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Climate change

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BUSINESS, BIODIVERSITY AND CLIMATE CHANGE



INTERNATIONAL BIODIVERSITY DAY 2007

Linking business, biodiversity and climate change



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By AHMED DJOGLHAF

In early 2006, in the lead-up to the eighth meeting of the Conference of the Parties (COP-8) to the Convention on Biological Diversity, I issued a message inviting business to renew its commitment to the objectives of the Convention and to join forces with Parties, the Secretariat and other stakeholders to work towards the 2010 biodiversity target.

A vibrant scene

Business participation in COP-8 was unprecedented, thanks to the efforts of the Brazilian government, as well as that of many business associations.

Today, the business and biodiversity scene has never been so vibrant. Germany, Portugal and Slovenia inscribed business in the biodiversity agenda of their Triple Presidency. The Potsdam Initiative – Biological Diversity 2010 (agreed in March by the G8 as well as Brazil, China, India, Mexico and South Africa) contains a business dimension. The European Commission is currently developing a business and biodiversity initiative.

Japan is revising its National Biodiversity Strategy, with a focus on business engagement. I would like to thank Mr. Tomioka (Director General, Nature Conservation Bureau) for sharing his thoughts on this important process. Earlier this year, the Secretariat was able to witness first hand the level of enthusiasm for this agenda, from government, conservation groups and business.

As a testimony to the growing recognition of biodiversity as a strategic issue, the World Business Council for Sustainable Development has elevated its work on ecosystem services as one of its four 'focus areas'. Similarly, the UNEP Finance Initia-

tive – which convenes banks, fund managers and insurance companies – recently launched its workstream on biodiversity and ecosystem services. I wish all the success to these pioneering programmes.

Celebrating biodiversity day

This issue of *Business.2010* is released on the occasion of the International Day for Biological Diversity (IBD), which focuses, this year, on climate change.

I am grateful to UNFCCC Secretariat for the spirit of collaboration in celebrating this major event. Both secretariats have, more generally, been collaborating closely on a number of issues, including technology transfer, vulnerability and adaptation, and the reduction of emissions from deforestation.

The window for business engagement under the Convention is wide open – but this comes with an expectation that the business community can demonstrate concrete steps towards addressing the current biodiversity challenge

COP-8 highlighted the importance of integrating biodiversity considerations into all relevant national policies, programmes and plans to rapidly develop tools for the implementation of biodiversity conservation activities which contribute to climate change adaptation.

Thanks to the support of Canada, the Secretariat convened, in March, a series of meetings on biodiversity and climate change, bringing together experts, UN agencies, members of the Bureau and chairs of SBSTTA, and chairs and members of the Intergovernmental Panel on Climate Change (IPCC). The 12th meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA-12) will also consider guidance on how to integrate relevant climate change impacts and response activities into the programmes of work of the Convention.

Climate change is also receiving unprecedented media coverage, notably in the business press. In parallel, the linkages between climate change and biodiversity are increasingly clear, as articulated by the Millennium Ecosystem Assessment and, again, in the latest IPCC report.

Energy and biodiversity

Around the world, many initiatives in the interface between business, biodiversity and climate change are underway. A number of these are featured in this issue.

The CBD Secretariat launched an electronic discussion forum, in January 2007, on biofuels and biodiversity to gather information in order to prepare for SBSTTA-12, where the topic will be discussed. A number of articles in this issue contribute to this debate. The energy sector has also been invited to share knowledge on the interlinkages between biodiversity and liquid biofuel production.

Towards COP-9

Last month, I had the immense pleasure of

visiting Germany to discuss COP-9 preparations. I would like to pay tribute to the government of Germany in its efforts to ensure that this is a truly historic meeting. I am convinced that Bonn will prove another important milestone for business and biodiversity.

There can be no doubt that the engagement of the for profit sector is essential for the implementation of the Convention. Indeed, this was unambiguously stated in the Convention's landmark Decision VIII/17, the first decision to focus exclusively on business engagement.

