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Item 3.5 of the provisional agenda

INCENTIVE MEASURES (ARTICLE 11)

IN-DEPTH REVIEW OF THE WORK ON INCENTIVE MEASURES

Synthesis report of information on incentive measures provided by Parties in the third national reports

Note by the Executive Secretary

I. INTRODUCTION

1. In paragraph 1 of decision VIII/26, on incentive measures, 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 2 of the same decision, the Conference of the Parties requested the Executive Secretary to, *inter alia*, prepare a synthesis report of information provided by Parties in the third national reports, and to transmit the report to Parties, other Governments, relevant international organizations and stakeholders with a view to assisting them in the preparation of submissions as invited in paragraph 3 of the decision.

3. Paragraph 4 of the decision requested the Executive Secretary to, *inter alia*, update the synthesis report of the third national reports and make it available for consideration by the Conference of the Parties at its ninth meeting. The present note responds to this request. Its statistical analysis is based on the 122 third national reports that had been received and analysed for inclusion into the National Reports Analyzer as of beginning of February 2008. ^{1/} A number of Parties did not apply the final guidelines for completion of the reports and hence could not be included in the National Reports Analyzer and the statistical analysis; however, any additional comments made on incentive measures by those Parties were

^{1/} The National Report Analyser is an electronic tool which is accessible online under the clearing house mechanism of the Convention, at www.cbd.int, under ‘national reports’.

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taken into consideration. A list of the Parties having submitted their third national reports by this date is annexed to this note.

4. The guidelines for the third national report contain 5 questions on incentive measures (questions 83 to 87). In addition, box L requested Parties to elaborate on the implementation of this article and associated decisions specifically focusing on: outcomes and impacts of actions taken; contribution to the achievement of the goals of the Strategic Plan of the Convention; contribution to progress towards the 2010 target; progress in implementing national biodiversity strategies and action plans; contribution to the achievement of the Millennium Development Goals; constraints encountered in implementation.

5. Incentive measures are also reflected in question one, on priority setting. In question two, on the challenges and obstacles in implementing the Convention, incentive measures feature both in terms of the Article to be implemented (Article 11), and as a potential challenge to the implementation of the various Articles of the Convention (challenge (n)). Hence, the answers given to question two provide information both on (i) the extent to which the lack of (economic) incentive measures is perceived as a challenge in implementing the other Articles of the Convention; and (ii) the challenges identified by Parties in implementing Article 11.

6. It is noteworthy that, out of the 27 potential challenges, the lack of economic incentives is identified by reporting Parties as the highest challenge in implementing Article 10 (sustainable use), and ranks as second-highest challenge to the implementation of many other Articles of the Convention. Moreover, according to the scores assigned by Parties, Article 11 appears to be particularly challenging to implement. At the same time, the large majority of reporting Parties assign medium or low priority to its implementation.

7. This document reviews and synthesizes the answers provided by Parties to questions 1 and 2 as well as 83 to 87 and the request expressed in box L. For a more logical flow of information, the information provided under question two, on the role of incentive measures in implementing the provisions of the Convention was grouped together with question one on priority setting, while the information provided under question two on the challenges encountered in implementing Article 11 was grouped together, in section VII, with box L and with question 85, on training and capacity-building.

8. Each section below provides first a statistical summary of the responses provided, which is followed by a synthesis of the additional comments provided by Parties (if any). In a number of cases, there is a minor gap between the total number of responses and the number of national reports, which is due to the fact that some Parties did not respond to certain questions and, in other cases, some Parties might choose several options to answer the questions.

9. In providing views on the implementation of the programme of work on incentive measures, pursuant to paragraph 3 of decision VIII/26, India expressed the view that a disaggregated table providing an overview of response by stage of development, as per the country classification by the World Bank (based on gross national income per capita in 2006), would be useful, as it would allow detecting any empirical patterns in the choices of incentive measures or sectors based on level of economic development. Such tables were consequently added to the present note.

II. PRIORITY SETTING AND THE ROLE OF (ECONOMIC) INCENTIVE MEASURES IN IMPLEMENTING THE VARIOUS ARTICLES OF THE CONVENTION

10. Question one of the national report guidelines requested Parties to indicate the level of priority accorded to the implementation of various articles, provisions and relevant programmes of the work of

the Convention. A total of 29 Parties indicated that they assign high priority to the implementation of Article 11, on incentive measures, while 53 Parties assigned medium priority and 41 assigned low priority.

11. Question two provided a list of 27 potential challenges for implementation of the Convention, and requested Parties to score the level of challenges faced by the country in implementing the various provisions of the Convention, by using a scale from 0 to 3 (0 = challenge has been successfully overcome; 1 = low challenge; 2 = medium challenge; 3 = high challenge). “Lack of economic incentive measures” is one item of the list of potential challenges provided (challenge (n)). The total scores assigned to this challenge for the implementation of each substantial Article of the Convention are provided in table 1 below. Table 1 also provides, for each substantial Article, the rank of the total score assigned to this challenge among all 27 potential challenges.

