

Promoting positive incentive measures

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CBD



UNEP



Target 3 of the Strategic Plan

“By 2020, at the latest, incentives, including subsidies, harmful to biodiversity are eliminated, phased out or reformed in order to minimize or avoid negative impacts, and positive incentives for the conservation and sustainable use of biodiversity are developed and applied, consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions.”

Aichi target 3 of the Strategic Plan

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What are positive incentive measures? Concepts

Direct approaches - generally involve 'paying' relevant actors to achieve biodiversity-friendly outcomes or, conversely, to not achieve biodiversity-harmful outcomes

Examples: long-term retirement (or set aside) schemes; conservation leases, covenants or easements; schemes providing payments for ecosystem services. Breaks on governmental levies such as taxes, fees or tariffs that grant advantages or exemptions for activities beneficial for conservation and/or sustainable use

Indirect approaches - support activities or projects that are not designed exclusively to conserve or promote the sustainable use of biodiversity, but have the effect of contributing to these objectives

Examples: development or commercialization of biodiversity-based products or services, such as sustainable or eco-tourism, or the marketing of biodiversity-related goods and services, possibly within community co-management (CBNRM)

(CBD Technical Series no. 56)

From ecosystem decline to ecosystem incentives

“Enhanced”

Crops
Livestock
Aquaculture
Carbon sequestration

“Degraded”

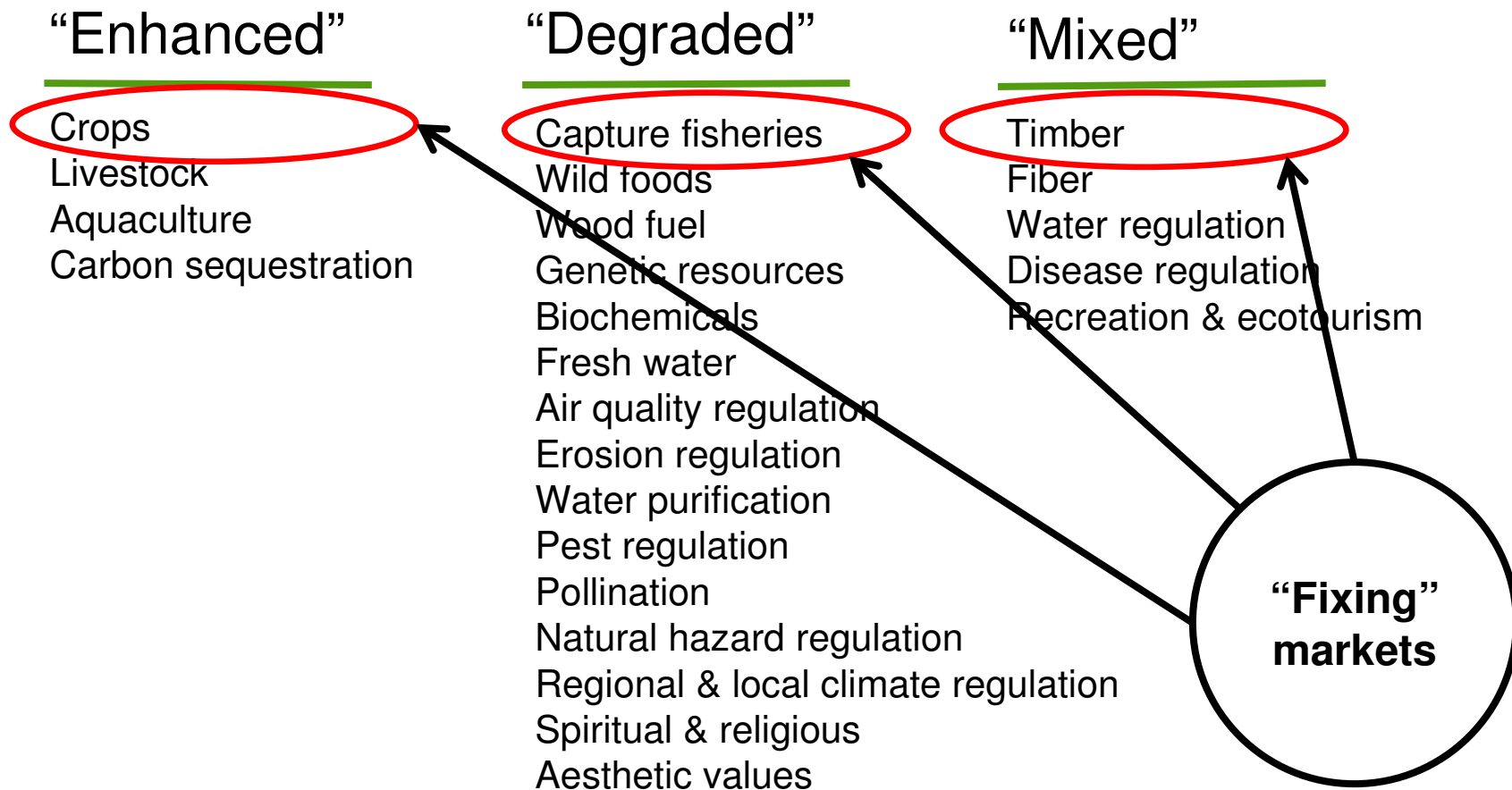
Capture fisheries
Wild foods
Wood fuel
Genetic resources
Biochemicals
Fresh water
Air quality regulation
Erosion regulation
Water purification
Pest regulation
Pollination
Natural hazard regulation
Regional & local climate regulation
Spiritual & religious
Aesthetic values

