



## Convention on Biological Diversity

Distr.  
GENERAL

UNEP/CBD/COP/12/INF/20\*\*  
3 September 2014

ORIGINAL: ENGLISH

CONFERENCE OF THE PARTIES TO THE  
CONVENTION ON BIOLOGICAL DIVERSITY  
Twelfth meeting  
Pyeongchang, Republic of Korea, 6 - 17 October 2014  
Item 14 of the provisional agenda\*

### **RESOURCE MOBILIZATION: MODALITIES FOR THE FULL OPERATIONALIZATION OF AICHI BIODIVERSITY TARGET 3**

*Note by the Executive Secretary*

#### **I. INTRODUCTION**

1. In paragraph 8 of decision XI/4, the Conference of the Parties, mindful of the potential of Aichi Biodiversity Target 3 to mobilize resources for biodiversity, decided to consider modalities and milestones for the full operationalization of this Target at its twelfth meeting, with a view to their adoption. Modalities and milestones for the full operationalization of Aichi Biodiversity Target 3 were considered by the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention at its fifth meeting and are addressed in section B of the draft decision provided in recommendation 5/10 of the Working Group (paragraphs 6 to 9).
2. The Working Group recommends to the Conference of the Parties at its twelfth meeting to adopt the milestones as annexed to the recommendation (paragraph 8), and to take note of the modalities as contained in document UNEP/CBD/WGRI/5/4/Add.1 (UNEP/CBD/SBSTTA/18/11) (paragraph 7). The section of document UNEP/CBD/WGRI/5/4/Add.1 that provides the modalities for the full implementation of Aichi Biodiversity Target 3 is reproduced in the present note.
3. In what follows, modalities are understood as ways or methods for doing something; in this case, achieving full operationalization of Aichi Target 3.<sup>1</sup>
4. Past decisions of the Conference of the Parties, taken under the programme of work on incentive measures,<sup>2</sup> already contain significant elements of guidance on how to implement Article 11 of the Convention and the various elements of the programme of work, including on incentives that are harmful for biodiversity and on positive incentive measures. The modalities below seek to bring together and consolidate, as appropriate, this rich *acquis*.<sup>3</sup> In addition, the elaboration of the modalities presented

\* UNEP/CBD/COP/12/1/Rev.1.

\*\* Reposted for technical reasons.

<sup>1</sup> This understanding was inspired by [http://www.wto.org/english/tratop\\_e/dda\\_e/modalities\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/modalities_e.htm).

<sup>2</sup> The programme of work on incentive measures was adopted by the Conference of the Parties at its fifth meeting (decision V/15) and reviewed at its ninth meeting (decision IX/6).

<sup>3</sup> Detailed references are provided in document UNEP/CBD/WGRI/5/4/Add.1 (=UNEP/CBD/SBSTTA/18/11).

below is also based on (i) information provided by Parties, other Governments, and organizations on obstacles encountered in implementing options identified for eliminating, phasing out or reforming incentives that are harmful for biodiversity; (ii) views expressed by Parties in the same submissions on the development of modalities and milestones for the full operationalization of Aichi Target 3; and (iii) existing policy support tools and methodologies for implementation of Aichi Target 3, as identified in the pertinent section of the note by the Executive Secretary on the identification of the scientific and technical needs for the attainment of targets under Strategic Goal A of the Strategic Plan for Biodiversity 2011-2020, for consideration by the Subsidiary Body on Scientific, Technical and Technological Advice at its seventeenth meeting.<sup>4</sup>

## **II. MODALITIES FOR THE FULL OPERATIONALIZATION OF AICHI BIODIVERSITY TARGET 3**

### ***A. General considerations***

5. The elimination, phase-out or reform of incentives, including subsidies, that are harmful to biodiversity, and the development and application of positive incentives for the conservation and sustainable use of biodiversity, need to take place in a manner that is consistent and in harmony with the Convention and other relevant international obligations, and need to take into account national socioeconomic conditions.

6. Aichi Biodiversity Target 3 is an element of a flexible framework for the establishment of national or regional targets. Parties are invited to set their own targets within this flexible framework, taking into account national needs and priorities, while also bearing in mind national contributions to the achievement of the global targets, and the potential of Aichi Biodiversity Target 3 to mobilize resources for biodiversity. The modalities presented here provide indicative ways and methods for the full operationalization of Aichi Target 3. They provide a flexible framework for the development of national targets and associated policy measures related to Aichi Target 3 and for their effective implementation, taking into account national circumstances and priorities.

