



**Convention on
Biological Diversity**

Distr.
GENERAL

UNEP/CBD/COP/9/INF/38
6 May 2008

ENGLISH ONLY

CONFERENCE OF THE PARTIES TO THE
CONVENTION ON BIOLOGICAL DIVERSITY

Ninth meeting

Bonn, 19-30 May 2008

Item 3.5 of the provisional agenda*

**COMPILATION OF VIEWS, EXPERIENCES, AND OPTIONS IN THE IMPLEMENTATION
OF THE PROGRAMME OF WORK ON INCENTIVE MEASURES**

Note by the Executive Secretary

I. INTRODUCTION

1. In paragraph 1 of decision VIII/26, the Conference of the Parties decided to “initiate a structured, transparent and inclusive preparatory process for the in-depth review of work on incentive measures with a view to identify, for consideration by the Conference of the Parties at its ninth meeting, the further outcomes that would be required from a revised programme of work on incentive mechanisms to meet obligations under the Convention and the requirements of Parties, and possible options for a future programme of work.”

2. In paragraph 3 of the same decision, the Conference of the Parties invited Parties, other Governments, international organizations and stakeholders to communicate to the Executive Secretary their experiences in the implementation of the programme of work on incentive measures contained in decisions V/15, VI/15 and VII/18 and provide views on elements such as:

(a) Lessons learned and key challenges in implementing the existing programme of work, based on practical examples and case-studies from national implementation, where available, including whether the measures initiated or adopted by Parties have maintained or improved the conservation and sustainable use of components of biodiversity;

(b) Options to address the challenges identified;

(c) Priorities for a future programme of work including requirements for effective national implementation, including financial and institutional support and capacity-building;

* UNEP/CBD/COP/9/1.

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- (d) Key gaps in the work to date, and gaps and obstacles in the existing programme of work that are impeding its implementation at the national level;
- (e) Interface with other international initiatives and instruments in this area;
- (f) Linkages to other programmes of work under the Convention.

3. The present document complements the compilation of views, experiences and options provided by Parties, international organizations and stakeholders, contained in document UNEP/CBD/COP/9/INF/8. It provides views, experiences and options that were submitted after the deadline indicated in notifications 2007-032 and 2007-33 of 13 March 2007 and reminders sent on 9 November 2007 (notifications 2007-139 and 2997-140). The submission could therefore not be included in the summaries of views, experiences and options provided by Parties as well as by international organizations and stakeholders, contained, respectively, in documents UNEP/CBD/COP/9/12 and UNEP/CBD/COP/9/12/Add.2. The submission is reproduced as it was received by the Secretariat.

**II. COMPILATION OF VIEWS, EXPERIENCES, AND
OPTIONS PROVIDED**

United Nations Conference on Trade and Development; BioTrade Initiative

United Nations Conference on Trade and Development

UNCTAD BioTrade Initiative:

**INCENTIVE MEASURES FOR BIODIVERSITY
CONSERVATION
(DECISION VIII/26)**

Prepared by:

UNCTAD BioTrade Initiative in response to the
Secretariat of the Convention on Biological Diversity
Notification SCBD/SEL/ML/GD/56662

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Incentive measures for biodiversity conservation UNCTAD BioTrade Initiative

Background information

The BioTrade Initiative¹ was launched in 1996 by the United Nations Conference on Trade and Development (UNCTAD), with the aim of supporting sustainable development through trade and investment in biological resources. It frames the implementation of its activities within the global conservation and development objectives established by the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Millennium Development Goals (MDGs) and the Commission on Sustainable Development (CSD).

Based on the experience of national programmes in the application of their principles and criteria and the different contexts in which they have been applied, a general set of BioTrade Principles has been defined through a joint process carried out by UNCTAD and the National BioTrade Programmes. The following are the Principles agreed upon and adhered to by the BioTrade Initiative, its programmes and partners and are known as BioTrade Principles and Criteria (P&C):

1. Conservation of biodiversity
2. Sustainable use of biodiversity
3. Equitable sharing of benefits derived from the use of biodiversity
4. Socio-economic sustainability (management, production and markets)
5. Compliance with national and international legislation and agreements
6. Respect for the rights of actors involved in BioTrade activities
7. Clarity about land tenure, use and access to natural resources and knowledge

The following paper addresses the request of the CBD Secretariat, according to Decision VIII/26 on incentive measures: Preparation for the in-depth review of the work on incentive measures. Under this Decision, the Secretariat invites UNCTAD, through their initiatives, inter alia, Biotrade, to continue supporting the programme of work on incentive measures of the Convention.