The window for business engagement under the Convention is wide open – but this comes with an expectation that the business community can demonstrate concrete steps towards addressing the current biodiversity challenge.

I therefore reiterate my invitation to the business community to make this demonstration at the next COP.

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The 2010 climate challenge



Photo © UNEP

By **ACHIM STEINER**

With less than three years remaining, the 2010 target to reverse the rate of biodiversity loss looks increasingly elusive. If anything, the rate of extinction is accelerating. In 2005 the Millennium Ecosystem Assessment concluded that 60 per cent of the world's ecosystems are in decline. Last year, the World Conservation Union (IUCN) Red List of Threatened Species revealed that two out of five species known to science could face extinction, including one in eight birds, a quarter of all mammals and one-third of amphibian species.

The tragedy of extinction

Now this year's Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report has confirmed that global warming is affecting biological systems around the globe, with between 20 and 30 per cent of plant and animal species facing increased risk of extinction as global average temperatures rise. These estimates do not include the myriad life forms yet to be catalogued, whose role in the finely tuned balance of ecosystems, or whose value to human society as sources of medicines, foodstuffs or other uses, may never be known. That, ultimately, is the tragedy of extinction. Unlike some other types of ecosystem degradation, extinction cannot be reversed. Once a species has gone, it is gone forever.

Reversing the decline in biological diversity will increasingly depend on how successful we are at slowing global warming. As the Millennium Ecosystem Assessment states: "By the end of the century, climate change may be the dominant direct driver of biodiversity loss and changes to ecosystem services globally." Recognizing the growing severity of the problem, and the need for more awareness and action, the Convention on Biological Diversity has chosen Bio-

There are currently few, if any, economic incentives for protecting forests, but many for destroying them. For instance, under the Clean Development Mechanism of the Kyoto Protocol, the only truly global instrument for combating climate change, countries can receive credits for planting new woodland, but there is no incentive for protecting existing forests. This has to change

diversity and Climate Change as the theme for International Biodiversity Day 2007.

The climate juggernaut

If we do not stop the climate juggernaut, many, if not all, of the other strategies for protecting increasingly threatened species and habitats will be doomed to failure. As an example, a recent study has shown that amphibian and reptile populations in the La Selva lowland forest reserve in Costa Rica have declined by 75 per cent in the past 35 years. The significance of the findings is that this area is devoted principally to these species' protection. The researchers' conclusion is that climate change is to blame.

Elsewhere in the world, tropical forests continue to be felled at an alarming rate – for timber, subsistence and industrial agriculture, and, increasingly, for crops such as soya and palm oil to feed the growing global demand for biofuels. This is bad news both for biodiversity and for the climate. A UNEP report, released in February 2007, entitled *The Last Stand of the Orangutan: State of Emergency* found that rainforest in Indonesia and Malaysia is being felled so quickly that 98 per cent could be gone by 2022. As well as spelling doom for the orangutan and countless other species, such destruction contributes directly to global warming, accounting for up to 20 per cent of global annual greenhouse gas emissions. At the same time, the value of tropical forests for carbon sequestration – estimated by some economists at tens or even hundreds of billion of dollars a year – is also in decline. The world lost 5 per cent of the carbon storage capacity of its forests in the first five years of this century alone.

Protecting tropical forests

It therefore stands to reason that protecting existing tropical forests must be recognized as a priority, both for biodiversity

conservation and for mitigating climate change. Unfortunately, there are currently few, if any, economic incentives for protecting forests, but many for destroying them. For instance, under the Clean Development Mechanism of the Kyoto Protocol, the only truly global instrument for combating climate change, countries can receive credits for planting new woodland, but there is no incentive for protecting existing forests. This has to change.

Later this year, parties to the UN Framework Convention on Climate Change will meet in Bali to continue negotiating the successor to the Kyoto Protocol, which expires in 2012. It is imperative that these negotiations provide strong incentives to countries such as Indonesia and Brazil to conserve their forests.

