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to the

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**Convention on
Biological Diversity**

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Making biodiversity a priority for a green economy

(1. Introduction)

Ladies and gentlemen,

It gives me great pleasure to be with you today and speak to you on how we can make biodiversity a priority for a green economy. I understand that one of the objectives of CORIM is to provide a bridge between international affairs and the Montreal community. I will be pleased to walk over this bridge in my talk and showcase how the work on biodiversity and the green economy at global level relates to – in fact, relies on – action at sub-national and municipal level, including here in the Montreal agglomeration.

(2. Concept of a green economy)

Let me start with the concept of a green economy.

As many of you will know, the basic concept and main policy ingredients of a green economy are not new – one important ground-breaking work, the *Blueprint for a Green Economy* by the late David Pearce, Anil Markandya, and Ed Barbier, was first published in 1989!

The United Nations Environment Programme started promoting this concept in the last decade. It gained considerable traction in the context of the financial and economic crisis and the release of the UNEP report on a ‘Green New Deal’, in early 2009, and was subsequently included in the agenda for the Rio+20 Conference, in June of this year.

In their outcome document “The Future We Want”, world leaders in Rio confirmed that the green economy is one of the important tools available for achieving the overarching goal of sustainable development. They also clarified that it should not be seen as a rigid set of rules, but rather as providing options for policymaking, in accordance with national circumstances and conditions. They emphasized that it should contribute to eradicating poverty as well as sustained economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment and decent work for all, while maintaining the healthy functioning of the Earth’s ecosystems. In this context, they also recognized that urgent action on unsustainable patterns of production and consumption remains fundamental in addressing environmental sustainability, and promoting conservation and sustainable use of biodiversity and ecosystems.

The outcome document views the implementation of green economy policies by countries that seek to apply them for the transition towards sustainable development as a common undertaking. Each country is encouraged to consider the implementation of green economy policies in the context of sustainable development and poverty eradication – while recognizing that each country can choose an appropriate approach in accordance with national sustainable development plans, strategies and priorities. All stakeholders, including business and industry, are encouraged to contribute as appropriate.

Taking into account the Rio+20 outcome document, UNEP has developed a working definition of the green economy, which can serve as a springboard for our further analysis.

According to UNEP, a green economy results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive.

In policy terms, the concept emphasizes the need to re-direct and boost investments. A green economy is one whose growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource use efficiency, and prevent the loss of biodiversity and ecosystem services.

These investments need to be catalyzed and supported by targeted public expenditure, policy reforms and regulatory changes.

(3. The role of biodiversity)

Where does biological diversity fit in? In the last decade, we made a lot of progress in better understanding the contribution of nature (and its variability) to human well-being, including economic well-being. The global Millennium Ecosystem Assessment, undertaken in 2005 with the active cooperation of over 1000 scientists, made a path-breaking contribution in this regard, and the economic elements were further carried forward by the recent global studies on the Economics of Ecosystems and Biodiversity (TEEB), which were initiated by the G8+5 Summit in 2007 and were initially sponsored by the European Union and the government of Germany, with subsequent support also provided by other governments, and with contributions from a large alliance of national and international research organizations.

In a nutshell, biological diversity underpins the healthy functioning of ecosystems, for instance by making them more resilient. Healthy ecosystems, in turn, provide a range of what we are now used to call ecosystem services, ranging from contributing to food security and human health to the provision of clean air and water. These ecosystem services contribute to local livelihoods and economic development more generally. Healthy ecosystems are thus an important part of what we call natural capital, so as to underline that nature is, in fact, a critical economic asset and source of public benefits.

Let us have a look at some examples and numbers.

First, nature and biodiversity are a critical input factor in the production of marketed good and services. Biotechnologies are a case in point, as they rely on the common pool of genetic resources and genetic variability – one crucial element of biodiversity. For instance, genetic diversity is central to the seed, crop protection and plant biotechnology industries, and its 10 most important companies alone had seed sales of 15 billion USD (in 2006). According to the studies on the Economics of Ecosystems and Biodiversity (TEEB), which I just mentioned, a considerable amount of drugs – some estimates speak about one half – are of natural origin, including close to fifty percent of cancer drugs, while the global trade in medicinal plants is estimated at around 60 billion USD per year. The other half of commercialized drugs are synthetic but based on natural molecules.

Other examples include: the contribution of mangroves and coral reefs to fisheries (as they act as nursing grounds), or the significant contribution of pollinators to crop yields, estimated in the two-digit billion USD range, in the United States alone. In consequence, moving

towards more sustainable practices in agriculture and fisheries will often be quite a sound long-term business proposition.