“Mixed”

Timber
Fiber
Water regulation
Disease regulation
Recreation & ecotourism

Source: Millennium Ecosystem Assessment, 2005.

From ecosystem decline to ecosystem incentives ...by fixing markets



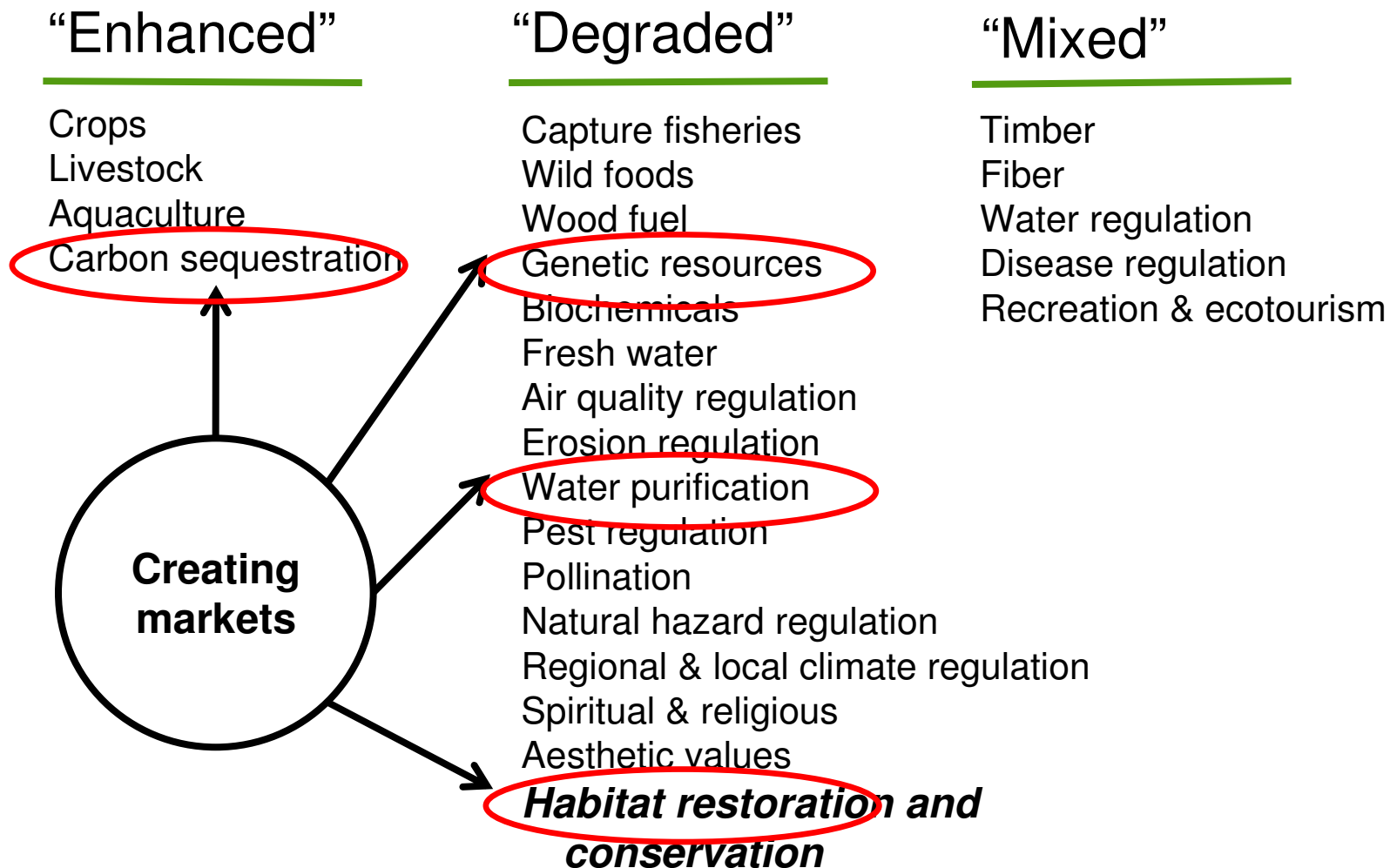
Fixing markets: 'green' products and services