Businesses the world over are also looking for clear signals from governments that the Kyoto mechanisms will continue post-2012 and be built on. Emissions reduction regimes, carbon trading and other strategies for mitigating climate change demand a long-term view from governments and investors alike. I firmly believe that protecting tropical forests can form a keystone of a new carbon trading regime, as well as providing a wide variety of business opportunities – to the benefit of the global climate and of species and habitat protection.

Climate change is emerging as the single greatest threat to biodiversity. This reality serves an extra reminder of the importance of pursuing the objectives of the Convention on Biological Diversity and the 2010 target with renewed vigour and commitment.

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www.unep.org

Biodiversity and climate change linkages: advancing the protection of forests

Photo © UNFCCC Secretariat



By YVO DE BOER

The current rates of deforestation contribute to more than 20% of human-caused greenhouse gas (GHG) emissions, making deforestation across the globe a significant contributor to human-induced climate change and biodiversity loss. The Food and Agriculture Organization of the United Nations estimates that, between 2000 and 2005, an average of 12.9 million hectares of forests was lost annually, mostly in South America, followed by Africa and Asia.

Deforestation's contribution to biodiversity loss, moreover, increases the negative impacts of climate change on a number of aspects affecting human life, including water, food and energy security and access to raw materials. Biodiversity loss will be further augmented as climate change impacts increase.

Despite the international community's efforts to find a solution, dealing with deforestation has remained a divisive issue. This is largely attributable to the varied root causes of deforestation, which range from direct and indirect dependence on forests for livelihoods, macro-economic policies and economic factors including market forces and poverty.

The need to protect forests

The protection of forests yields numerous co-benefits. Most obviously, effective and sustainable forest protection would significantly reduce emissions. At the same time, biodiversity loss would be stemmed, which would contribute to reducing the impacts of climate change on people. The United Nations Framework Convention on Climate Change (UNFCCC) acknowledges the need to protect forests as part of efforts to combat climate change.

Under the Kyoto Protocol, emissions from deforestation in developed countries are taken into account as part of national commitments to reduce GHGs. Tropical deforestation, however, was excluded from the Kyoto Protocol due to controversies surrounding sovereignty, uncertainty and implications for efforts to reduce fossil fuel emissions.

Yet, trees in tropical forests hold, on average, about 50% more carbon per hectare than trees outside the tropics. Consequently, the issue is likely to be brought back to centre stage in the context of negotiations for a post-2012 climate regime, with the expectation that the UNFCCC could deliver an instrument to reduce deforestation. Parties to the UNFCCC agreed to a process on deforestation, which has begun with a dialogue to understand the causes of the phenomenon, and identifying a possible mechanism.

Irrespective of the result of these discussions, the UNFCCC is likely to make available resources to combat deforestation, thereby contributing to climate change abatement and the stemming of biodiversity loss. These resources could contribute to activities at the national level, e.g. the establishment and management of protected areas, and the promotion of sustainable forest management.

Such activities would also have the potential of offering benefits to local communities, whose livelihoods depend on forests. National Governments would be in a position to assess how such resources could be used to protect hotspots of biodiversity that are also under high risk from deforestation. To this end, experiences and lessons learned from activities to protect biodiversity, as well as developments under the CBD, will become increasingly valuable as discussions under the UNFCCC advance.

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The main issues to be resolved will include ways to measure and report reduced emissions from deforestation, as well as setting baselines, and the type of incentive that will be established at the international level. The alternatives for a mechanism currently under discussion by Parties can be grouped into two types: those using transfer of payments and those making use of the carbon market.

Possible approaches

A number of Parties are deliberating whether deforestation may represent an opportunity for countries to participate in the carbon market. Under this alternative, tradable credits would be issued and sold in the international carbon market. Such transactions would be the main incentive to reduce deforestation rates. Other Parties suggest that incentives should not be linked to the carbon market for fears of flooding the market with cheap credits and driving down prices. Their proposal centres on the creation of a fund or other type of 'earmarked' instrument to finance forest conservation.