Another example is the importance of ecosystems for tourism. Coral reefs are again a major asset – the Great Barrier Reef in Australia alone generates over one billion USD in annual tourism revenue. It is also an asset under severe threat: for instance, according to the TEEB reports, Caribbean reefs have declined up to 80% in the last three decades, and reef-based tourism (which used to be close to twenty percent of total tourism revenue) has declined accordingly.

But actually, I do not have to move to Australia or the Caribbean to illustrate this point. I strongly believe that any representative of the national tourism sector in Canada – or here in Quebec – will readily confirm the importance of the great outdoors for their industry, and the imperative to keep them ‘great’ – meaning un-degraded and un-spoilt.

And last but not least, nature plays the role of what is sometimes called ‘ecological infrastructure’ – meaning that nature helps to provide public services like drinking water provision, erosion control, or coastline protection. Maintaining and sometimes even restoring this infrastructure implies very direct and significant economic returns in terms of saved expenditures for human-made infrastructure.

Second, nature and biodiversity contribute directly to the well-being of individuals. While notoriously difficult to measure, amenity values are particularly important in the context of urban agglomerations like here in Montreal. Having accessible and healthy nature for recreational purposes is an important element of the quality of life in cities.

Clearly, this point is important in itself. But, and this is my third point, quality of life is also an increasingly important factor in the decisions which businesses and individuals make with regard to their location, in particular of high-technology businesses and high-skills individuals. As many of you are aware, there will be increased competition for the best talent in the coming decades, in particular among developed countries with their relatively stagnant or declining population, and among cities that seek to position themselves as innovation hubs generating and transferring knowledge and technologies, through their local network of universities, research institutions, and r&d-oriented businesses, towards practical applications and commercialization. However, the quality of life in these cities is an important factor in attracting the best and the brightest.

(3. Making biodiversity a priority)

Despite its economic importance, biodiversity continues to decline at unprecedented levels. You may recall that the international community, at the beginning of the last decade, had already adopted a global biodiversity target – namely, to significantly reduce the current rate of biodiversity loss by 2010. However, despite some progress made, we collectively failed to reach this target. One of the main reasons was that there has been insufficient integration of biodiversity issues into broader policies, strategies, programmes and actions. In consequence, the underlying drivers of biodiversity loss were not significantly reduced.

As many of you know, the Parties to the Convention on Biological Diversity adopted, in 2010, an ambitious Strategic Plan for Biodiversity, for action up to 2020. The Strategic Plan takes on this challenge by making the mainstreaming of biodiversity considerations across government

and society, including economic sectors, one of its priorities. Specific actions foreseen to achieve this are enshrined in the twenty targets of the Strategic Plan, the so called Aichi Targets. They include:

- Continue raising awareness of the values of biodiversity and associated ecosystem services;
- integrate biodiversity values into national and local development strategies and planning processes, and incorporate them in national accounting and reporting systems;
- thoroughly re-align society's incentives towards sustainability, including by eliminating or reforming incentives that are harmful – this includes harmful subsidies – and by promoting positive incentives;
- encourage, promote, and support sustainable production and sustainable consumption.

The Strategic Plan provides a global road map for action towards halting biodiversity loss, and thus taking critical action towards transitioning to a green economy. National governments throughout the globe are now working towards translating the Strategic Plan and its twenty targets into national policies.

However, national governments can only achieve so much. In practice, large-scale biodiversity loss is typically the result of many small-scale, local decisions made by, or with the involvement and consent of, lower levels of government – in particular decisions that relate to land use and land use planning. Halting biodiversity loss will therefore require effective and coordinated action by sub-national and municipal governments.

It has been recognized for a while that action at subnational and municipal levels is critical. Demonstrating this sentiment, one report of the global initiative on the Economics of Ecosystems and Biodiversity (TEEB), released in 2010, sought to provide advice specifically to local and sub-national policy-makers. Under the Convention, a dedicated initiative seeks to facilitate and advance a global partnership on cities and biodiversity – with the active participation of the city of Montreal. This work is further supported by the secondment of a staff member of the global network of local governments, ICLEI.

Ecosystems and relevant habitats rarely stop at municipal borders. Effectively addressing biodiversity loss will therefore also require much more intense cooperation between all levels of government, including among municipalities, with a view to develop joint frameworks for action and the necessary institutional arrangements, that help achieving synergies and policy coherence. The new Metropolitan Land Use and Development Plan that was recently adopted by the Montreal Metropolitan Community provides a good example of such a joint planning framework. I was particularly happy to note that one of its goals is to protect 17% of its main territory by 2020 – which mirrors one of the key targets of the global Strategic Plan for Biodiversity.

