

SUBSIDIARY BODY ON SCIENTIFIC, TECHNICAL
AND TECHNOLOGICAL ADVICE

Fourteenth meeting
Nairobi, 10-21 May 2010
WORKING GROUP II
Agenda item 4.6

INCENTIVE MEASURES (ARTICLE 11)

Draft recommendation submitted by The Co-Chairs of Sub-Working Group II

I. RECOMMENDATION TO THE CONFERENCE OF THE PARTIES

The Subsidiary Body on Scientific, Technical, and Technological Advice *recommends* that the Conference of the Parties at its tenth meeting adopts a decision along the following lines:

The Conference of the Parties

1. *Welcomes* the work of the international workshop on the removal and mitigation of perverse, and the promotion of positive incentives, held in Paris, from 6 to 8 October 2009; and *expresses its appreciation* to the Government of Spain for providing financial support in convening the workshop, to the United Nations Environment Programme (UNEP) for hosting the workshop, and to IUCN – the World Conservation Union and UNEP for providing support to the write-up of the good-practice cases;

2. *Takes note* of the information, including lessons learned, and the compilation of good-practice cases from different regions on the removal or mitigation of perverse incentives, and the promotion of positive incentive measures, based on the report of the international expert workshop and further complemented, as requested by the Subsidiary Body on Scientific, Technical and Technological Advice at its fourteenth meeting, in the pertinent note by the Executive Secretary submitted to the Conference of the Parties at its tenth meeting;

3. *Requests* the Executive Secretary to disseminate the lessons learned and good-practice cases through the clearing-house mechanism of the Convention and through other means;

4. *Requests* the Executive Secretary, in collaboration with relevant partners and taking into account the work of the initiative on The Economics of Ecosystems and Biodiversity (TEEB), under the aegis of the United Nations Environment Programme (UNEP), as well as similar work at national or regional levels, such as the regional initiative of the United Nations Development Programme (UNDP) on the importance of biodiversity and ecosystems for sustained growth and equity in Latin America and the Caribbean, to convene regional workshops for the exchange among practitioners on practical experiences on the removal and mitigation of perverse incentive measures, including, but not limited to, harmful subsidies, and on the promotion of positive incentives, including, but not limited to, market-based incentives, with a view to build or enhance capacities of, and promote common understanding among, practitioners;

5. *Emphasizing* that any collection of good-practice cases is, by necessity, not comprehensive, and that the absence of a particular case from such a collection does not imply that such a case could not also be considered good practice, *invites* Parties and other Governments, as well as relevant international organizations and initiatives, to take the lessons learned and the compilation of good-practice cases into consideration in their work on the identification and removal or mitigation of perverse incentives, and the promotion of positive incentive measures for the conservation and sustainable use of biodiversity, bearing in mind that the possible impacts of incentive measures could vary from country to country, in accordance with national circumstances;

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6. *Recognizing* that perverse 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, *urges* Parties and other Governments to prioritize and significantly increase their efforts in actively identifying and removing or mitigating existing perverse incentives (including for agriculture, fisheries, mining, energy), while acknowledging that this removal or mitigation requires to undertake careful analyses of available data and to enhance transparency, through on-going and transparent communication mechanisms on the amounts and the distribution of perverse incentives provided, as well as of the consequences of such removal or mitigation, including for the livelihoods of indigenous and local communities, and to also take into account, in the design of new incentive measures, the risk of generating perverse effects for biodiversity;

7. *Noting* the essential role of regulation and the complementary role of market-based instruments, *encourages* Parties and other Governments to promote the design and implementation, in all key economic sectors, of positive incentive measures for the conservation and sustainable use of biodiversity that are effective, transparent, 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 policy-makers 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;

8. *Acknowledging* the crucial role of communication between public and private sectors in developing incentive measures that are supportive to the national implementation of the Convention, *encourages* Parties and other governments to engage with businesses and enterprises on ways and means to contribute to the national implementation of the Convention, including through the design and implementation, with their participation, of direct and indirect positive incentive measures for the conservation and sustainable use of biodiversity;

9. *Recognizing* the importance of assessing the values of biodiversity and ecosystem services for the enhanced calibration of positive incentive measures, *invites* Parties and other Governments, in accordance with their national legislation, to take measures and establish, or enhance, mechanisms with a view to fully account for the value of biodiversity and ecosystem services in public and private sector decision-making, including by revising and updating national biodiversity strategies and action plans to further engage different sectors of government and the private sector, building on the work of the TEEB initiative, the UNDP regional initiative on the importance of biodiversity and ecosystems for sustained growth and equity in Latin America and the Caribbean, and other relevant initiatives, and to also consider undertaking, as appropriate, similar studies at the national level;

10. *Also recognizing* the methodological limitations of existing approaches, such as of existing valuation tools, *welcomes* the work of relevant international organizations, such as the Food and Agriculture Organization of the United Nations (FAO), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and its initiative on the Economics of Ecosystems and Biodiversity (TEEB), and the Organisation for Economic Co-operation and Development (OECD), IUCN – The World Conservation Union, as well as other international organizations and initiatives, to support the efforts at global, regional and national levels in identifying and removing or mitigating perverse incentives, in promoting positive incentives for the conservation and sustainable use of biodiversity, and in assessing the value of biodiversity and associated ecosystem services, and *invites* them to continue and intensify this work with a view to raise awareness on, and promote common understanding of, the removal or mitigation of perverse incentives, the promotion of positive incentive measures, and the assessment of the values of biodiversity and ecosystem services;

11. *Invites* national, regional and international funding institutions to support the building or enhancement of national capacities for assessing the values of biodiversity and ecosystem services, for

identifying and removing or mitigating perverse incentives, and for the design and implementation of positive incentive measures for the conservation and sustainable use of biodiversity;

12. *Requests* the Executive Secretary to continue and further deepen his cooperation with relevant organizations and initiatives, with a view to catalysing, supporting, and facilitating the work spelled out in paragraphs a. to k. above and to ensure its effective coordination with the programme of work on incentive measures as well as the other thematic and cross-cutting programmes of work under the Convention;

13. *Invites* Parties, other Governments, and relevant international organizations and initiatives to report to the Executive Secretary progress made, difficulties encountered, and lessons learned, in implementing the work spelled out in the paragraphs above;

14. *Requests* the Executive Secretary to disseminate, through the clearing-house mechanism of the Convention, the information submitted pursuant to the invitation expressed in the previous paragraph, as well as to synthesize and analyse the information submitted and to prepare a progress report for consideration by a meeting of the Subsidiary Body on Scientific, Technical and Technological Advice prior to the eleventh meeting of the Conference of the Parties.

II. REQUEST TO THE EXECUTIVE SECRETARY

The Subsidiary Body on Scientific, Technical and Technological Advice, *acknowledging* that the workshop report did not reflect the full scope of perverse and positive incentives, *requests* the Executive Secretary, in collaboration with relevant partners and taking into account the findings of the TEEB initiative, to complement the report of the Paris expert workshop with information that was not fully taken up in the report, including case examples and lessons learnt on the removal or mitigation of perverse incentives other than harmful subsidies and on the promotion of positive incentives other than the creation of markets, and make this information available for review by the Conference of the Parties at its tenth meeting.