The Kyoto Protocol with its GHG emission reduction targets for developed countries for the period 2008 - 2012 represents an initial step in climate change abatement. A comprehensive package on the future needs to be launched at the UN Climate Change Conference in Bali this year, to ensure that a stronger climate change framework is agreed before 2010, thus preventing a gap between the end of the Kyoto Protocol's first commitment period and the entry into force of a future regime.

Efforts under a future regime need to be broadly focused to allow all aspects of global solutions to be addressed, including deforestation with its cross-linkages to biodiversity. The UNFCCC has a unique opportunity to deliver an effective mechanism under a future regime that contributes to reducing deforestation and mitigation, safeguards socio-economic growth and poverty eradication, while providing fair incentives to those who avoid deforesting.

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www.unfccc.int

Biodiversity and global finance



Photo © UNEP FI

Building on its experience in the climate change arena, UNEP Finance Initiative launched, at its last AGM, a biodiversity and ecosystem services workstream. PAUL CLEMENTS-HUNT outlines the main activities scheduled to date.

The UNEP Finance Initiative, a partnership between the United Nations Environment Programme and 170 banks, insurers and asset managers worldwide, recently launched a biodiversity and ecosystems services workstream. Twelve of UNEP FI's member companies, joined by the Katoomba Group, the World Resources Institute (WRI), and Fauna & Flora International (FFI), will drive the work [1].

In early April 2007, a kick off meeting was hosted in London by KPMG. The gathering was chaired by UNEP FI Chair Martin Hancock, of the Australian bank Westpac [2].

Engaging global finance

The new UNEP FI workstream is based on the need to engage the global financial services sector in identifying and addressing the risks and opportunities associated with biodiversity loss, the degradation of ecosystems services and the sustainable use of ecosystems and the services they provide. The lead institutions and civil society partners will explore regulatory frameworks, business operations and stakeholder concerns as the workstream unfolds.

The workstream will mirror UNEP FI's work in the climate change arena where the partnership is well recognised for its participation in UNFCCC COPs. Also, the synergies and linkages between the climate work and the new biodiversity and ecosystems focus will be fully explored. The development of UNEP FI's work comes partly as a response to the CBD COP-8 decision on business engagement in which UNEP FI is

explicitly referred to [3].

As part of the scoping phase ahead of the launch, UNEP FI co-convened a closed-door meeting in April 2006 in New York with the World Resources Institute (WRI). Some fifteen financial institutions came together

face between finance, capital markets and sustainability needs explaining.

A second output will include a global corporate biodiversity benchmarking tool for financial institutions to evaluate and compare company performance in managing

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to identify and discuss the main elements of a potential workstream. At least three principal barriers to mainstreaming biodiversity and ecosystems services considerations in the financial services sector were identified and these will be addressed as the 2007 work programme is rolled out. The focus for the group's work this year will include:

- Raising awareness of the business implications of the loss or degradation of ecosystems and the services they provide;
- Strengthening the business case for action and providing the financial sector with information and analytical tools for adequate management of ecosystem services;
- Opening dialogue between financial institutions (both public and private) and policy makers to identify and act on areas where the framework conditions under which business operates can be better aligned with ecosystems stewardship.

The work programme

Specific activities will include the development of a 'CEO Briefing' that will highlight best practice case studies from the banking, insurance and asset management sectors. The brief, which will be launched for the UNEP FI Global Roundtable [4], will also propose actions required by the financial services sector and the policy-making community to make finance and capital markets work "for" biodiversity and ecosystems services. UNEP FI's CEO Briefing series have been employed in various international arenas from climate change and water issues as well as to cover regional themes where the complex inter-

biodiversity-related risks and opportunities. UNEP FI and partners will work to expand the framework originally developed by UNEP FI member Insight Investment, the asset management arm of the HBS Group, and Fauna and Flora International. The ultimate aim will be to create a global standard for best practice in biodiversity. Progress on this tool will be presented at COP-9.