12. It is noteworthy that, out of the 27 potential challenges, the lack of economic incentives is identified as the highest challenge in implementing Article 10 (sustainable use), closely followed by the lack of financial, human, and technical resources. It ranks as second-highest challenge, after the lack of financial, human and technical resources, to the implementation of many other Articles of the Convention, namely: 6 (general measures for conservation and sustainable use), 8 (*in-situ* conservation), 9 (*ex-situ* conservation), 12 (research and training), and 16 (access to and transfer of technology).

Challenge (n)	Articles																		
	5	6	7	8	8h	8(j)	9	10	11	12	13	14	15	16	17	18	19	20	
Total Score	195	239	228	268	248	234	251	270	n/a	237	207	212	244	235	217	212	238	198	
Rank	7	2	3	2	5	3	2	1	n/a	2	4	11	3	2	3	4	3	10	

Table 1: Total scores assigned to challenge (n) in question 2 of the third national reports, and rank among all 27 challenges

III. ESTABLISHMENT OF PROGRAMMES TO IDENTIFY AND ADOPT INCENTIVE MEASURES

13. Question 83 inquired whether the country established programmes to identify and adopt economically and socially sound measures that act as incentives for the conservation and sustainable use of components of biological diversity. 70 Parties indicated that some programmes were in place and 11 Parties claimed to have comprehensive programmes in place. 26 Parties said that their programmes were being developed and 17 Parties have no such programmes in place.

14. 82 Parties provided further comments to this question, which are synthesized in tables 2 to 4 below. 75 Parties provided information on the application of positive incentive measures (measures that encourage activities that are beneficial for biodiversity), with 69 Parties providing information on monetary positive incentive measures and 22 Parties providing information on non-monetary positive incentive measures. 18 Parties provided information on the application of negative incentive measures or disincentives (measures that discourage activities that are harmful for biodiversity). Some Parties described measures that relate to the creation of markets for biodiversity-based goods or services or provided information on valuation of biodiversity and biodiversity resources and functions. A number of Parties (with some but not complete overlap) also reported on these areas when responding to question 84, on the incorporation of biodiversity values of biological diversity into relevant plans, policies and programmes. Consolidated information on these two areas is provided in section IV below.

A. *Positive incentive measures*

15. In the range of **monetary positive incentive** measures, measures associated with agriculture featured most prominently, with 30 State Parties explicitly referring to agri-environmental programmes (among those, European Union Member States referred to national implementation of the EU rural development programme). An additional six Parties referred to measures which may to a substantial extent be applicable to agriculture (agreements/covenants/easements on private land and land set-aside schemes, stewardship payments). 14 Parties referred to the application of incentive measures in the context of protected area management, which may also relate to agriculture.

16. A number of components or sub-programmes of the different national agri-environmental programmes seem to have common objectives. For instance, Parties from different CBD regions mentioned the provision of financial and technical assistance to farmers in order to promote biodiversity-friendly production techniques, or to promote the preservation of rare breeds. But important differences can sometimes also be detected. For instance, while Canada reported on a provincial programme which helps *converting* marginal lands under cultivation to permanent forage or tree cover, Austria reported that its national agri-environmental programme plays an important role in *supporting* farming in marginal areas which are prone to abandonment, in particular in mountain farming, which would play a vital key role in safeguarding the sensitive ecosystem of mountain areas.

17. As regards the sectoral application of monetary positive incentive measures, agriculture was followed by forestry, with 25 countries explicitly referring to such measures applied in this sector – bearing in mind that other activities, mentioned above, may also be applicable to forestry, and that some forestry programmes may also have impacts on agriculture (for instance, through the hydrological services provided by forests).

18. As regards the vehicles by which monetary positive incentive measures are granted, a total of 15 State Parties referred to the design of tax system, i.e., the introduction of tax exemptions or tax credits for specific activities, four Parties mentioned the application of tariff reductions or duty-free concessions, and two Parties referred to subsidized credit. Five Parties referred to payment systems for ecosystem services. The granting of access guarantees for local communities to protected areas, and the establishment of schemes that seek to share receipts from economic activities with them, was reported by eight Parties.

19. As regards the institutional structures and mechanisms by which positive incentives are granted, a total of 14 Parties referred to environmental funds. One Party reported on the application of auctions for granting stewardship payments.

20. A total of 22 Parties reported using **non-monetary** positive incentive measures. Social recognition through awards and other means featured most prominently, with 11 Parties making reference to such mechanisms (bearing in mind that awards sometimes include a monetary component).