Ladies and gentlemen,

In day-to-day policy-making and decision-making, measures that seek to conserve ecosystems and biodiversity are seen, all too often, as a cost – that is, additional expenditures for

the public purse or for private businesses and consumers, and/or benefits or tax revenues foregone.

Our first and foremost task is, therefore, to make clear that many of these expenditures are, in fact, investments – investment that often show significant economic returns once all relevant values are taken into consideration. In order to enhance this awareness and significantly alter decision-making, soft narratives are good, but hard and reliable numbers are often better. We need to better highlight the value – including the economic value – of ecosystem services and underlying biodiversity, and integrate these values into our monitoring and reporting systems, and in investment appraisal and other decision-making tools.

This needs to happen at public and at corporate levels. At public levels, one important work stream is to integrate ecosystem services into national accounting frameworks, with conceptual work ongoing at the global level, through the United Nations Statistics Division in New York, as well as in many countries including Canada. I am happy to note that the government of Quebec is also already active in this regard.

In the fiscal year 2010-2011 Canada spent more than 8 billion dollars on biodiversity domestically. More than a quarter of this was provided by the Federal government, more than a quarter was provided by the Provincial governments and the remainder was provided by local governments. Further, more than 670 million dollars was provided by the private sector. In addition to domestic spending the Canadian government also provided approximately 136 million dollars, through official development assistance, for biodiversity.

At corporate levels, many businesses are beginning to incorporate environmental concerns into their accounts and business models, and trying to improve their products and processes throughout their supply chains. The recently launched TEEB for Business Coalition is one follow-up activity to the initiative on the Economics of Ecosystems and Biodiversity, mentioned earlier, and seeks to support this by standardizing methods for natural capital accounting at the corporate level.

Beyond corporate reporting frameworks, more engagement of the private sector, from sectors such as agriculture, forestry, fisheries, tourism, energy, mining, and other sectors, will be essential to success. Public policies can support their efforts by re-aligning incentives for businesses, thus levelling the playing field, but also for instance by supporting certification schemes, such as for organic farming, and by green public procurement policies.

Re-aligning incentives can also unlock additional sources of funding for green investments. Taxes or charges on gas which are earmarked for funding improved public transportation are one example which, I believe, is also applied in this agglomeration.

I wish to note however that, from the biodiversity perspective, supporting public transportation is certainly useful but, in many instances, reducing the need for transportation altogether by avoiding urban sprawl is better. This point ties back to my earlier reference to the need to enhance spatial planning, and to the new plan of the Montreal Metropolitan Community.

Re-aligning incentives and deciding on investments based on full-cost appraisals will not always achieve win-wins – in fact, they will sometimes be controversial and involve trade-offs between biodiversity protection and other social objectives, in particular in the short run. Political

will and stamina, and the ability to build winning coalitions, will be an ever more critical resource in the future in order to achieve the effective implementation of plans, policies and programmes!

Coordinated approaches can also help in addressing and minimizing such tradeoffs. Smart and innovative policy instruments can sometimes also help – in case of urban sprawl, I am thinking for instance of policies that seek to arrange land swaps with developers, by exchanging biodiversity-rich land in surrounding areas slated for development with brown land closer to the city center – an approach which I understand the city of Montreal is seeking to undertake as part of its eco-territories policy. This is a nice example of institutional innovation which, according to the OECD, is a critical element in the innovation policies needed for transitioning to a green economy.

(4. Closure)

Ladies and gentlemen,

In concluding, let me brief summarize my main messages:

- **Biodiversity is a sine qua non:** effectively maintaining biodiversity and the ecosystem services it helps to sustain – this is a critical element of a green economy. Put otherwise: Any economy that does not achieve the effective conservation and sustainable use of biodiversity cannot reasonably be called a green economy.
- **We generally know what we have to do** in order to make biodiversity a priority within ‘greening policies.’ Yes, there is clearly a need to learn more, to innovate and to improve our tools, approaches, measures and/or policies, in particular in order to make an even better economic case of biodiversity and to better address trade-offs. But the emphasis must be now on policy implementation - and in many cases, this boils down to the broader and more stringent application, replication, and scaling-up of instruments and tools that are already known.
- **It will require political will and stamina** to further develop the policy packages that are needed at national and sub-national levels, and to build the constituencies and political majorities needed to make them a reality. This will include facing trade-offs and making hard choices, in particular at the short term. Unlocking economic opportunities and win-win constellations will act as long-term rewards.

I thank you for your attention