

# Promoting positive incentive measures

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CBD



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Convention on  
Biological Diversity

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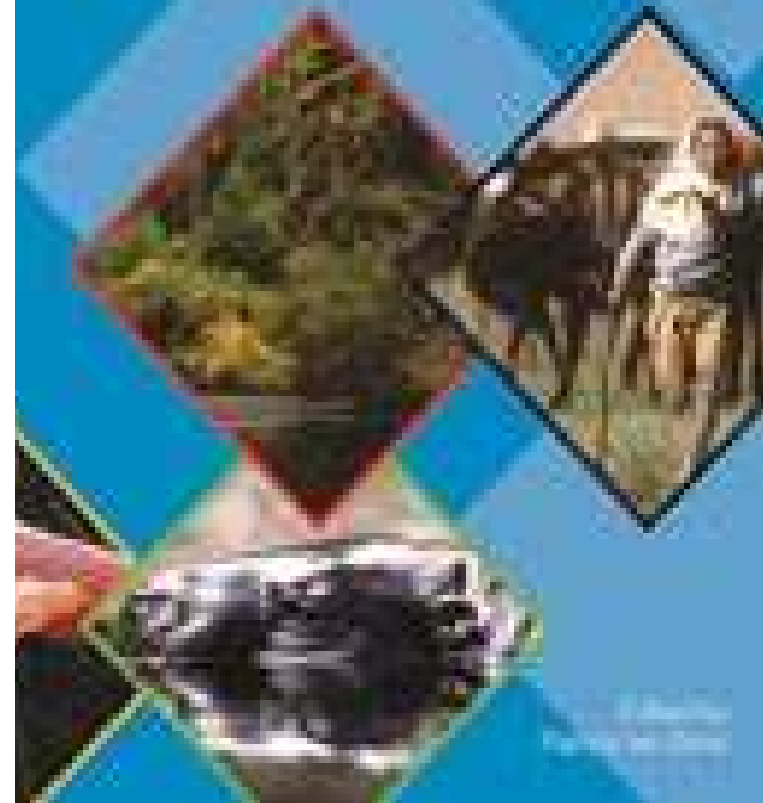
# 56

## Incentive measures for the conservation and sustainable use of biological diversity

*Case studies and lessons learned*



## The Economics of Ecosystems and Biodiversity National and International Policy Making



## 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”

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Crops  
Livestock  
Aquaculture  
Carbon sequestration

## “Degraded”

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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