7. Raising awareness of the values of biodiversity among policymakers and other decision makers (see Aichi Target 1) and integrating these values into national and local development and poverty reduction strategies and planning processes, as well as their incorporation in national accounting, as appropriate, and reporting systems (see Aichi Target 2), can support the effective implementation of Aichi Target 3.

### ***B. Identifying policy options***

8. Identifying existing harmful incentives for sectors that can potentially affect biodiversity requires the conduct of careful analyses of available data on the amounts and the distribution of harmful incentives provided, as well as of the consequences of doing so, including for the livelihoods of indigenous and local communities. Enhancing data transparency, through ongoing and transparent communication mechanisms, will support such analytical studies.

9. Incentives harmful for biodiversity are frequently not cost-efficient and/or not effective in meeting social objectives, while in some cases use scarce public funds. Eliminating, phasing out or reforming incentives, including subsidies, harmful for biodiversity may therefore have multiple benefits. It stops encouraging environmentally harmful behavior, may remove wider economic distortions, and

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<sup>4</sup> UNEP/CBD/SBSTTA/17/2/Add.1, paragraphs 49-68.

may free up scarce public resources. The analysis of incentives, including subsidies, may therefore not just address their harmful effects, but take a multi-criteria, holistic approach which could also include their effectiveness, cost-efficiency, and their social effects. National analytical studies should identify candidates for elimination, phase-out or reform, and make suggestions on how to achieve this, including the identification of possible obstacles and how to address them.

10. National analytical studies could also be undertaken to identify opportunities to promote the design and implementation of positive incentive measures for the conservation and sustainable use of biodiversity that are effective, transparent, targeted, appropriately monitored, cost-efficient as well as consistent and in harmony with the Convention and other relevant international obligations, and that do not generate perverse incentives, taking into account, as appropriate, the range of positive incentive measures identified in the report for policymakers of the TEEB initiative, the “polluter pays principle” and the associated “full-cost recovery principle”, as well as the livelihoods of indigenous and local communities.

11. These studies should build on an evaluation of the respective and mutually reinforced impacts of any underlying pressures on biodiversity and its components, as this is a prerequisite for the selection of the appropriate measure to stop or reverse degradation. It is important that each country implement incentive measures that are targeted at specific causes relevant to its circumstances.

12. These national studies could be undertaken as a stand-alone exercise or, as appropriate, they could also be undertaken in the context of existing or planned efforts by a number of Parties to prepare national studies on the economics of ecosystems and biodiversity, national ecosystem assessments, or similar approaches. Given that policy options, and associated obstacles to implement them, may differ across key economic sectors, the studies could take a sectoral approach.

13. The national studies could make use, as appropriate, of:

(a) The findings of the international studies on The Economics of Ecosystems and Biodiversity (TEEB) and of similar work at the national or regional levels;

(b) The considerable analytical work that has already been undertaken on the elimination, phase out, or reform of harmful incentives, and the development and application of positive incentives, by international organizations and initiatives such as the United Nations Environment Programme, the Organisation for Economic Co-operation and Development, the International Union for Conservation of Nature, and the World Trade Organization;

(c) The information and the compilation of good practice cases from different regions on incentive measures, based on the report of the international expert workshop, as contained in CBD Technical Series No. 56, bearing in mind that the possible impacts of incentive measures could vary from country to country in accordance with national circumstances.

### ***C. Policy planning***

14. The national studies above will provide in-depth analysis and suggestions amenable for policy planning. It is important to feed the results of these studies into national policy development and implementation in a systematic and coherent manner. There is a need to ensure that these studies and the revised national biodiversity strategies and action plans are mutually supportive.

15. Conducting studies for the identification of incentives, including subsidies, harmful for biodiversity need not delay immediate policy action in cases where candidates for elimination, phase-out or reform are already known, taking into account national socioeconomic conditions; appropriate action

should be taken in these cases, in the form of their elimination or initiation of their phase-out or their reform.

16. Eliminating, phasing out or reforming incentives, including subsidies, harmful for biodiversity will make positive incentive measures for the conservation and sustainable use of biodiversity more effective and/or less costly. Therefore, policy planning, including in revised national biodiversity strategies and action plans, should take into consideration the linkages between the elimination, phase-out or reform of harmful incentives, including subsidies, and the promotion of positive incentive measures for the conservation and sustainable use of biodiversity.

17. Based on the studies above, national policy planning could (i) identify those harmful incentives that are candidates for removal, phase-out, or reform; (ii) provide for a prioritized list of measures leading to their eventual removal, phase-out, or reform; (iii) provide for a prioritized list of measures leading to the introduction, or strengthening, of positive incentives for the conservation and sustainable use of biodiversity; (iv) provide for associated timelines and milestones.