- a. *Lessons learned and key challenges in implementing the existing programme of work, based on practical examples and case studies from national implementation, where available, including whether the measures initiated or adopted by Parties have maintained or improved the conservation and sustainable use of components of biodiversity;***

Some lessons learned could be summarized as follows:

For positive incentives for the conservation and sustainable use of biodiversity, it is easier to identify and implement them per sector with an active involvement of stakeholders throughout the value chain (e.g. producers, transformers, research institutes, government entities, traders, NGOs, among others). This could facilitate - through an integrated effort - the conservation and sustainable use of biodiversity by creating a dialogue platform where public and private actors could coordinate activities, share lessons learned as well as address and overcome challenges.

Market creation is an important incentive that has promoted the application of sustainable use practices by community-based organizations, as well as small and medium enterprises (SMEs) in BioTrade beneficiary countries and regions. For instance, the recognition of sustainable biodiversity practices throughout the value chain is channeled through a premium price (e.g. certification schemes related to organic, Rainforest Alliance, Bird-friendly, among others). In other cases, SMEs from developed and developing countries have included in the price of its raw

¹ The term biotrade refers to those activities of collection/production, transformation, and commercialisation of goods and services derived from native biodiversity (genetic resources, species and ecosystems), under criteria of environmental, social and economic sustainability. For further information, please visit www.biobtrade.org.

material a percentage that is destined for reforestation/breeding of the specie used and involved benefit sharing issues throughout the value chain. Finally, stakeholders involved have identified and valued the conservation of biodiversity as an alternative income-generation activity, hence are more empowered and willing to conserve and use it sustainably. For example, there was a decrease in biodiversity depletion activities as a result of supporting an environmentally friendly economic activity (e.g. bird hunting in the Ecoruta Paseo del Quinde Project in Ecuador related to birdwatching tourism).

One of the lessons learned in implementing the programme is also the need to coordinate and work in close collaboration with biodiversity-related Multilateral Environmental Agreements (MEAs). This is reinforced by the conclusions of the informal biodiversity-related MEAs meeting held in November 2006², that stated the need for clarity on the target and scope of the incentive measures as well as on the desired practices that those incentives should bring about. It should also guarantee that those who receive the incentives will continue to apply such practices even when the incentives cease to exist. In this context, verification and certification could perhaps be a solution. Finally, an issue that was also addressed was that Parties have seen difficulties in applying incentive measures and lack tools to assess the effectiveness of incentive measures at the country level, particularly when dealing with their economic impact.

Some challenges identified are as follows:

- Need to coordinate activities not only at the national level but also at the regional and/or international levels where different fora and processes take place (e.g. COPs of biodiversity-related MEAs).
- Active involvement of stakeholders throughout the value chain is crucial. The importance of concerted efforts by the Government and private sectors, for instance in overcoming regulatory frameworks that were absent, not well-defined or even restrictive for the sustainable use and trade of biodiversity-derived products should be emphasized.
- Need to assess the benefits and to obtain tangible results of the implementation of the incentives is important to be felt by actors, as well as to have them documented and quantified for dissemination and replication.
- Need to identify areas where incentives could play an important role, for instance in the equitable sharing of benefits generated by the use of biodiversity, in order to avoid the concentration of revenue only on some actors of the value chain.
- Awareness-raising and documentation on measures and projects taking place, particularly those that guide SMEs on how to include and benefit from biodiversity friendly practices, with the aim of demonstrating and generating projects that could be replicated in other areas and/or sectors.
- Need to focus on raising awareness of potential consumers for biotrade products and services, particularly as it lacks knowledge and recognition due them. Hence, market-based incentives need to be included in consumer awareness campaigns in parallel with providing concrete guidelines for the sustainable supply of the biological resources used.
- Market barriers (e.g. non-tariff barriers – NTBs), particularly for native species that are normally unknown in the markets and therefore more requirements are envisaged without considering its past experience consumption in the countries of origin. These could foster the use and conservation of traditionally and commercially used species over those that are locally consumed and/or with no known market potential.
- Need to have institutional capacity at the country level to continue with the implementation and monitoring of the incentive measures. For instance, capacity, both economical and technical, should be in place and developed in order to reach the sustainability of local partners that are facilitating it (e.g. National Country Programmes).

b. *Options to address the challenges identified;*

Under the UNCTAD BioTrade, some of the challenges identified above were addressed as follows:

² Biodiversity and the Global Market Economy - Report on the informal strategic workshop to explore the challenges and opportunities of implementing the biodiversity-related MEA with the global market economy, UNCTAD, 14-15 November 2006.

Awareness-raising and documentation

- *Methodologies and guidelines developed*

Integrated actions throughout the value chain were developed and fostered under the UNCTAD BioTrade Initiative, particularly through its BioTrade Facilitation Programme (BTFP). The manual: *BioTrade value chains: selection, assessment and strategy development* was elaborated, leading to the development of a sector assessment and strategy that includes BioTrade P&C.