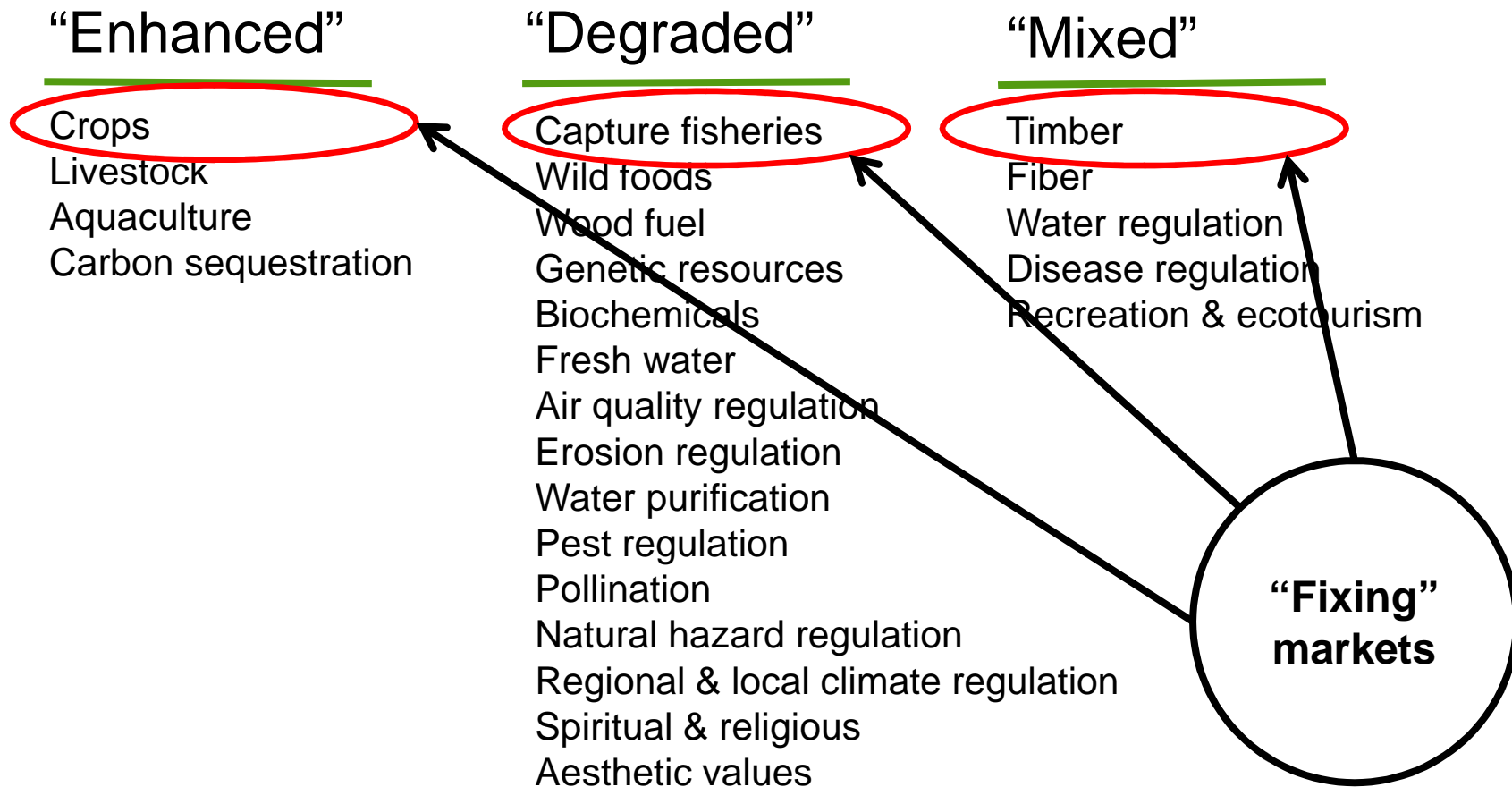
## “Mixed”

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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

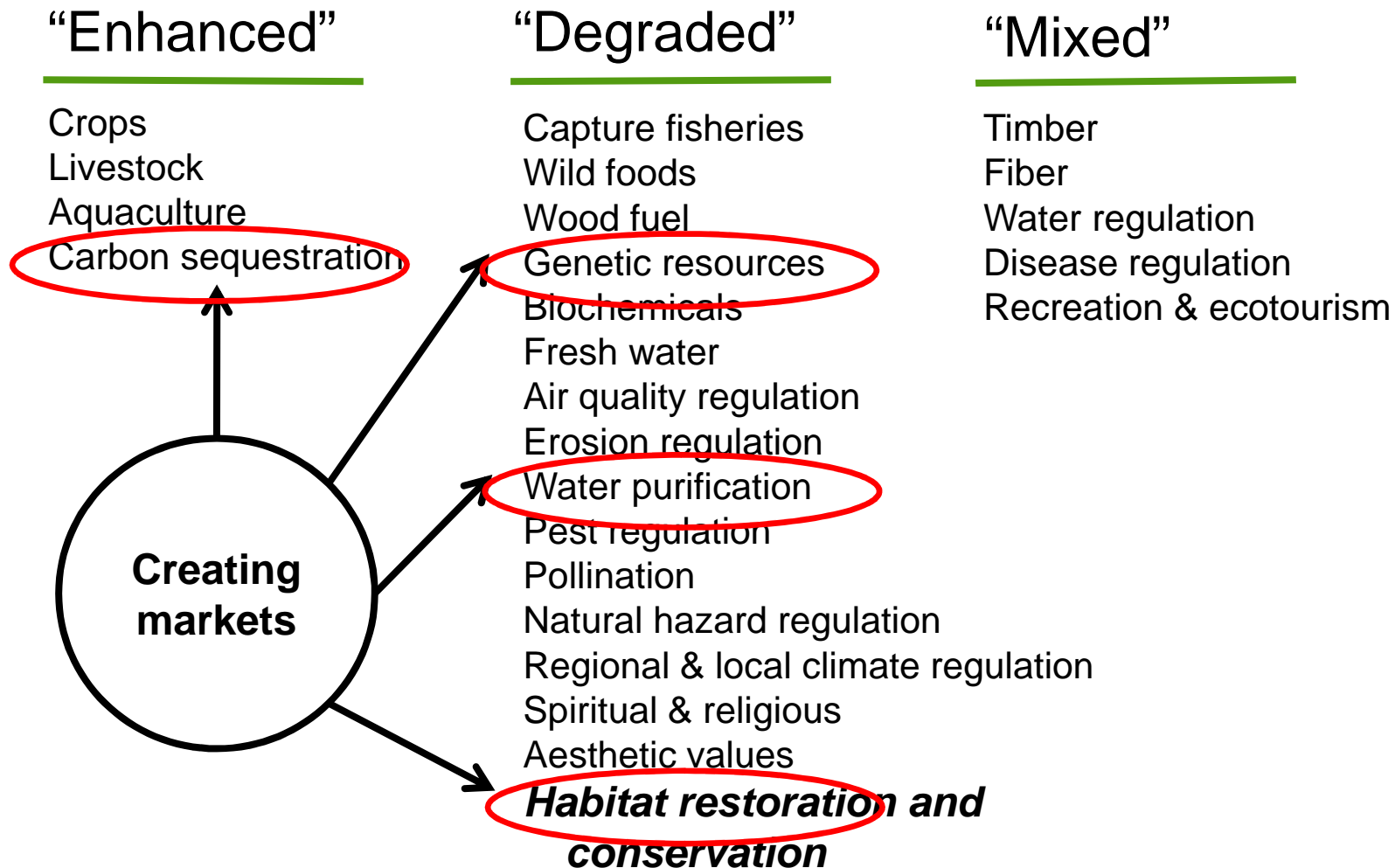
- Global sales of organic food and drink = US\$ 60 billion in 2009
- Sales of certified 'sustainable' forest products increased four-fold between 2005 and 2007
- The global market for eco-labeled fish products grew by over 50% from 2008 to 2009, to a retail value of US\$ 1.5 billion
- Major consumer 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)