Positive incentive measures	Reporting Parties
<i>Monetary positive incentive measures</i>	
<i>By sector</i>	
Agri-environmental programmes	Austria, Belgium, Bhutan, Botswana, Brazil, Canada, Cape Verde, Congo, Costa Rica, Croatia, Czech Republic, Denmark, EC, Finland, Germany, Guatemala, Hungary, Ireland, Latvia, Lithuania, Morocco, Netherlands, Norway, Poland, Portugal, Russian Federation, Slovakia, Slovenia, Sweden,

	Turkmenistan, United Kingdom
<i>Subsidies to organic farming</i>	Norway, United Kingdom
<i>Preservation of rare breeds</i>	Austria, Croatia, Ireland, Morocco
<i>Compensation for loss of harvest</i>	Botswana, Bhutan, Congo, Croatia, Turkmenistan
<i>Rural credits/loans</i>	Brazil, Guatemala
Agreements (covenants/easements) on private lands, land set-aside/land donations	Australia, Belgium, Brazil, Canada, Mauritius
Stewardship payments	Australia, Canada, Slovakia
Incentives in protected area management	Algeria, Cambodia, Cape Verde, Ethiopia, Germany, Guatemala, Japan, Latvia, Lebanon, Nepal, South Africa, Togo, Turkmenistan, Uganda
Forest programmes	Albania, Argentina, Austria, Cambodia, Central African Republic, China, Costa Rica, Denmark, El Salvador, Finland, Gambia, Guatemala, Indonesia, Kazakhstan, Mexico, Mongolia, Poland, Portugal, Slovakia, Slovenia, St. Lucia, Tanzania, Thailand, United Kingdom, Vietnam
Fishery programmes	Mauritius, Portugal, Tanzania
Soil and water conservation	Mongolia, St. Lucia, Turkmenistan
Support for technology	Bhutan, Egypt, Malawi, Mauritius, Togo
<i>Payment vehicles</i>	
Tax reform/exemptions/credits	Brazil, Cambodia, Canada, EC, Japan, Malawi, Mali, Mongolia, Netherlands, Uzbekistan, Poland, Slovenia, South Africa, Thailand, Togo
Tariff reductions/duty-free concessions	Cuba, St. Lucia, St. Vincent and the Grenadines, Togo
Subsidized credit	Brazil, Guatemala
Payments for ecosystem services	Colombia, Costa Rica, El Salvador, Guatemala, Mexico
Access guarantees, benefit/revenue-sharing	Cameroon, Congo, Ethiopia, India, Malawi, Morocco, Nepal, Uganda
<i>Institutional structures and mechanisms</i>	
Environmental funds	Argentina, Brazil, Cape Verde, China, Czech Republic, Guatemala, Japan, Mongolia, Philippines, Poland, Portugal, Rwanda, Tanzania, Thailand
Auction mechanisms	Australia
Support to local communities/municipalities	Belgium, Bhutan, Germany, Malaysia, Morocco, Pakistan, Sweden
Non-monetary positive incentive measures	
Social recognition/prizes & awards	China, El Salvador, India, Indonesia, Iran, Nepal, Mauritius, Moldova, Mongolia, Thailand, Tunisia
Capacity-building and technical support	Brazil, Canada, EC, Mauritius, Portugal, Senegal
Research	Germany, EC, Togo
Seed banks/reseeding	Ethiopia, Vanuatu
Land swaps	St. Lucia, St. Vincent and the Grenadines

Table 2: Synthesis of question 83 – positive incentive measures

Positive incentive measures	Low income	Lower-middle income	Upper-middle income	High-income
<i>Monetary positive incentive measures</i>				

<i>By sector</i>				
Agri-environmental programmes		6	10	15
<i>Subsidies to organic farming</i>				2
<i>Preservation of rare breeds</i>		1	1	2
<i>Compensation for loss of harvest</i>		3	2	
<i>Rural credits/loans</i>		1	1	
Agreements (covenants/easements) on private lands, land set-aside/land donations			2	3
Stewardship payments			1	2
Incentives in protected area management	5	4	3	2
Forest programmes	6	6	7	6
Fishery programmes	1		1	1
Soil and water conservation	1	1	1	
Support for technology	2	2	1	
<i>Payment vehicles</i>				
Tax reform/exemptions/credits	6	1	3	5
Tariff reductions/duty-free concessions	1	1	2	
Subsidized credit		1	1	
Payments for ecosystem services		3	2	
Access guarantees, benefit/revenue-sharing	5	3		
<i>Institutional structures and mechanisms</i>				
Environmental funds	4	4	3	3
Auction mechanisms				1
Support to local communities/municipalities	1	2	1	3
Non-monetary positive incentive measures				
Social recognition/prizes & awards	3	7	1	
Capacity-building and technical support	1		2	3
Research	1			2
Seed banks, reseeded	1	1		
Land swaps			2	

Table 2a: Application of positive incentive measures by national income groups

B. Negative incentive measure

21. Table 3 provides an overview on negative incentive measures or disincentives reported by Parties. References to environmental fees/charges/taxes for environmental-harmful activities (in particular polluting activities, but also compensatory payments for encroachment of nature) featured most prominently among the 18 comments that referred to disincentives, with a total of 12 Parties reporting on the application of such measures. Five Parties made reference to the implementation or strengthening of payment systems for the use of natural resources.