- Global sales of organic food and drink = US\$ 60 billion in 2009
- Sales of certified 'sustainable' forest products increased four-fold between 2005 and 2007
- The global market for eco-labeled fish products grew by over 50% from 2008 to 2009, to a retail value of US\$ 1.5 billion
- Major consumer brand owners and retailers have added 'ecologically-friendly' attributes to key product lines:
 - Mars (Rainforest Alliance cocoa)
 - Cadbury (Fairtrade cocoa)
 - Kraft (Rainforest Alliance Kenco coffee)
 - Unilever (Rainforest Alliance PG Tips)

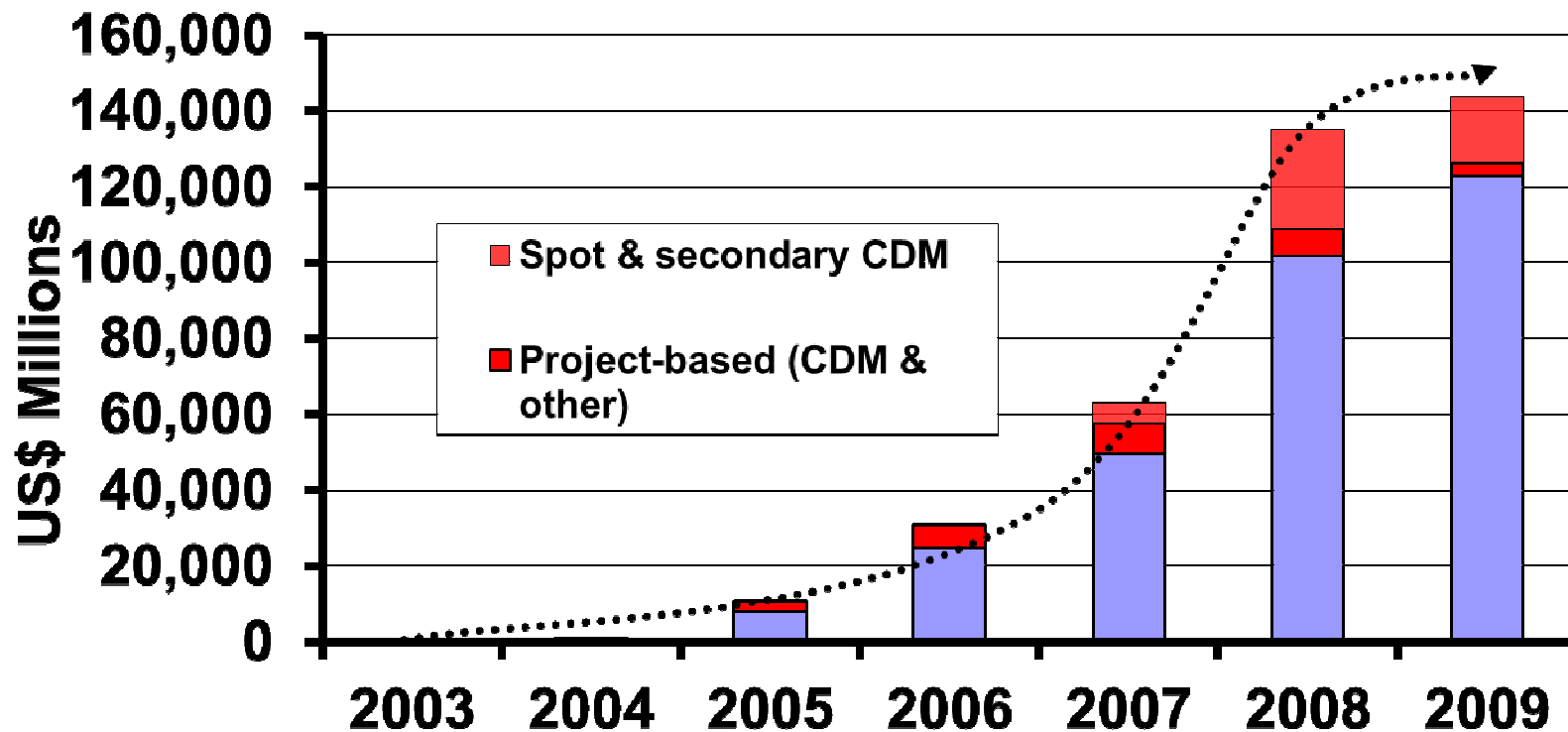


FOREST STEWARDSHIP COUNCIL
Because forests matter

From ecosystem decline to ecosystem incentives ...by creating markets

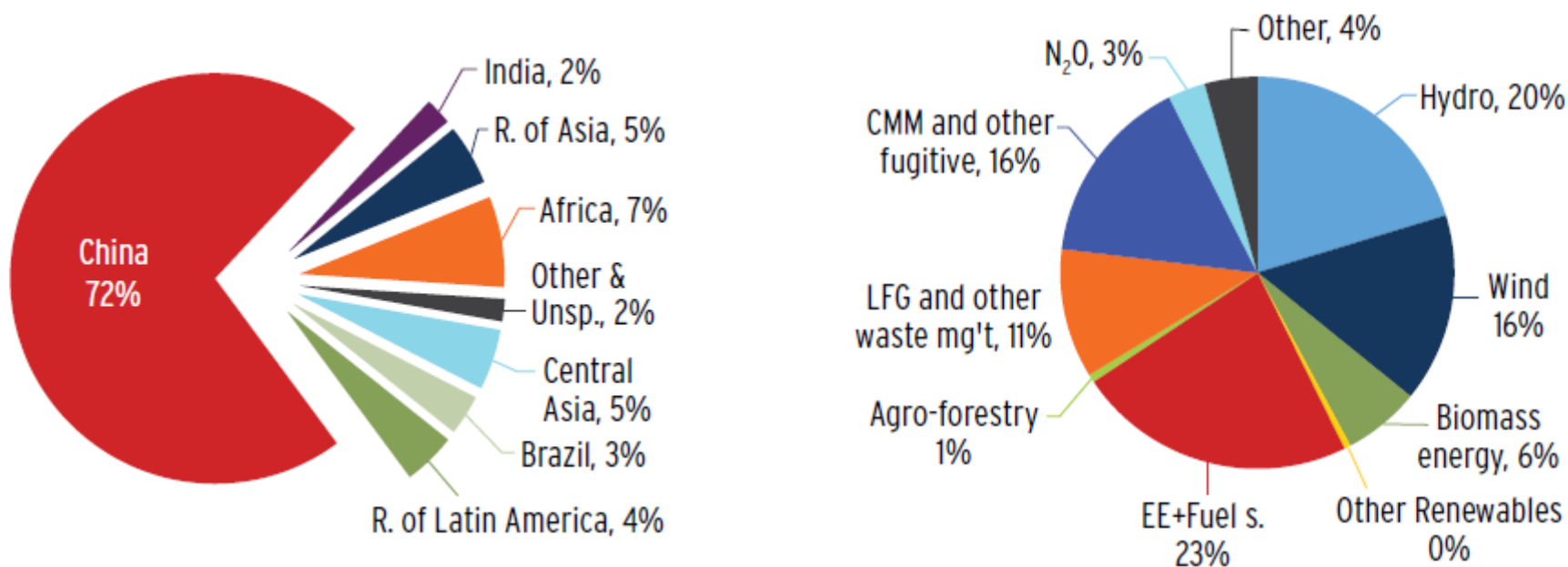


Creating markets: The case of carbon



**Cumulative 2003-2009: US\$307 billion
(of which CDM US\$78 billion)**

Carbon offsets as a new export sector for developing countries



Primary CDM sellers and sectors in 2009, as percent of total volume transacted (Source: World Bank 2010).

