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Seventh meeting

Montreal, 12-16 November 2001

Item 5.3 of the provisional agenda\*

**INCENTIVE MEASURES**

*Proposals for the design and implementation of incentive measures*

*Note by the Executive Secretary*

*Addendum*

**REPORT OF THE WORKSHOP ON INCENTIVE MEASURES FOR THE CONSERVATION  
AND SUSTAINABLE USE OF BIOLOGICAL DIVERSITY**

**INTRODUCTION**

**A. Background**

1. The Workshop on Incentive Measures for the Conservation and Sustainable Use of Biological Diversity was held in Montreal from 10 to 12 October 2001, with financial support from the Government of the Netherlands, in response to decision V/15 of the Conference of the Parties to the Convention on Biological Diversity on incentive measures. In that decision, adopted at its fifth session, in May 2000, the Conference of the Parties, *inter alia*, requested the Executive Secretary “to collaborate with relevant organizations, such as the Food and Agriculture Organization of the United Nations, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development, the United Nations Development Programme, and IUCN-The World Conservation Union, in order to engage in a coordinated effort, and undertake through such and effort, as a first phase:

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\* UNEP/CBD/SBSTTA/7/1.

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“(c) To elaborate proposals for the design and implementation of incentive measures for consideration by the Subsidiary Body on Scientific, Technical and Technological Advice at its sixth or seventh meeting and by the Conference of the Parties at its sixth meeting”.

2. The purpose of the Workshop was to elaborate, for the consideration of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA) at its seventh meeting and the Conference of the Parties at its sixth meeting, proposals for the design and implementation of incentive measures as contemplated in decision V/15, paragraph 3, and for future cooperation to assist Parties in the design and implementation of incentive measures.

### ***B. Attendance***

3. Participants in the Workshop were selected from among government-nominated experts from each geographic region with a view to achieving a balanced regional distribution. In addition, representatives of competent intergovernmental and non-governmental organizations, as well as stakeholders, were invited to participate as observers.

4. The Workshop was attended by experts nominated by the following Governments: Argentina, Canada, China, Colombia, Costa Rica, Croatia, Cuba, Czech Republic, Egypt, France, Hungary, Kenya, Korea, Latvia, Mexico, Netherlands, Nigeria, Norway, Pakistan, Poland, Sudan, Spain, Saint Lucia, Turkey.

5. Representatives of the following intergovernmental and non-governmental organizations and other stakeholders participated in the Workshop as observers: Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Food and Agriculture Organization (FAO), Global Environment Facility (GEF), Organisation for Economic Co-operation and Development (OECD), United Nations Environment Programme (UNEP), World Bank, North American Commission for Environmental Cooperation (NACEC), The World Conservation Union-IUCN, World Wildlife Fund (WWF), Apia Legal Services, Namibian National Biodiversity Programme.

### **ITEM 1. OPENING OF THE MEETING**

6. The Workshop was opened by Mr. Olivier Jalbert, Principal Officer for Social, Economic and Legal Affairs, Secretariat of the Convention on Biological Diversity, on behalf of the Executive Secretary of the Convention on Biological Diversity, at 10 a.m. on Wednesday 10 October 2001.

7. Speaking on behalf of the Executive Secretary, Mr. Jalbert expressed his gratitude to the Government of the Netherlands for its financial support, which had made it possible to hold the meeting. He recalled that Article 11 of the Convention on Biological Diversity emphasized the importance of adopting economically and socially sound measures acting as incentives for the conservation and sustainable use of biodiversity. The main purpose of the Workshop was to elaborate proposals for the design and implementation of incentive measures, as called for in paragraph 3 of decision V/15 of the Conference of the Parties. Such proposals could include recommendations on measures to be taken by Parties as well as recommendations regarding how international institutions could assist Parties in designing and implementing incentive measures. The report of the Workshop would be submitted for the consideration of SBSTTA at its seventh meeting, in November 2001, which in turn would make recommendations to the sixth meeting of the Conference of the Parties. Thus, participants in the Workshop had a unique opportunity to give shape to the future work on incentive measures in the framework of the Convention.