Negative Incentive measures (disincentives)	Reporting Parties
Environmental fees/charges/taxes, compensation payments for encroachments of biodiversity	Albania, Armenia, Bahamas, El Salvador, Germany, Kazakhstan, Malawi, Mexico, Netherlands, Norway, Uzbekistan, South Africa
Establishment or strengthening of payment systems for use of natural resources (full cost-pricing)	Armenia, Mali, Niger, Senegal, Kazakhstan
Land taxes	Estonia
Punitive measures for non-compliance	Kyrgyzstan
Earmarking of receipts	Mexico

Table 3: Synthesis of question 83 – negative incentive measures

Negative Incentive measures (disincentives)	Low income	Lower-middle income	Upper-middle income	High income
Environmental fees/charges/taxes, compensation payments for encroachments of biodiversity	2	3	3	4
Establishment or strengthening of payment systems for use of natural resources (full cost-prizing)	3	1	1	
Land taxes				1
Punitive measures for non-compliance	1			
Earmarking of receipts			1	

Table 3a: Application of negative incentive measures by income groups

IV. INCORPORATION OF BIODIVERSITY VALUES INTO PLANS, POLICIES AND PROGRAMMES

22. Question 84 inquired whether the country developed mechanisms or approaches to ensure adequate incorporation of both market and non-market values of biological diversity into relevant plans, policies and programmes and other relevant areas. Less than one quarter of reporting countries responded that they have established such mechanisms (22) while more than three quarters indicated that such mechanisms were under development (46) or had not been developed (45). The comments are synthesized in table 4 below, together with the pertinent comments that were already provided under question 83.

A. Biodiversity valuation

23. The application of tools for valuation of biodiversity was the single most important mechanism identified by Parties for the incorporation of market and non-market biodiversity values into relevant plans, policies and programmes and other relevant areas, with 22 Parties reporting that they were undertaking valuation studies, and two countries reporting that they were working on the integration of biodiversity values into their system of national accounts. Lack of human and technical capacity in conducting such valuation studies was identified by some Parties as a constraint – see section VII below for further information on this aspect.

B. Promotion of markets for biodiversity-based goods and services

24. A total of 36 Parties reported on the promotion of biodiversity-based goods and services, possibly in the context of participatory rural development projects or community-based natural resource management. Several Parties made explicit reference to the sector in which these activities were undertaken – tourism (including ecotourism) was the most prominent sector mentioned, with 10 Parties reporting to undertake activities in this sector. Seven Parties mentioned labeling and certification as a means to promote such products.

C. Other mechanisms for the incorporation of biodiversity values

25. A total of 11 Parties made reference to integrated planning, three of which reported on the integration of mechanisms for the valuation of biodiversity into their National Biodiversity Strategy and Action Plan. 6 Parties reported that they use environmental impact assessment procedures as a means to ensure the incorporation of biodiversity values, one of which also made reference to strategic impact

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assessment. Four Parties mentioned other market mechanisms such as transferable rights or quota, three Parties noted the role of liability and insurance, and two Parties referred to the polluter-pays-principle.

Incorporation of biodiversity values	Reporting Parties
<i>Valuation</i>	
Valuation studies	Austria, Botswana, Brazil, Burundi, Cote d'Ivoire, Cuba, Denmark, Estonia, France, Guatemala, Iran, Israel, Kenya, Malaysia, Mexico, Namibia, Nepal, Nicaragua, Philippines, South Africa, Swaziland, United Kingdom
Integration into national accounting	China, South Africa
<i>Promotion of biodiversity-based products</i>	
Green markets/biotrade	Benin, Burkina Faso, Botswana, Cameroon, Cape Verde, Chile, Colombia, Comoros, Costa Rica, Cuba, EC, Egypt, El Salvador, Ethiopia, Guatemala, Lebanon, Malaysia, Mauritius, Nicaragua, Niger, Philippines, Portugal, Rwanda, St. Lucia, Tanzania, Turkey, Uruguay, Zimbabwe
<i>Agriculture</i>	Benin, Burkina Faso, Costa Rica, Lebanon, Portugal, St. Lucia, Turkey
<i>Fisheries</i>	Cape Verde, Chile, Egypt, Portugal, Uruguay
<i>Forest products</i>	Ethiopia, Guatemala, Niger, Portugal, Uruguay
<i>Medicinal plants</i>	Egypt
<i>Tourism</i>	Botswana, Cameroon, Chile, Comoros, Egypt, Guatemala, Rwanda, St. Lucia, Vanuatu, Zimbabwe
<i>Wildlife</i>	Ethiopia, Philippines, Tanzania, Uruguay
<i>Related to protected areas</i>	Cuba, Rwanda, Mauritius, Nicaragua
<i>Use of labels/certificates</i>	EC, El Salvador, Ethiopia, Guatemala, Lebanon, Malaysia, Portugal
Participatory rural development projects/Community-based National Resource Management/Revenue sharing	Cameroon, Egypt, Ethiopia, India, Namibia, Nepal, Pakistan, Philippines, St. Vincent and the Grenadines, Tanzania, Togo, Uganda, Uruguay, Zimbabwe
<i>Other mechanisms</i>	
Integrated planning, including into National Biodiversity Strategy and Actions Plans	Australia, Comoros, France, Germany, Israel, Jordan, Nicaragua, South Africa, St. Vincent and the Grenadines, Tanzania, Turkey
Environmental impact assessment procedures	Chile, Morocco, Norway, Tanzania, Tunisia, United Kingdom
Strategic impact assessment	United Kingdom
Other market mechanisms (transferable development rights, fishery licensing)	Chile, Kenya, Mexico, Uzbekistan
Liability/insurance	EC, Indonesia, Uzbekistan
Polluter-pay principle	Kenya, Romania
Education and extension, technical support	Australia, Japan
Fines for compensation of damage	Estonia
Ecological fiscal reform	Canada
Monitoring frameworks on assets and benefits	Australia