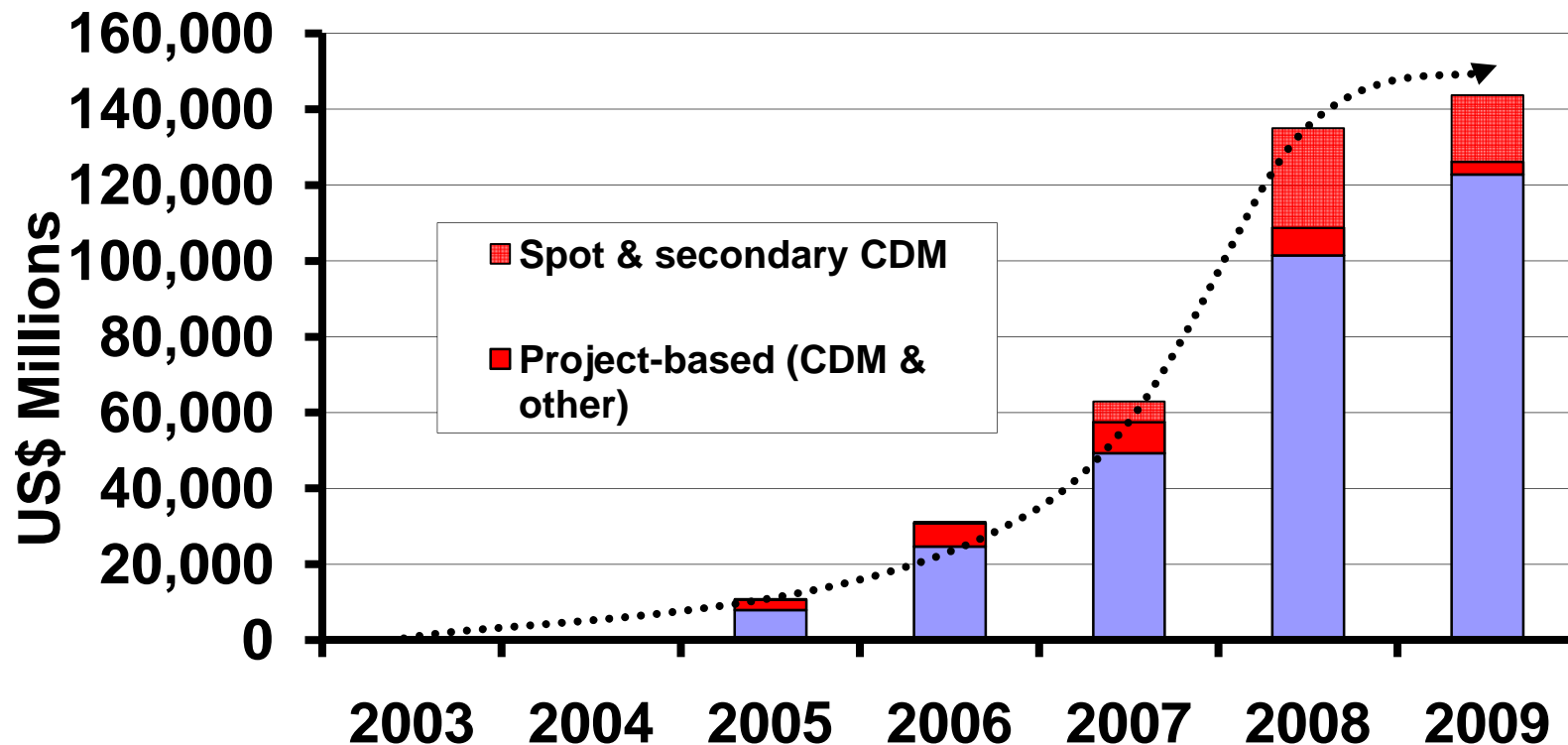
**FSC** FOREST STEWARDSHIP COUNCIL  
Because forests matter