18. Measures that eliminate, phase out, or reform incentives, including subsidies, that are harmful to biodiversity need to be consistent and in harmony with the Convention and other relevant international obligations and take into account national socioeconomic conditions. Other criteria that could inform the design of the measures and their prioritization include, but are not limited to:

(a) The extent of harm to biodiversity and its components avoided by the elimination, phase-out, or reform of incentives, including subsidies, harmful to biodiversity;

(b) Resources mobilized from the elimination, phase-out, or reform of incentives, including subsidies, harmful to biodiversity, in line with indicator thirteen for monitoring the implementation of the strategy for resource mobilization;

(c) The effectiveness and cost-efficiency of incentives, including subsidies, harmful for biodiversity;

(d) The social effects of the elimination, phase-out, or reform of incentives, including subsidies, harmful to biodiversity, including on the livelihoods of indigenous and local communities.

19. Measures that introduce, or strengthen, positive incentives for the conservation and sustainable use of biodiversity need to be consistent and in harmony with the Convention and other relevant international obligations and take into account national socioeconomic conditions. Incentive measures should be effective, transparent, targeted, appropriately monitored, cost-efficient, and should not generate perverse incentives, while taking into account, as appropriate, the “polluter pays principle” and the associated “full-cost recovery principle”, as well as the livelihoods of indigenous and local communities.

20. The prioritization of measures leading to the elimination, phasing out, or reform of harmful incentives identified should seize opportunities arising within the review cycles of existing sectoral policies, both at national and regional levels. Consideration should also be given, where appropriate, to integrating biodiversity incentives into the incentives of other sectors, in a manner that is consistent and in harmony with the Convention and other relevant international obligations, and taking into account national socioeconomic conditions.

21. Improving transparency, through ongoing and transparent communication mechanisms, on the amounts and the distribution of harmful incentives provided, as well as of the consequences of doing so, including for the livelihoods of indigenous and local communities, can help to better assess how funding allocations affect biodiversity loss, and to mobilize support for policy reform.

22. Policy planning on implementation of Aichi Target 3 should involve all relevant stakeholders. In order to ensure that plans are developed in a manner that is participatory and promotes effective policy integration and stakeholder participation, processes should be established to facilitate intragovernmental dialogue as well as dialogue with relevant stakeholders, including indigenous and local communities and representatives of civil society. Effective stakeholder involvement is also critical for identifying, understanding and adequately responding to, the possible short-term social impacts of eliminating, phasing out, or reforming incentives, including subsidies that are harmful for biodiversity.

23. Raising awareness among all stakeholders of the values of biodiversity and of the ecosystem services it underpins, their integration into national and local development and poverty reduction strategies and planning processes, and their incorporation into national accounting, as appropriate, and reporting systems, improves the chances for successful policy planning and implementation of Aichi Target 3. The approach of indigenous and local communities in determining the values of biodiversity should be taken into consideration. The dissemination of pertinent information among stakeholders, administrative and policy authorities and civil society can play a key role in building support for eliminating, phasing out, or reforming incentives that are harmful to biodiversity, and for introducing positive incentive measures for the conservation and sustainable use of biodiversity.

***D. Provision of capacity and building of support: facilitating implementation***

24. Undertaking analytical studies and implementing policy plans above will require adequate capacity. This includes scientific and technical capacity, as well as capacity related to administrative, educational, training and communications issues. In many cases, in the implementation phase of incentive measures, there will be an ongoing need for technical support, training of trainers, managers and other workers, public-education programmes and other forms of human capacity-building. In other cases, there may be a need for physical capacity-building, including the installation of monitoring equipment or other infrastructure needs.

25. Strengthening institutional mechanisms could encourage dialogue and communication between policymakers within government and stakeholders outside of government at the national and local levels, in order to promote policy integration and policy coherence. Ensuring that avenues exist for intragovernmental dialogue between relevant ministries and agencies with an interest in biodiversity is important, as government agencies will often share responsibilities in the implementation of incentive measures. Community institutional structures should be developed to make indigenous and local communities equal partners in the implementation of incentive measures.

26. Even after the design of the measures, stakeholders should be involved to ensure that incentive measures are implemented effectively on the ground. Relevant stakeholders should play a role in building the capacity of local institutions and individuals in order to enhance their awareness of the importance of biodiversity conservation measures and facilitate their capacity to participate in all stages of the process, from design to implementation.

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