## ITEM 2. ORGANIZATIONAL MATTERS

### 2.1. Officers

8. At the opening session of the Workshop, on 10 October 2001, participants elected the following officers for the meeting:

*Chair:* Dr. Theo Van Bellegem (Netherlands)

*Rapporteur:* Dr. Ahmed Farghally M. Hassan (Egypt)

### 2.2. Adoption of the agenda

9. The Workshop adopted the following agenda on the basis of the provisional agenda that had been circulated as document UNEP/CBD/WS-Incentives/1:

1. Opening of the meeting.
2. Organizational matters:
  - 2.1. Election of officers;
  - 2.2. Adoption of the agenda;
  - 2.3. Organization of work.
3. Elaboration of proposals for the design and implementation of incentive measures.
4. Recommendations for an action plan for future cooperation on incentive measures.
5. Other matters.
6. Adoption of the report.
7. Closure of the meeting.

### 2.3. Organization of work

10. At its opening session, the Workshop decided to meet in plenary throughout the first day and to establish two working groups that would work in parallel for the second day. Working Group I considered agenda item 3, on the elaboration of proposals for the design and implementation of incentive measures, while Working Group II considered the development of an action plan for future cooperation on incentive measures on the basis of the framework provided in the note by the Executive Secretary entitled "Proposals for the design and implementation of incentive measures" (UNEP/CBD/SBSTTA/7/11). On the third and final day, the plenary reconvened to review the reports of the working groups and adopt the final report.

### **ITEM 3. ELABORATION OF PROPOSALS FOR THE DESIGN AND IMPLEMENTATION OF INCENTIVE MEASURES**

11. The Workshop took up agenda item 3 during the first day of the meeting, on 10 October 2001. In addressing the item, the Workshop had before it the above-mentioned note by the Executive Secretary entitled "Proposals for the design and implementation of incentive measures" (UNEP/CBD/SBSTTA/7/11).

12. Introducing the item, the representative of the Secretariat said that the note provided a framework that the Workshop might wish to use as a basis for its work. During the first day, participants were invited to exchange ideas and agree on the general direction of their work, before splitting up into two working groups. On the second day, Working Group I was invited to elaborate proposals for the design and implementation of incentive measures that could be adapted to the particular circumstances of various countries.

13. The workshop heard presentations from the following organizations and countries on work underway with regard to incentive measures and suggestions for future action: GEF, UNEP, OECD, IUCN, the World Bank, the CITES Secretariat, Colombia, Kenya.

14. The participants made several recommendations concerning elements for consideration in the design and implementation of incentive measures. These recommendations are set out in annex I below.

15. At the third plenary session, on 12 October, participants discussed the work of the two working groups, on items 3 and 4 respectively, on the basis of reports by the coordinators.

### **ITEM 4. RECOMMENDATIONS FOR AN ACTION PLAN FOR FUTURE COOPERATION ON INCENTIVE MEASURES**

16. The Workshop took up agenda item 4 following discussions on agenda item 3, in plenary, on the first day of the workshop, on 10 October 2001. In addressing the item, the Workshop had before it the note by the Executive Secretary entitled "Proposals for the design and implementation of incentive measures" (UNEP/CBD/SBSTTA/7/11). Further to a general exchange of views among participants on agenda item 4 on the first day of the meeting, Working Group II was invited to focus on the development of recommendations for an action plan for future cooperation on incentive measures during the second day of the meeting. The outcome of the work of Working Group II was reported in plenary at the beginning of the third day of the meeting.

17. Recommendations for future cooperation on incentive measures are included in annex II below.

### **ITEM 5. OTHER MATTERS**

18. Participants expressed their appreciation to the Government of the Netherlands for its support for the meeting.

### **ITEM 6. ADOPTION OF THE REPORT**

19. The present report was adopted at the last session of the Workshop, on 12 October 2001, on the basis of the draft report prepared and presented by the Rapporteur (UNEP/CBD/WS-Incentives/L.1).

**ITEM 7. CLOSURE OF THE MEETING**

20. Following the customary exchange of courtesies, the Workshop was closed at 1 p.m. on Friday, 12 October 2001.

*Annex I***PROPOSALS FOR THE DESIGN AND IMPLEMENTATION OF INCENTIVE MEASURES**

1. As contemplated in decision V/15, paragraph 3, the Workshop elaborated the following proposals for the design and implementation of incentive measures, for submission to the seventh meeting of SBSTTA.