Table 4: Synthesis of question 84 – incorporation of biodiversity values

Incorporation of biodiversity values	Low income	Lower-middle income	Upper-middle income	High Income
<i>Valuation</i>				
Valuation studies	4	7	5	6
Integration into national accounting		1	1	
<i>Promotion of biodiversity-based products</i>				
Green markets/biotope	8	9	9	2
<i>Agriculture</i>	2		4	1
<i>Fisheries</i>		2	2	1
<i>Forest products</i>	2	1	1	1
<i>Medicinal plants</i>		1		
<i>Tourism</i>	4	3	3	
<i>Wildlife</i>	2	1	1	
<i>Related to protected areas</i>	1	2	1	
<i>Use of labels/certificates</i>	1	2	2	2
Participatory rural development projects/Community based National Resource Management/Revenue sharing	9	3	2	
<i>Other mechanisms</i>				
Integrated planning, including into National Biodiversity Strategy and Actions Plans	2	2	3	4
Environmental impact assessment procedures	1	2	1	2
Strategic impact assessment				1
Other market mechanisms (transferable development rights, fishery licensing)	2		2	
Liability/insurance	1	1		1
Polluter-pay principle	1		1	
Education and extension, technical support				2
Fines for compensation of damage				1
Ecological fiscal reform				1
Monitoring frameworks on assets and benefits				1

Table 4a: Incorporation of biodiversity values by national income groups

V. REMOVING OR MITIGATING PERVERSE INCENTIVES

26. Question 87 inquired whether Parties made progress in removing or mitigating policies or practices that generate perverse incentives for the conservation and sustainable use of biological diversity. Almost half of reporting countries indicated that they made progress, with 42 Parties reporting that relevant policies and practices identified but not entirely removed or mitigated, and seven Parties reporting that relevant policies and practices were both identified and removed or mitigated. 39 Parties reported that the identification of perverse incentives is under way, and 32 Parties reported no progress. 59 Parties provided additional comments, which are synthesized in table 5 below. One Party explained that there are no perverse incentives in the country.

27. Most Parties reported on the **removal or mitigation of perverse incentives** in specific sectors. Again, agriculture took the lead, with 16 Parties reporting that perverse incentives, including subsidies, in this area were identified and removed or mitigated. Agriculture was again closely followed by forests, with 11 Parties reporting on this sector, and fisheries, with 10 Parties. Six Parties mentioned various measures in the energy sector which were removed because of their detrimental impacts on biodiversity. Four countries reported that they reformulated policies that seek to preserve biodiversity but generated perverse incentives.

28. The same sectors were targeted by Parties that reported on the **identification of perverse incentives**, with four Parties additionally mentioning the importance of land policy, i.e., issues such as land titles, land-use zoning, and the system of land taxes, and three Parties underlining the role of transport infrastructure in particular road construction.

29. A number of Parties also reported on specific **means and mechanisms** for the identification and removal or mitigation of perverse incentives: Six Parties mentioned the review of the tax system, and 5 Parties referred to the application of environmental impact assessment procedures. Organizational measures or reforms, including the establishment of commissions and new authorities, were mentioned by seven Parties. Four Parties referred to regulations and their enhanced enforcement as a means to mitigate perverse incentives. Three Parties underscored the importance of stakeholder involvement, and three member States of the European Union made reference to the application of cross-compliance.