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

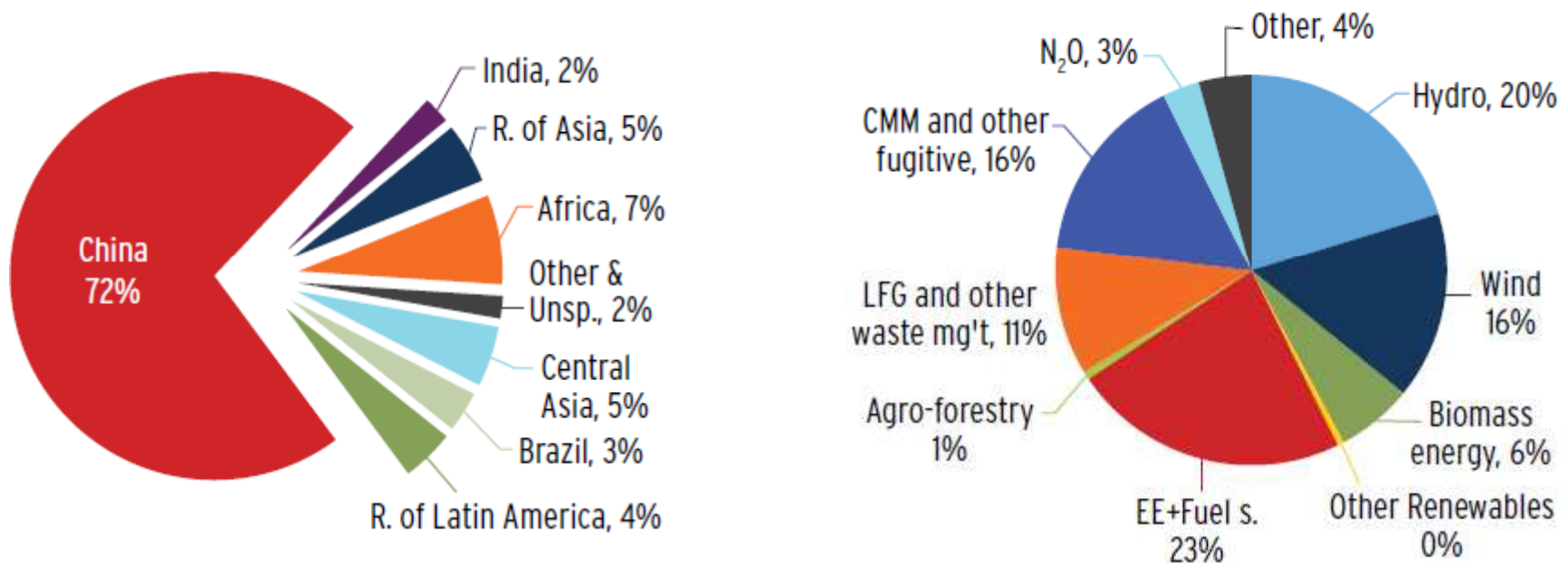


# Creating markets: The case of carbon



**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

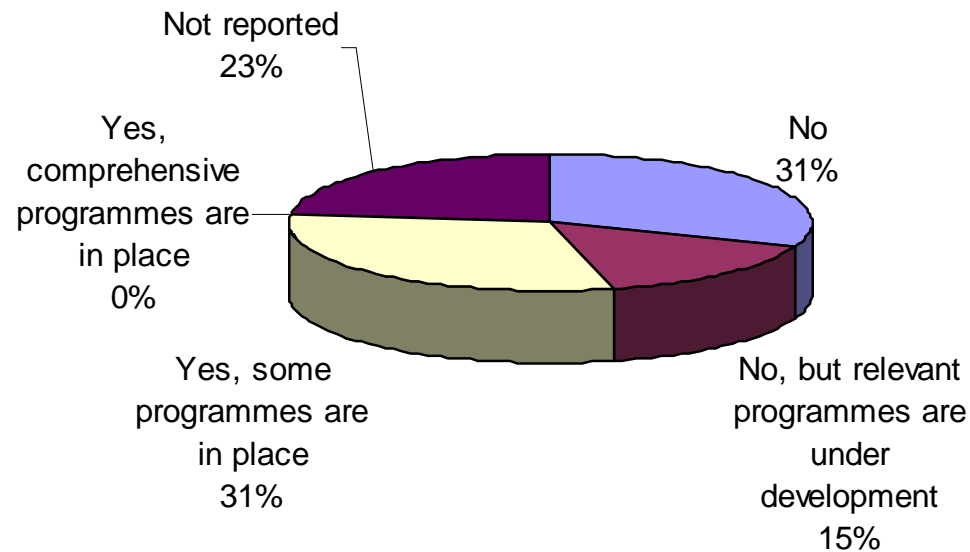
	<b>Ecosystem Damage (Business as usual)</b>	<b>Conservation &amp; Sustainable Use</b>
<b>Costs</b>	Need to <b>rise</b> , e.g. through: <ul style="list-style-type: none"> <li>• Technological limits</li> <li>• Resource taxes/fees</li> <li>• Reporting requirements</li> <li>• Naming and shaming</li> </ul>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

# Achievements in the region

## Third national reports

The Caribbean (10 out of 13 countries)

83. ◊ Has your country established programmes to identify and adopt economically and socially sound measures that act as incentives for the conservation and sustainable use of components of biological diversity?	
a) No	4
b) No, but relevant programmes are under development	2
c) Yes, some programmes are in place (please provide details below)	4
d) Yes, comprehensive programmes are in place (please provide details below)	0



# Achievements in the region

## Some examples...

### St. Lucia

- Subsidised fees for purchase of trees to use for soil and water conservation
- Special benefits offered to farmers by the National Fair Trade Organisation (NAFTO) when they sustainably manage their banana holdings.
- Training courses in sustainable production practices offered to farmers and fishers under several programmes

### St. Vincent and the Grenadines

- Duty free concessions for fishing gear and equipment that support sustainable use of marine resources
- Co-management and alternative livelihood programmes under the Sustainable Grenadines project and the Organisation of Eastern Caribbean States (OECS) Protected Areas and Associated Livelihoods (OPAAL) project

### St. Kitts and Nevis

- Provision of alternative livelihoods to fishermen within establishment of marine protected areas



# Achievements in the region

## Some examples...

*“The process of mainstreaming biodiversity issues in key economic sectors has also been supported by the development and introduction of various economic and social incentives in these sectors. For example in the agriculture sector, the Agricultural Incentives Regime developed by the MALFF promotes mainstreaming at all levels (national, sector and community); community level mainstreaming is also promoted through other voluntary agricultural related incentives programmes such as Fair Trade, Global Good Agricultural Practice (GAP) and Leadership Enhancement in Agriculture Program (LEAP).”*

St. Lucia, 4<sup>th</sup> National Report (2010)

*“In light of the prevailing constraints (financial and human resources) to effective enforcement of command-and-control measures (e.g prosecution and fines), it is perhaps **even more vital that greater emphasis be placed on the creation of economic incentives for conservation and the removal of perverse incentives**”*

St Vincent and the Grenadines, 4<sup>th</sup> National Report (2010)

# 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? Exercise

## 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?