Furthermore, the *sustainable management plan* methodology was defined and a manual was prepared. Particularly, it guides SMEs and its suppliers in using their natural resources under sustainable schemes that fulfill BioTrade P&C.

Draft guidelines for benefit sharing were also prepared with the support of national partners/programmes and the private sector. This is indeed an issue that needs to be further addressed as there is no clear methodology that ensures equitable access and benefit sharing arising from the use of biological resources.

Box 1: Experience of National Country Programmes with BioTrade methodologies

The Bolivian BioTrade Programme³ of the Ministry of Environment - which is implemented by the Fundación Amigos de la Naturaleza (FAN) through the support of the Dutch and Swiss Governments - a legal tool to prepare management plans for fauna was approved through Ministerial Resolution; similarly a guideline to develop management plans for ornamental fishes was developed and the norm for the sustainable use of crocodile: *Caiman yacare* was updated jointly with indigenous organizations during 2007. As general results from the Bolivian Programme's intervention from 2005 to 2007, 21 management plans were developed out of which 76% were on wild fauna and fifteen native species were prioritized and managed under the BioTrade P&C; positively influencing approximately 3'787.512 hectares.

Finally, National Country Programmes have developed methodological schemes for wild harvesting such as *in-situ sustainable harvesting protocols* elaborated by the Colombian BioTrade Programme.

Methods to promote biodiversity in consumer decisions and market access

- Trade barriers together with the lack of consumer recognition of good biodiversity practices continue to be an issue that needs to be further addressed. Regarding market recognition and differentiation of BioTrade products and services, UNCTAD has provided policy studies and engaged in international discussions on technical barriers to biotrade; labelling and certification and product differentiation through the Union for Ethical BioTrade (UEBT)⁴; and development of distinctive signs and geographical indication schemes.
- Fair trade participation has also been an activity that was undertaken by BioTrade partners and programmes. For instance, at the ExpoSustentat 2007, the Biotrade concept was highly promoted through an exhibition stand and organization of side events. The concept was also promoted at other international events, such as the COPs of CBD, CITES, UNCCD, among others.

Active involvement of actors in order to integrate biodiversity values in public and private sector decisions, through value-chain development (supply-chain development)

Under the BTFP, activities were carried out under a value chain strategy approach, which assesses and defines strategies to further develop selected biodiversity-related sectors and focus conservation and sustainable use efforts by the implementation of BioTrade P&C. Particularly, the P&C are being gradually included in eight selected value chains:

³ Programa Nacional de Biocomercio Sostenible (Bolivia) - Informe gestión 2007 (Draft). Internal document, March 2008.

⁴ www.ethicalbiotrade.org

Value chains selected	Countries
<i>Arapaima gigas</i>	Peru
Crocodile: (Caiman yacare) leather and meat	Bolivia
Eco-tourism / Birdwatching	Uganda, Ecuador
Natural ingredients for cosmetic, pharmaceutical and/or food industries	Bolivia, Brazil, Colombia, Ecuador, Peru, Vietnam, Uganda and Southern Africa
Cocoa arriba (specialty cocoa)	Ecuador
Products derived from (wild)fauna	Bolivia, Uganda
Ornamental fish	Peru, Vietnam
Tropical flowers and foliage	Colombia

Source: Final Report BioTrade Facilitation Programme for Biodiversity Products and Services (BTFFP), UNCTAD, 2007.

In these value chains several tangible results were achieved, however, a general overview included, *inter alia*, progress made on related regulatory framework at the country level and particular regulatory framework for selected sectors. The supply chain development (value chain approach) has enabled the effective management of native species and identified new markets while allowing an increase in income in local communities. National capacity to support organizations has been strengthened as a result, and alliances between the private sector and environmental authorities have been strengthened.

Box 2: Results from the implementation of BioTrade by UNCTAD, national and regional partners

The results of UNCTAD BioTrade and national country programmes interventions are: around 170 companies were involved in BioTrade related activities in the priority sectors, which started working towards the implementation of the BioTrade P&C, making a serious start to take into account issues related to quality, sustainable use of biodiversity and benefit sharing. Of these companies, around 57% were from Latin America, 40% from Africa and 3% from Asia.