2. In the development of appropriate incentive measures for the conservation and sustainable use of biological diversity, the Workshop agreed that in general terms incentive measures should be designed to address the conservation and sustainable use of biological diversity, while taking into account:

- (a) Local and regional knowledge, geography, circumstances and institutions;
- (b) The mix of policy measures and structures in place including sectoral considerations;
- (c) The need to match the scale of the measure to the scale of the problem;
- (d) The measures' relationship to existing international agreements.

3. It also agreed that the following elements should be taken into consideration in the design and implementation of incentive measures for the conservation and sustainable use of biological diversity:

**A. *Identification of the problem: purpose and issue identification***

4. ***Goals of the incentive measures.*** An incentive measure should have a defined purpose. Consistent with decision V/15, the purpose of incentive measures is to change institutional and individual behaviour in order to achieve one or both of the following objectives of the Convention on Biological Diversity or both: the conservation of biodiversity, the sustainable use of the components of biodiversity.

5. ***Underlying causes/threats to biodiversity.*** The identification of the proximate and underlying causes and the importance of threats to biodiversity and its components a prerequisite for the selection of the appropriate measure to stop or reverse degradation. Policies that create incentives without removing the underlying causes of biodiversity loss (including perverse incentives) are unlikely to succeed. Therefore, prior to embarking on an exercise to develop incentive measures for conservation or sustainable use, it is important to undertake a thorough study to identify and evaluate the respective and mutually reinforced impacts of any underlying pressures. These include threats generated by social or economic forces. In some cases social and economic issues are at the root of unsustainable practices and, while addressing market and policy failures with incentive measures may help to correct this behaviour, they may not address core problems such as lack of resources or poverty and unjustified human demands beyond the needs. This might also include the identification of existing incentive measures or perverse incentives that might threaten biodiversity.

6. While most of the underlying causes in general are listed in the OECD Handbook of Incentive Measures for Biological Diversity: Design and Implementation,\* it is important that each country implements incentive measures that are targeted at specific causes relevant to its circumstances. Incentives may be directed to correct some underlying causes related to economic development trends,

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\* OECD Handbook of Incentive Measures for Biological Diversity: Design and Implementation (OECD, 1999).

poverty, lack of policy integration, sectoral policy impacts, and perverse measures undertaken at the national, supra-national and international levels.

7. **Identification of relevant experts and stakeholders.** As well as including policy-makers, experts and scientists, the range of stakeholders should include the private sector, women, and local communities as well as individuals, relevant national and multilateral organizations, non-governmental organizations and representatives of indigenous and local communities. These stakeholders may have contributed to the issue and/or have practical knowledge of it and could be key players in its successful implementation. Moreover, different levels of decision-making (local, subnational, national, subregional, regional, international) and their interrelationship must be taken into consideration in order to ensure the coherence of the measure.

8. **Establish processes for participation.** In order to ensure that incentive measures are developed in a manner that is participatory and promotes effective policy integration and stakeholder participation, processes should be established to facilitate intergovernmental dialogue as well as dialogue with relevant stakeholders including indigenous and local communities and representatives of civil society.

9. **Set clear targets.** An incentive measure should have a target that is specific, measurable, time driven, and based on an analysis of its effects. The ultimate success of any incentive measure is contingent upon the successful monitoring and evaluation of its impact. Without indicators, it is unclear how to assess the success or failure of a measure and to adapt so as to address failings and reinforce success through corrective action.

## **B. Design**

10. **Ecosystem approach.** The design of incentive measures should be based on an ecosystem approach as defined in the framework of the Convention, notably in decision V/6 of the Conference of the Parties, that is, a strategy for the integrated management of land, water and living resources that promotes conservation and sustainable use in an equitable way.

11. **Sectoral approach.** The design of incentive measures should also be based, where possible, on an analysis of the incentives of the different economic sectors such as tourism, forestry, fisheries and agriculture.

12. **Carrying capacity.** Carrying capacity of the different ecosystems has to be fully considered in the design of incentive measures, as the use of resources may be limited by carrying capacity.

13. **Precautionary approach.** Combined with the ecosystem approach, a precautionary approach requires that programmes on incentive measures err on the side of caution when scientific knowledge is uncertain or where ecological consequences might be irreversible.

14. **The efficiency principle.** Programmes on incentive measures should be designed to ensure that expected benefits are greater than or equal to the cost of implementation, administration, and enforcement. The social and institutional context of a country can affect these costs considerably. Whenever benefits cannot be adequately quantified the cost-effectiveness principle (i.e., achieving a target at minimum cost) should be applied.