Perverse Incentives	Reporting Parties
<i>Removal/mitigation by sector</i>	
Agriculture	Burundi, Cape Verde, Cote d'Ivoire, Dominican Republic, Estonia, EC, Germany, Guinea, Mali, Mauritania, Norway, Poland, Portugal, Slovenia, South Africa, Sweden
Forestry	Austria, Canada, Cape Verde, Colombia, Gambia, Indonesia, Kenya, Lesotho, Malawi, Norway, Sweden
Fisheries	Cape Verde, Cote d'Ivoire, Chile, Egypt, EC, Kazakhstan, Malawi, Mauritius, Portugal, Syria
Energy	Colombia, Latvia, Lesotho, Mauritania, Poland, Sweden
Biodiversity regulations	Australia, Chile, Costa Rica, Gambia,
Water management	Czech Republic, Estonia, Guinea
Protected area management	Dominican Republic, Syria
Housing/settlement policy	Germany
<i>Identification by sector</i>	
Agriculture	Austria, Botswana, Denmark, France, Mexico, Portugal
Land policy	Bangladesh, Kenya, South Africa, Thailand
Fisheries	Denmark, France, Myanmar, Portugal, Russian Federation, Turkmenistan
Transport infrastructure, construction of roads	Norway, Sweden, Vietnam
Protected area management	Malawi, Moldova, Poland, Russian Federation
Forestry	Central African Republic, France, Malawi, Mauritius
Mining	Chile
Water management	France
<i>Means and mechanisms</i>	
Tax system reviews	Canada, Kenya, Mexico, Romania, South Africa, Thailand
Environmental impact assessment procedures	Chad, Mali, Senegal, Slovenia, Syria
Organizational reforms, establishment of new bodies	Australia, Canada, India, Malawi, St. Vincent and the Grenadines, Thailand, Zimbabwe
Regulations and their enforcement as a means to mitigate	Benin, Kazakhstan, Lebanon, Moldova
Cross-compliance	Belgium, Ireland, Slovenia
Stakeholder involvement	Egypt, Nepal, Zimbabwe

Positive incentives as a means to mitigate	Norway, Poland
Self-evaluation	Uzbekistan
<i>Other</i>	
No perverse incentives in place	Ethiopia

Table 5: Synthesis of question 87 – identification and removal or mitigation of perverse incentives

Perverse Incentives	Low income	Lower-middle income	Upper-middle income	High income
<i>Removal/mitigation by sector</i>				
Agriculture	5	3	1	8
Forestry	3	4		4
Fisheries	2	3	3	2
Energy	1	2	2	1
Biodiversity regulations	1		2	1
Water management	1			2
Protected area management		2		
Housing/settlement policy				1
<i>Identification by sector</i>				
Agriculture			2	3
Land policy	2	1	1	
Fisheries	1	1	1	3
Transport infrastructure, construction of roads	1			2
Protected area management	1	1	2	
Forestry	2		1	1
Mining			1	
Water management				1
<i>Means and mechanisms</i>				
Tax system reviews	1	1	3	1
Environmental impact assessment procedures	3		1	1
Organizational reforms, establishment of new bodies	3	1	1	2
Regulations and their enforcement as a means to mitigate	1	1	2	
Cross-compliance				3
Stakeholder involvement	2	1		
Positive incentives as a means to mitigate				2
Self-evaluation	1			
<i>Other</i>				
No perverse incentives in place	1			

Table 5a: Identification and removal or mitigation of perverse incentives by national income groups

VI. TAKING INTO CONSIDERATION THE PROPOSALS FOR THE DESIGN AND IMPLEMENTATION OF INCENTIVE MEASURES

30. By decision VI/15, the Conference of the Parties endorsed proposals for the design and implementation of incentive measures, as far as they are consistent with Parties' national policy and legislation as well as their international obligations, and invited Parties to take these proposals into consideration when designing and implementing incentive measures for conservation and sustainable use of biodiversity. The proposals are provided in annex I of decision VI/15. Question 86 inquired whether Parties took the proposals into consideration. While 46 reporting countries said that the proposals are taken into account, 73 reporting countries indicated that consideration was not given to them.

31. A total of 52 Parties provided additional comments; however, many comments referred back to the activities described under earlier questions (presumably as activities that are consistent with the proposals), and only 15 comments made explicit references to the proposals. Among these, nine Parties generally confirmed that the proposals are being taken into account (China, Czech Republic, Iran, Ireland, Jordan, Lebanon, Sweden, United Kingdom, Uzbekistan), with some qualification in case of two Parties. ^{2/}

32. A few Parties provided this confirmation, but additionally identified specific elements of the proposals that are applied in, and consistent with, national policies and/or National Biodiversity Strategy and Action Plans. Among those elements, the identification of relevant stakeholders and their involvement featured most prominently, with 4 Parties referring to this element (Germany, India, Malawi, Uganda). Capacity-building and training, and the provision of technical support, was referred to by three Parties (Austria, Malawi, Uganda). Undertaking valuation of biodiversity was also mentioned by three Parties (India, Malawi and the Russian Federation). The Russian Federation and Uganda referred to the application of the ecosystem approach, and also referred to the identification of underlying threats to biodiversity, and to monitoring and enforcement. Malawi also referred to the identification of perverse incentives and to the development of markets for biodiversity-based goods and services. The Russian Federation underlined the global dimension of economic incentive measures, taking into account external impacts and environmental costs.