In relation to each country's experience, in Colombia, the 6 companies that are associated with *Nativa* - a newly formed sector association - are sourcing natural ingredients from 200 families and it is expected to increase in the next years. In addition, 2 Colombian companies are sourcing from 200 hectares of critical ecosystems following the BioTrade P&C. Furthermore, in Peru, 2,550 families (with approx. 55,000 hectares) were involved in the collection of plant material for natural ingredients in companies participating directly in the BTFFP. In the ornamental fish product group, an estimated 30,000 families are involved in local fishing activities, and slowly they are starting to become involved in the implementation of the BioTrade P&C. For Bolivia, direct beneficiaries that apply BioTrade P&C include a wide range of actors throughout the country, involving 391 indigenous and/or farmers' communities, 12 regional communities, 9 producer associations, 64 SMEs, 82 producers and 125 farm, both private and communitarian. In Ecuador, some 2,000 families (approx. 200,000 hectares) are involved in the work of the BTFFP, and an additional monthly income was generated due to these activities. In Uganda, 1,250 families are registered as suppliers of the companies that work with the BioTrade Programme in the natural ingredients sector, hence following the BioTrade P&C.

At the country level, particularly in the Andean region, the country programmes of Bolivia, Colombia and Peru have been developing financial mechanisms in order to facilitate access by BioTrade SMEs and projects (e.g. *Biocomercio Colombia Fund*; *Bolivia Fund* and *Peru Fund*); the four Andean country programmes provided support to consolidate *Bionativa* - a regional business association - that involves SMEs from Bolivia, Colombia, Ecuador and Peru that are committed to BioTrade P&C.

Last but not least, BioTrade Initiative activities worldwide needed to be measured and assessed, particularly through an impact assessment system that would allow the quantification of its contribution to sustainable development, such as to CBD objectives and Decisions VIII/17 and VIII/26. This tool would not only be used for assessing the actual impact of BioTrade related activities, but also to generate and compare data from different Parties, partners and regions active in BioTrade and define strategies for consumers market

and awareness raising campaigns, sector development, inclusion of BioTrade P&C into private and public decision-making processes, among others.

Work with biodiversity-related MEAs

The informal MEAs meeting that took place in 2006 attended by UNCTAD/BioTrade and representatives from CBD, CITES, UNCCD/Global Mechanism and Ramsar Convention on Wetlands was transformed into an informal MEA network focusing on biodiversity agreements and economic issues. Particularly, it addressed issues of private sector engagement as well as incentive measures and trade.

Identifying possible incentive measures/case studies

UNCTAD/BioTrade and the Global Mechanism of the UNCCD are fostering the Andes Initiative, which aims to assess the incentives, barriers and policies that enable biotrade activities and sustainable land management for the four Andean countries. The results would be a useful source of incentive measures being undertaken by CBD Parties. BioTrade and the Global Mechanism are initially looking at the Integrated Framework (IF) as a way to create positive incentives for BioTrade in the Least Developed Countries. In this context, opportunities have been identified in Uganda, which would also be building on the technical work currently being developed in the Andes Initiative as a South-South cooperation component.

c. Priorities for a future programme of work including requirements for effective national implementation, including financial and institutional support and capacity building;

Issues that need to be further addressed are as follows:

- Contribute to a policy environment that promotes trade and investment as an incentive measure for the sustainable use of biodiversity, such as the work on non-tariff barriers (NTBs) that hamper the access to markets of sustainable produced biodiversity products and services.
- Promote product differentiation and market development for biodiversity-friendly products and services with the aim of increasing consumers' awareness and recognition.
- Support to developing Parties' capacity to implement and measure the impact of positive incentives and barriers as well as the sharing of experiences at the regional and international levels.
- Improve access to finance (credit, pre-export and trade finance) for biodiversity-friendly SMEs and projects.

d. Key gaps in the work to date, and gaps and obstacles in the existing programme of work that are impeding its implementation at the national level;

Some gaps identified to date are:

- Building national capacity and financial resources to support and facilitate the implementation of incentive measures such as BioTrade-related activities, with the public and the private sectors.
- Access to market of biodiversity native species from developing countries is also a challenge as the presence of NTBs that are detrimental to biotrade is a constant threat. Constant follow-up on related discussions taking place at different international fora could also be done.
- Broaden efforts to address the recognition of good practices in policies and consumers decisions need to be further considered.
- Concerted efforts at the national, regional and international levels working with incentive measures for biodiversity-related sectors is still an activity that needs to be further strengthened.

e. *Interface with other international initiatives and instruments in this area;*

BioTrade could be considered as an incentive measure *per se*, and more organizations are currently embracing this concept. Concrete activities are taking place under programmes and initiatives developed for the Andean and Amazonian Regions and Africa by the Andean Community General Secretariat (SGCAN), Amazon Cooperation Treaty Organization (ACTO), Andean Development Corporation, UNEP, Global Mechanism, CITES, GTZ, IUCN, among others. Important supporters are also the Governments of Denmark, the Netherlands and Switzerland.

f. *Linkages to other programmes of work under the Convention.*

Close collaboration with the biodiversity-related MEAs network related to incentive measures and private sector engagement, and access and benefit sharing.