[1] The full list comprises Association Française des Entreprises Privées (AFEP), Citigroup, Secretariat of the Convention on Biological Diversity, Development Bank of South Africa, F&C Asset Management, Fauna and Flora International, Forest Trends, Industrial Development Corporation of South Africa, Insight Investment, KPMG, Nedbank, Nikko Asset Management, Rabobank Netherlands, Royal Bank of Canada - Banque Royale, Sustainable Asset Management (SAM) Group, the Katoomba Group, West LB, World Resources Institute (WRI).

[2] www.unepfi.org/events/2007/london

[3] Decision VIII/17 (www.biodiv.org/decisions/default.aspx?m=COP-08&id=11031&lg=0) invites "businesses and relevant organizations and partnerships, such as the Finance Initiative of the United Nations Environment Programme, to develop and promote the business case for biodiversity, to develop and promote the wider use of good practice guidelines, benchmarks, certification schemes and reporting guidelines and standards, in particular performance standards in line with the 2010 indicators, to share information on biodiversity status and trends, and to prepare and communicate to the Conference of the Parties any voluntary commitments that will contribute to the 2010 target".

[4] Melbourne, Australia, 24-25 October (www.unepfi.org/events/2007/roundtable).

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Capitalizing on a growing willingness to change



JULIA MARTON-LEFEVRE argues that the climate change debate has heightened attention to conservation of biodiversity and reflects on how to capitalize on a public and political will to conserve nature which has never been greater.

Europe saw little of spring this year. We moved from winter into summer with much of the later March and April temperatures hovering round 25°C. On the other hand, in Bangladesh, the temperature dropped to an exceptionally low of 8°C. These striking changes in weather patterns, increasing frequency and intensity of natural disasters and growing evidence of climate change have, in combination with the *Stern Report* [1], caused what appears to be a fundamental shift in public opinion: *status quo* is not an option.

What is interesting is that the realities of political and public perception have focused on an issue that, in the past, was hard to anchor in the public debate: the conservation of nature. Now, with climate change hitting us, and projected to hit even harder in the future, attention is turning to the ways we can manage nature to reduce climate change or mitigate its impacts.

One technical reflection of that role can be found in the Millennium Ecosystem Assessment [2]. It was a major milestone in the way we perceive and argue for biodiversity conservation. Many people believe, however, that we have not fully harnessed the momentum generated by it, although there have been several follow-up actions, interestingly, much of them in the private sector.

A strategy for business engagement

The World Conservation Union (IUCN) has been at the forefront of working with business on conservation. Our vision in our work with the private sector is “a sustainable economy in which businesses are committed and effective partners in achieving a just world that values and conserves nature” as reflected in the IUCN *Private Sector Strategy* adopted in 2004 [3]. The same year, at the 3rd IUCN World Conservation Congress, the Union’s 1000 member organisations further resolved to proactively engage business for mainstreaming biodiversity into corporate policies and operations. This led to increased IUCN capacity and work with business in the following years, based on solid guidelines and due diligence [4].

Our approach recognizes that businesses vary in size, commitment and capacity, and that a combination of approaches, ranging from awareness-raising to the development of tools and the strengthening of public and corporate policies, will be needed to harness the business potential for conservation across different scales and geographies. We work with business directly, and we also encourage business

Switzerland, with prospects for replication in other parts of the world.

Islands of excellence

Our business portfolio has featured several years of collaboration with Shell on the company’s biodiversity policy as well as on some real life problems such as oil and gas exploration in China and the conservation of Western Gray Whales in the north-east of Russia. With the International Council on Mining and Metals (ICMM), we have developed best practice guidance for mining and biodiversity that ICMM member companies and other associations have begun to apply. We have also made progress on a dialogue, which is still underway, between business and indigenous peoples in mining.