VII. OUTCOMES AND IMPACTS OF ACTIONS TAKEN

33. Box L requested Parties to elaborate on the implementation of Article 11 and associated decisions specifically focusing on: outcomes and impacts of actions taken; contribution to the achievement of the goals of the Strategic Plan of the Convention; contribution to progress towards the 2010 target; progress in implementing national biodiversity strategies and action plans; contribution to the achievement of the Millennium Development Goals; constraints encountered in implementation. A total of 62 Parties provided comments.

34. The general tenor of these comments is that, while some progress could be achieved, considerable more work needs to be undertaken in order to implement Article 11. Only three Parties indicated that no progress, or only very limited progress, has been made (Democratic Republic of Congo, Slovenia, and Trinidad and Tobago). Consistent with the comments provided to previous questions, references to progress made on applying incentive measures in agriculture dominated, with 9 comments made along those lines (Austria, Cape Verde, Dominican Republic, the European Commission, Guinea, Latvia, Portugal, St. Lucia, and the United Kingdom), followed by forestry with 6 references (Cape Verde, Chad, China, Democratic People's Republic of Korea, Gambia and the United Kingdom). Three

^{2/} The Czech Republic explained that they are applied in the preparation but not the implementation of measures, and Sweden noted that they are applied but not within a formal review process.

Parties referred to progress made in the involvement and participation of stakeholders in designing and implementing incentive measures (Egypt, Nepal and Togo).

35. A total of twelve Parties commented on the contribution of implementing Article 11 towards the targets and plans referenced in box L. Most Parties confirmed such a contribution, with only two Parties stating that no (direct) contribution was made (Brazil and Indonesia), and Namibia explaining that no direct linkages to the Millennium Development Goals were made so far, but that such linkages could be envisioned in the future. On the contribution towards achieving the Millennium Development Goals, Parties mainly referred to goals 1 (poverty alleviation) and 7 (environmental sustainability), and individual Parties additionally referred to goals 3 (gender equality), 8 (global partnership), and the health-related goals (4, 5, and 6).

VIII. CHALLENGES AND OBSTACLES IN IMPLEMENTATION

36. As explained in paragraphs **Error! Reference source not found.** and 11 above, question two provided a list of 27 potential challenges for implementation of the Convention, and requested Parties to score the level of challenges faced by the country in implementing the various provisions of the Convention, *inter alia* Article 11 on incentive measures, by using a scale from 0 to 3 (0 = challenge has been successfully overcome; 1 = low challenge; 2 = medium challenge; 3 = high challenge). Table 6 below provides a list of the challenges associated with the implementation of Article 11, ordered by decreasing importance as measured by the sum of the scores assigned by Parties. The lack of financial, human, and technical resources is identified as the most important challenge in implementing Article 11, closely followed by the lack of mainstreaming and integration of biodiversity issues into other sectors.

37. Table 6 also provides the rank of each challenge among all Articles. It is noteworthy that for 13 out of the 27 potential challenges, the implementation of Article 11 ranks first or second in terms of the sum of scores given by Parties – hence, according to Parties, these challenges apply mostly (or second-mostly) to the implementation of incentive measures. Even for the remaining 14 challenges, implementation of Article 11 ranks comparatively high, with single-digit ranks assigned except for challenge (z) (weak law enforcement capacity – rank 10) and challenge (aa) (natural disasters and environmental change – rank 13). It can be concluded that Article 11 is, according to the scores assigned by Parties, one of the more challenging Articles to implement.

38. The need for more financial, human, and technical resources is confirmed by the replies provided to question 85, which inquired whether the country developed training and capacity-building programmes to implement incentive measures and promote private-sector initiatives. Close to half of reporting Parties indicated that they had not yet developed (46) or are only developing such programmes (18), while 52 reporting Parties have some programmes in place and only five Parties have many programmes in place.

39. In box L, most Parties reiterated the importance they assign to the individual challenges proposed in question 2. A few Parties provided additional challenges or other additional information. Among those, most prominently figured the identified need for enhanced capacity-building and training on biodiversity valuation, as it is associated with the need to enhance awareness of biodiversity values and to better incorporate them into plans, policies and programmes. A total of eight Parties made this point (Brazil, China, Kenya, Malawi, Slovenia, Sudan, Tajikistan, and Uganda).

Rank	Challenges in implementing Article 11	Score	Rank among all Articles
1	m) Lack of financial, human, technical resources	268	6

/...