15. **Internalization.** In light of the fact that in some cases the underlying cause of biodiversity loss is market failure, internalization should be considered as one of the guiding principles for selecting appropriate incentive measures to arrest or reverse the loss. Internalization refers to the incorporation of

external costs and benefits into the decisions of producers and consumers. External costs and benefits are essentially environmental "side-effects" of economic activities and incentive measures should strive to internalize a greater proportion of these effects in the calculation of decision makers and consumers. When full internalization is not possible (due to economic and social circumstances), incentives should be designed so as to make sustainable activities more attractive than unsustainable ones.

16. ***Undertaking valuation.*** While recognizing that full internalization is often not possible because of limitations of valuation methods, as recognized by the Conference of the Parties in its decision IV/10 valuation is nevertheless an important step for better internalizing and raising awareness of the importance of biodiversity values.

17. ***Underlying cause of biodiversity loss.*** Programmes on incentives should be designed to address the underlying causes of biodiversity loss.

18. ***Comprehensibility.*** While recognizing the interaction of many factors, incentive measures should remain as simple and focused as possible, allowing for faster implementation and clearer assessment of their effects. They should be easily understood by all stakeholders.

19. ***Equity: distributional impacts.*** In designing incentive measures, it is important to ensure that the definition of beneficiary communities is inclusive and equitable. A participatory approach to the design and implementation of incentive measures can help ensure that these issues are considered. Any conservation measure has some impact on stakeholders; incentive measures should aim to take into account those who benefit and those who assume the cost of the measure.

20. ***Capturing value for local and indigenous communities.*** The value of biological diversity for subsistence, cultural or commercial purposes should be recognized and incentive measures designed so that, to the extent possible, they support the social and economic development needs of indigenous and local communities.

21. ***Raising awareness of biodiversity values.*** Identifying and assessing the value of biodiversity can be an incentive in itself and supports the design of other incentive measures. Raising awareness among all stakeholders of the value of biodiversity improves the chances for incentive measures to be successful.

22. ***Mix of measures.*** In many cases, a combination or combinations of various measures is likely to be necessary in order to realize both the public benefits of protecting biodiversity and the private benefits brought about by the sustainable use of its components.

23. ***Monitoring and evaluation.*** Incentive measures should be designed to facilitate monitoring and evaluation of their success.

24. ***Political and cultural acceptability.*** The political and cultural context in which any incentive measure is developed should be taken into account in the design of the instrument.

25. ***Funding.*** Funding, as appropriate, should be ensured in the design of the incentive measure.

### ***C. Provision of capacity and building of support: facilitating implementation***

26. ***Physical and human capacity.*** Implementation of incentive measures will require adequate physical and human capacity. This includes scientific and technical capacity, as well as capacity-related to



administrative, educational, and training and communications-related issues. In many cases, in the implementation phase of incentive measures, there will be an ongoing need for 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. Training will often be a necessary component for the effective implementation of incentive measures.

27. ***Institutional mechanisms.*** Institutional mechanisms are required to encourage dialogue and communication between policy makers within government and stakeholders outside of government at the national and local levels, in order to promote policy integration. Ensuring that avenues exist for intra-governmental 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. For local and indigenous communities to be equal partners in the implementation of incentive measures, community institutional structures should be developed. For the implementation of incentive measures, existing institutional arrangements should be recognised and strengthened or new ones should be established, as necessary for the conservation and sustainable use of biological diversity.

28. ***Transparency and dissemination of public information.*** Dissemination of information can play a key role in building support for incentives for conservation and sustainable use. Information on the effects of pressures on biodiversity should be disseminated among stakeholders, administrative and policy authorities and civil society. The provision of information regarding the incentive measure itself to stakeholders and transparency in implementation are also important.

29. ***Stakeholder involvement.*** Even after the design of a measure, 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.

30. ***Funding.*** Funding should be ensured for the capacity-building.

#### ***D. Management, monitoring and enforcement***

31. ***Administrative and legal capacity.*** The ultimate success of any incentive measure is contingent upon successful management, monitoring, enforcement and evaluation of its impact. Adequate capacity to manage, monitor and enforce incentive measures rests in part on adequate stakeholder involvement and the existence of appropriate institutions. It also depends on available administrative and legal capacity.

32. ***Information systems.*** Information systems could facilitate the process of managing, monitoring and enforcement of incentive measures.

