaken by the Convention, however, rarely addresses business directly. Private sector engagement in the implementation of the Convention would help to maximize the utility of CBD products to the private sector and influence corporate practice in the most effective way possible. This would make a significant contribution towards the 2010 biodiversity target.

## **ANNEX I: ARTICLES OF THE CONVENTION ON BIODIVERSITY**

Preamble. Preamble  
Article 1. Objectives  
Article 2. Use of Terms  
Article 3. Principle  
Article 4. Jurisdictional Scope  
Article 5. Cooperation  
Article 6. General Measures for Conservation and Sustainable Use  
Article 7. Identification and Monitoring  
Article 8. *In-situ* Conservation  
Article 9. *Ex-situ* Conservation  
Article 10. Sustainable Use of Components of Biological Diversity  
Article 11. Incentive Measures  
Article 12. Research and Training  
Article 13. Public Education and Awareness  
Article 14. Impact Assessment and Minimizing Adverse Impacts  
Article 15. Access to Genetic Resources  
Article 16. Access to and Transfer of technology  
Article 17. Exchange of Information  
Article 18. Technical and Scientific Cooperation  
Article 19. Handling of Biotechnology and Distribution of its Benefits  
Article 20. Financial Resources  
Article 21. Financial Mechanism  
Article 22. Relationship with Other International Conventions  
Article 23. Conference of the Parties  
Article 24. Secretariat  
Article 25. Subsidiary Body on Scientific, Technical and Technological Advice  
Article 26. Reports  
Article 27. Settlement of Disputes  
Article 28. Adoption of Protocols  
Article 29. Amendment of the Convention or Protocols  
Article 30. Adoption and Amendment of Annexes  
Article 31. Right to Vote  
Article 32. Relationship between this Convention and Its Protocols  
Article 33. Signature  
Article 34. Ratification, Acceptance or Approval  
Article 35. Accession  
Article 36. Entry Into Force  
Article 37. Reservations  
Article 38. Withdrawals  
Article 39. Financial Interim Arrangements  
Article 40. Secretariat Interim Arrangements  
Article 41. Depositary  
Article 42. Authentic texts  
Annex I. Identification and Monitoring  
Annex II - Part 1. Arbitration  
Annex II - Part 2. Conciliation

## **ANNEX II: PROVISIONAL INDICATORS FOR ASSESSING PROGRESS TOWARDS THE 2010 BIODIVERSITY TARGET**

<b>Provisional indicators for assessing progress towards the 2010 Biodiversity Target</b>
(Indicators for immediate testing are numbered. Possible indicators for development are shown in italics)
<b>Status and trends of the components of biological diversity</b>
1. Trends in extent of selected biomes, ecosystems and habitats
2. Trends in abundance and distribution of selected species
3. Coverage of protected areas
<i>Change in status of threatened species (Red List indicator under development)</i>
<i>Trends in genetic diversity of domesticated animals, cultivated plants, and fish species of major socioeconomic importance</i>
<b>Sustainable use</b>
<i>Area of forest, agricultural and aquaculture ecosystems under sustainable management</i>
<i>Proportion of products derived from sustainable sources</i>
<b>Threats to biodiversity</b>
4. Nitrogen deposition
<i>Numbers and cost of alien invasions</i>
<b>Ecosystem integrity and ecosystem goods and services</b>
5. Marine trophic index
6. Water quality in aquatic ecosystems
<i>Application of trophic index to freshwater and possibly other ecosystems</i>
<i>Connectivity/fragmentation of ecosystems</i>
<i>Incidence of human-induced ecosystem failure</i>
<i>Health and well-being of people living in biodiversity-based-resource dependent communities</i>
<i>Biodiversity used in food and medicine</i>
<b>Status of traditional knowledge, innovations and Practices</b>
7. Status and trends of linguistic diversity and numbers of speakers of indigenous languages
<i>Further indicators to be identified</i>
<b>Status of access and benefit-sharing</b>
<i>Indicator to be identified</i>
<b>Status of resource transfers</b>
8. Official development assistance provided in support of the Convention
<i>Indicator for technology transfer</i>