2	c) Lack of mainstreaming and integration of biodiversity issues into other sectors	265	1
3	e) Inadequate capacity to act, caused by institutional weakness	246	2
4	b) Limited public participation and stakeholder involvement	242	1
5	j) Lack of public education and awareness at all levels	240	5
6	l) Loss of biodiversity and the corresponding goods and services it provides not properly understood and documented	235	2
7	t) Lack of appropriate policies and laws	230	2
8	r) Lack of effective partnerships	229	1
9	p) Lack of synergies at national and international levels	228	1
10	q) Lack of horizontal cooperation among stakeholders	227	2
11	d) Lack of precautionary and proactive measures	224	4
12	y) Lack of knowledge and practice of ecosystem-based approaches to management	222	3
13	o) Lack of benefit-sharing	221	3
14	k) Existing scientific and traditional knowledge not fully utilized	216	7
15	h) Lack of adequate scientific research capacities to support all the objectives	215	7
16	a) Lack of political will and support	213	1
17	x) Lack of capacities for local communities	209	7
18	i) Lack of accessible knowledge and information	208	6
19	f) Lack of transfer of technology and expertise	207	7
20	w) Unsustainable consumption and production patterns	196	4
21	s) Lack of engagement of scientific community	189	3
22	z) Weak law enforcement capacity	189	10
23	v) Population pressure	180	3
24	u) Poverty	179	3
25	g) Loss of traditional knowledge	157	7
26	aa) Natural disasters and environmental change	127	13
	bb) Others (please specify)	18	17

Table 6: Synthesis of question 2 – challenges in implementing Article 11, ordered by score, and rank of the challenges among all Articles

*Annex***LIST OF PARTIES THAT HAD SUBMITTED THEIR THIRD NATIONAL REPORT BY
BEGINNING OF NOVEMBER 2006**

- | | |
|------------------------------|------------------------|
| 1. Algeria | 44. El Salvador |
| 2. Afghanistan | 45. Eritrea |
| 3. Albania | 46. Estonia |
| 4. Argentina | 47. Ethiopia |
| 5. Armenia | 48. European Community |
| 6. Australia | 49. Finland |
| 7. Austria | 50. France |
| 8. Bahamas | 51. Gambia |
| 9. Bangladesh | 52. Germany |
| 10. Barbados | 53. Ghana |
| 11. Belarus | 54. Guatemala |
| 12. Belgium | 55. Guinea |
| 13. Benin | 56. Hungary |
| 14. Bhutan | 57. India |
| 15. Bosnia & Herzegovina | 58. Indonesia |
| 16. Botswana | 59. Iran |
| 17. Brazil | 60. Ireland |
| 18. Burkina Faso | 61. Israel |
| 19. Burundi | 62. Japan |
| 20. Cambodia | 63. Jordan |
| 21. Cameroon | 64. Kazakhstan |
| 22. Canada | 65. Kenya |
| 23. Cape Verde | 66. Kyrgyzstan |
| 24. Central African Republic | 67. Latvia |
| 25. Chad | 68. Lebanon |
| 26. Chile | 69. Lesotho |
| 27. China | 70. Liberia |
| 28. Colombia | 71. Lithuania |
| 29. Comoros | 72. Madagascar |
| 30. Congo | 73. Malawi |
| 31. Costa Rica | 74. Malaysia |
| 32. Côte d'Ivoire | 75. Mali |
| 33. Croatia | 76. Mauritania |
| 34. Cuba | 77. Mauritius |
| 35. Cyprus | 78. Mexico |
| 36. Czech Republic | 79. Mongolia |
| 37. DPR Korea | 80. Morocco |
| 38. DR Congo | 81. Mozambique |
| 39. Denmark | 82. Myanmar |
| 40. Djibouti | 83. Namibia |
| 41. Dominica | 84. Nepal |
| 42. Dominican Republic | 85. Netherlands |
| 43. Egypt | 86. New Zealand |

87. Nicaragua
88. Niger
89. Niue
90. Norway
91. Pakistan
92. Philippines
93. Poland
94. Portugal
95. Qatar
96. Republic of Korea
97. Republic of Moldova
98. Romania
99. Russian Federation
100. Rwanda
101. St. Lucia
102. St. Vincent and the Grenadines
103. Samoa
104. Sao Tome and Principe
105. Saudi Arabia
106. Senegal
107. Singapore
108. Slovakia
109. Slovenia
110. South Africa
111. Spain
112. Sudan
113. Swaziland
114. Sweden
115. Syrian Arab Republic
116. Thailand
117. TFYR Macedonia
118. Togo
119. Trinidad & Tobago
120. Tunisia
121. Turkey
122. Turkmenistan
123. Uganda
124. Ukraine
125. United Arab Emirates
126. United Kingdom
127. United Republic of Tanzania
128. Uruguay
129. Uzbekistan
130. Vanuatu
131. Viet Nam
132. Zambia
133. Zimbabwe
