



Living in harmony with nature

## Economics, Trade and Incentive Measures

Biodiversity is the basis for ecosystem services, which are essential for human well-being and economic development. In addition to its intrinsic value, biodiversity and ecosystem services are therefore also of tremendous economic value. However, many ecosystem services are not traded on markets and their value is not properly reflected in existing market prices for other goods and services. Markets, when left alone, do not tell the 'ecological truth' and will therefore provide insufficient, if any, incentives to individuals, companies and governments to use biodiversity, and related ecosystem services, in a sustainable manner.

The reason for this market failure is simple: most biodiversity components are considered 'public goods', belonging to everyone and to no one. Consequently there is little concern in economic decision-making for their conservation and sustainable use.

The economic work under the Convention on Biological Diversity seeks to elucidate this 'hidden' economic value of ecosystem services and the underlying biodiversity, and incorporate it into market prices through the use of incentive measures that favour the conservation and sustainable use of biodiversity.

Work under the Convention, in partnership with the World Trade Organization, also looks at the relationship between its provisions and international trade rules. This is part of a broader effort by the international community to ensure harmony and mutual support between international trade rules and international environmental law, in order to both maintain biodiversity and promote international trade for the common goal of sustainable development. An important goal of the Convention is that no species of wild flora and fauna should be endangered by international trade hence the CBD is closely cooperating with the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

## Fast Facts

- ▶ The Convention's Clearing-House Mechanism (CHM) features a database on incentive measures, which facilitates the exchange of experiences among governments and organizations in the design and application of incentive measures
- ▶ The Strategic Plan for Biodiversity 2011–2020 includes explicit targets on valuation and incentive measures
- ▶ Target 2 of the Strategic Plan calls upon Parties to, by 2020 at the latest, integrate biodiversity values into national and local strategies and planning processes and, as appropriate, into national accounting and reporting systems
- ▶ Target 3 calls on Parties to eliminate, phase out or remove, incentives, including subsidies harmful to biodiversity, such as subsidies that support unsustainable farming, forestry or fishery
- ▶ Target 3 calls upon Parties to develop and apply positive incentives for the conservation and sustainable use of biodiversity. These are economic or legal measures that encourage beneficial activities such as payments for ecosystem services, conservation easements or covenants, and the promotion and commercialization of biodiversity-based goods, which are produced in a sustainable manner ('biotrade'), through, for example, certification and eco-labelling

## Learn More

The Economics of Ecosystems and Biodiversity (TEEB) study ▶ [www.teebweb.org](http://www.teebweb.org)

United Nations Environment Programme's Green Economy Initiative

▶ [www.unep.org/greeneconomy](http://www.unep.org/greeneconomy)

Biodiversity Economics ▶ [www.biodiversityeconomics.org](http://www.biodiversityeconomics.org)

CBD Clearing-House Mechanism ▶ [www.cbd.int/chm](http://www.cbd.int/chm)

BioTrade Initiative of the United Nations Conference on Trade and Development (UNCTAD) ▶ [www.biota.org](http://www.biota.org)

World Trade Organization (WTO) ▶ [www.wto.org](http://www.wto.org)

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) ▶ [www.cites.org](http://www.cites.org)

## Secretariat of the Convention on Biological Diversity

413, Saint Jacques Street, suite 800  
Montreal, Quebec, H2Y 1N9  
Canada

Tel.: +1 514 288 2220  
Fax: +1 514 288 6588  
UNBiodiversity@cbd.int

[www.cbd.int/incentives](http://www.cbd.int/incentives)