Other PES schemes

National PES Programmes	Annual Budget in USD
China, Sloping Land Conversion Programme (SLCP)	4 billion (Bennett, 2008)
Costa Rica, Payments for Environmental Services (PES)	12.7 million (FONAFIFO, 2009)
Mexico, Payments for Environmental Hydrological Services (PEHS)	18.2 million (Muñoz Piña <i>et al.</i> , 2008)
UK, Rural Development Programme for England	0.8 billion (Defra, 2009)
US, Conservation Reserve Program (CRP)	1.7 billion (Claassen, 2009)
Regional PES Programmes	Annual Budget in USD
Australia, Tasmanian Forest Conservation Fund (FCF)	14 million (DAFF, 2007)
Australia, Victoria State ecoMarkets	4 million (DSE, 2009)
Bulgaria and Romania, Danube Basin	575 000 (GEF, 2009)
Ecuador, Profafor	150 000 (Wunder and Alban, 2008)
Tanzania, Eastern Arc Mountains	400 000 (EAMCEF, 2007)

Incentive measures and poverty: lessons learned

- **Potential opportunities:**
 - increase cash income
 - diversify income sources
 - reinforce social networks
 - develop new skills
- **Potential constraints:**
 - insecure property rights
 - high start-up and transaction costs
 - weak enforcement capacity



More lessons learned in Technical Series no. 56...

Changing incentives, changing decisions

Summing up

	Ecosystem Damage (Business as usual)	Conservation & Sustainable Use
Costs	Need to rise , e.g. through: <ul style="list-style-type: none"> •Technological limits •Resource taxes/fees •Reporting requirements •Naming and shaming 	Need to fall , e.g. through: <ul style="list-style-type: none"> •Tax credits •Facilitated permitting •Lower interest rates
Benefits	Need to fall , e.g. through: <ul style="list-style-type: none"> •Consumer boycotts •Trade barriers (where allowed) 	Need to rise , e.g. through: <ul style="list-style-type: none"> •Consumer choice •Payment for ecosystem services •Market creation •Recognition / award schemes

What to do? Guiding questions

Identify and analyse existing positive incentive measures

- **Describe an example** of a positive incentive for biodiversity conservation and/or sustainable use in your country. Which CBD targets/programmes are relevant?
- **How does the incentive work?** How are the costs and/or the benefits of conservation or of biodiversity-friendly activities affected by the incentive?
- **What is the impact of the incentive on biodiversity?** What is the extent of uptake/adoption of the incentive? What are the indicators of success, relative to “business-as-usual”?
- **How much does it cost to implement the incentive**, and how is this cost covered? Public spending and/or private expense? Is the incentive efficient (i.e. benefits > costs) or at least cost-effective, compared to alternative measures?
- **What are the social equity impacts of the incentive?** Who are the “winners” and “losers”? Does the incentive help to reduce poverty? What about governance/participation aspects?
- **Are there side effects** or unintended consequences from the incentive? Are they positive and/or negative?

What to do? Guiding questions

1. How can existing positive incentives be improved?

- How to replicate or expand coverage?
- How to improve targeting/effectiveness?
- How to improve social/equity impacts?
- How to improve financial sustainability?
 - Opportunities for “self-financing”?
 - Opportunities to reduce costs?

2. What new positive incentives may be introduced?

- What criteria are most relevant to identify high potential or high priority for introducing positive incentives? Existing threats to biodiversity? Economic values of biodiversity? Social development concerns?
- What are the key steps involved in introducing new positive incentives?

Secretariat of the
Convention on
Biological Diversity

CBD Technical Series No. 56



56

Incentive measures for the conservation and sustainable use of biological diversity

Case studies and lessons learned