33. ***Funding.*** Adequate funding should be available to ensure the effective management, monitoring and enforcement of incentive measures.

#### ***E. Guidelines for selecting appropriate and complementary measures***

34. The Workshop also agreed on the following guidelines for selecting appropriate and complementary measures:

(a) Any decision-making process for selecting appropriate and complementary measures should take into account the specific circumstances of the country involved;

(b) It is important to consider the context in which the incentive measure is being introduced to assist in the final decision-making on a particular measure or measures;

(c) A key consideration in the design of an incentive measure is the recognition that a single measure will often not suffice to address the complexities involved in decisions on biodiversity conservation or sustainable use and that a mix of measures may be needed;

(d) Well defined property rights (i.e., private, tribal, communal) are a prerequisite to effective implementation of incentive measures in the conservation of biological diversity and its sustainable use;

(e) Positive incentives can influence decision-making by recognizing and rewarding activities that are carried out for conservation and sustainable use purposes;

(f) The removal of perverse incentives eases pressure on the environment, improves economic efficiency and reduces fiscal expenditures;

(g) Disincentives continue to be an important tool for ensuring the conservation and sustainable use of biological diversity and can be used in combination with positive incentives.

35. The Workshop recognized that, in the process of decision-making, the general or specific features of various types of instruments should be taken into account. The following table \* illustrates a range of instruments, their general advantages, disadvantages and applicability.

<b>Instrument</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Applicability</b>
Environmental taxes/charges	Maximize economic efficiency  Easily understandable	Rely on measurability of single components and on agreement about external cost values.  Can require extensive monitoring.	Applicable in situations where impacts are easily measurable (e.g., hunting) and sources of impacts can be easily mounted.
Market creation	Result in the most efficient allocation of resources between competing users, and generates appropriate prices for them  Low monitoring requirements	May be imperfect where there are (large) external effects and/or monopolies.	Applicable where clearly defined property rights can be established and upheld for easily identifiable goods and services, and transaction costs are low enough.

\* Based on the OECD Handbook of Incentive Measures for Biological Diversity: Design and Implementation.

Instrument	Advantages	Disadvantages	Applicability
Removal of perverse incentives	Reforming or removing these incentives can lead to an easing of pressures on the environment, improved economic efficiency and reduced fiscal expenditures.	Perverse incentives can often be difficult to identify (lack of transparency)  They may be politically difficult to reform because of the strong opposition from recipients.	Applicable where clear benefits in terms of budgetary, economic efficiency and /or environmental goals can be identified and potential compensatory measures exist to facilitate the support removal process.
Regulations	Easily understandable.  Legally binding.  Can target directly particular activities or processes.	Can be economically inefficient or costly method of achieving environmental goals. Especially if proscribing certain technologies.  Strict enforcement is necessary.  Inflexible.  May be complex and detailed.	Most applicable where there is a limited range of easily identifiable environmental impacts that need circumscription and/or where the number of actors is limited.
Environmental funds	Transparent and high visibility.  Positive public relations.	May not maximize economic efficiency.  May be inflexible because funds are earmarked to some extent.	Applicable where governments have difficulties raising general funds, where fiscal infrastructure is weak and where clearly identifiable and highly popular causes exist.
Public financing	Popular with recipients.  Promotes desirable activities rather than prohibiting undesirable ones.	Requires funding.  May lead to economic inefficiencies;  May encourage rent-seeking behaviour.	Applicable in situations where desirable activities would not be undertaken without support or to create a differential in favour of such activities where it is not feasible to discourage the undesirable alternatives.

*Annex II***SUGGESTED RECOMMENDATIONS FOR FURTHER COOPERATION ON INCENTIVE MEASURES**

1. Participants in the Workshop were of the view that cooperation to assist Governments in designing and implementing incentive measures should be based on the following elements, building on work already under way:

***Information***

2. It is recognized that the effective design and implementation of incentive measures requires a sound body of knowledge and information. The following measures would assist Parties in ensuring the availability of the required information:

(h) Biodiversity incentives information systems (internet, flyers, CDs, hard copies, translations, etc) should be established or strengthened. This could be achieved through the Clearing-house Mechanism of the Convention, as well as through other competent international, regional, sub-regional and national organisations;

(i) Information systems should include the following elements:

(i) Indicators, valuation and assessment methodologies;

(ii) Meta analysis of existing cases;

(iii) Reference manuals and toolkits.

3. Information systems, whether at the national or international level, should be linked to the clearing-house mechanism of the Convention on Biological Diversity .

4. Such information systems would allow Parties to share experiences and lessons learned with other Parties and facilitate the implementation of incentive measures through the use of guidelines.

5. Parties should carry out an assessment of their national biodiversity strategies and action plans to determine whether they are providing incentives for conservation and sustainable use and whether they are identifying and removing perverse incentives.

***Awareness-raising/training***

6. The Workshop emphasized the need to raise awareness of decision-makers and stakeholders on the importance of incentives to achieve the objectives of the Convention. The following elements are proposed in order to meet this requirement:

(a) Training of biodiversity specialists and decision-makers in the design and implementation of incentive measures including training in the use of valuation tools;

(b) Explanation of the value of biodiversity at the community level and within sectors, such as agriculture and forestry;

(c) Development of a programmatic approach to public awareness.

### ***Interlinkages between multilateral environmental agreements (MEAs)***

7. The Workshop noted the need to examine the policies and programmes under different MEAs to ensure that they provide mutually reinforcing incentives. In this respect, the Workshop noted the joint work programme between the Convention on Biological Diversity and the Ramsar Convention on Wetlands, which includes a focus on incentives, and suggested attention to incentives with regard to other linkages, such as the United Nations Framework Convention on Climate Change with respect to land-use change and forest biodiversity, the Convention to Combat Desertification with regard to dryland biodiversity, and CITES with respect to conservation and sustainable use of species.

### ***Linking biodiversity to macro-economic policies***

8. The Workshop also noted the importance of exploring linkages with international organizations/agreements focused on economic policies, in particular trade policies under the World Trade Organization and other policies such as labour (the International Labour Organization) and health (the World Health Organization). In addition, linkages to regional and sectoral economic organizations/agreements should be explored to determine their incentive compatibility with the objectives of the Convention.

9. The Workshop emphasized that these linkages should not only be explored at the international level but also at the national level. In particular, they noted the need to link national biodiversity strategies and action plans with economic development strategies at the macro-economic public sector planning and sectoral levels, such as tourism, forestry, fisheries and agriculture.

### ***Categories of incentive measures***

10. The Workshop recognized that there is a vast array of incentive measures as noted in the note by the Executive Secretary (UNEP/CBD/SBSTTA/7/11). It came to the conclusion that the measures should be tailored to the peculiarities of each situation and country.

### ***Ecosystem focus***

11. The Workshop suggests prioritizing assessments in line with the thematic programmes adopted by the Conference of the Parties, particularly noting the focus on forests at the sixth meeting of the Conference of the Parties. The Workshop also noted the incentive focus in the joint programme of work between the Convention on Biological Diversity and Ramsar Convention.

### ***Stakeholders***

12. The Workshop emphasized that effective incentive measures can only be designed and implemented through active participation of stakeholders, including indigenous and local communities. The participation of stakeholders throughout the process leading to the elaboration and implementation of incentive measures is critical.

### ***Pilot projects***

13. The Workshop recognized the need to launch pilot projects to strengthen the understanding and capacity to design, implement and assess incentive measures. Pilot projects could focus on a number of activities including awareness-raising, valuation studies, assessment of existing incentives, development of new incentive schemes and removal of barriers to incentives. Such pilot projects should have built in linkages to existing initiatives under way in UNEP, and other relevant organizations.

14. The Workshop noted the importance that such pilot projects be country driven and build the capacities of local institutions and policy-makers.

***Role of international organizations***

15. The Workshop was of the view that competent international organizations should be requested to support the efforts of Parties in their work on incentive measures, in particular through the dissemination of information, the provision of expertise and technical guidance, and training.

16. An inter-agency coordination committee should be established, based on the liaison group established by the Executive Secretary (including representatives from the FAO, OECD, UNCTAD, UNDP, UNEP and IUCN as set out in decision V/15 of the Conference of the Parties) to coordinate activities at the international level and provide support to Parties.

***Financial support***

17. The Workshop recommends that the Conference of the Parties give guidance to the GEF to provide financial support for the programme of work on incentive measures, including support in the development of conceptual frameworks and baseline information for incentive measure assessments. Other funding sources should also be explored.

***Country-driven incentive-measure initiatives***

18. The Workshop envisioned that the elements listed above should lead to a portfolio of country-driven incentive measure initiatives at the national level.

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