Earlier this year, I was delighted to sign a cooperation agreement with Holcim’s CEO, Markus Akermann. This major partnership aims at strengthening Holcim’s corporate policy and action for biodiversity conservation as well as leveraging mutual capacities and outreach of the partners to support sustainable livelihoods. In the longer term, we hope this will contribute to higher industry standards in the cement and

It is essential that the conservation, development and business communities share their understanding of the challenges and commit to their solution. It requires rising above narrow sectoral interests and being prepared and willing for the trade offs that must inevitably be made in the broader interest of a sustainable future

to demonstrate its commitment to conservation through international fora, as happened when we promoted business involvement in the implementation of the Convention on Biological Diversity [5].

IUCN continues to support the public and corporate policy making in this arena. For instance, it is assisting the European Commission in the development of an EU Business and Biodiversity Initiative. The Netherlands Committee for IUCN has organized a very influential ‘Leaders for Nature Initiative’ that is contributing to changes in both public and corporate policy. A similar initiative is also under development in

aggregate sectors.

Energy spans all aspects of the climate change and biodiversity debate. In 2006, IUCN launched a major Energy, Ecosystems and Livelihoods Initiative. This looks at the rising global interest in alternative fuels; at the opportunities to enhance biodiversity conservation that this creates, as well as the threats. The reallocation of land and seascapes to alternate fuels has profound implications for nature that can neither be under-estimated nor ignored.

Failing to assess and harness this opportunity to strengthen biodiversity conservation,



however, would limit our ability to be part of the solution to the multiple challenges of energy, climate change and biodiversity conservation that society faces. Through the Initiative, we hope to develop a better understanding of the energy scenarios from a conservation perspective and how an integrated approach to energy supply might aid rather than erode biodiversity.

In implementing our *Private Sector Strategy*, we have also been engaging our business partners in exploring venues for biodiversity finance in recognition of the gaps and limitations of the current financing mechanisms that are largely in the public sector. Together with Shell, and in consultation with a variety of relevant organizations and people, we have scoped out a concept for a Business and Biodiversity Facility with a purpose to develop and mobilize markets for biodiversity products and services. We are hoping to take the idea forward in the months ahead.

Successful and rewarding as the different initiatives and partnerships of IUCN or other organisations are, they remain 'islands of excellence'. They are useful for inspirations and learning, but they by no means suffice to address the huge and complex challenges that face us.

Coming together

For a meaningful change, it is essential that the conservation, development and business communities share their under-

standing of the challenges and commit to their solution. It requires rising above narrow sectoral interests and being prepared and willing for the trade offs that must inevitably be made in the broader interest of a sustainable future. While there is a compelling need for such a partnership, the current institutional architecture for global dialogue does not provide the mechanisms and space for this.

I would therefore like to propose that we explore the possibility of instituting a Global Energy Commission. The task of such a platform, which would have a finite lifespan, would be to provide a comprehensive overview of the likely energy scenarios for the future, and to recommend options for how best the world energy demands could be met through an integrated approach that embodies the multiple sources of energy and ensures that solving one crisis does not create another.

The idea would require further consultation with other organizations that have a shared interest in energy issues. These would include, among others, inter-governmental organizations such as the CBD Secretariat and FAO; business associations such as the World Business Council for Sustainable Development, and the International Chamber of Commerce; and multilateral development institutions, such as the World Bank; and others. Depending on their interest and possibilities, some or all of these, and other similar organizations,

may join hands in setting up such a commission together with IUCN.

Harnessing the unprecedented interest and willingness to address the world environmental problems is only possible through collective action. And it is also vital that we provide an alternative to short-sighted and short-term political and technical fixes, and provide long-term, science-based and multistakeholder pragmatic solutions.

If we agree that the lives of peoples, including their economic activities, are threatened by the onslaught of climate change and biodiversity loss, and that our future is fundamentally intertwined with that of our planet, then I am confident we can translate informed debate into collective action to secure a healthy and liveable planet.

[1] www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm

[2] www.maweb.org

[3] www.iucn.org/themes/business/Docs/PrivateSectorStrategy_31%20March%2004.pdf

[4] www.iucn.org/themes/business/PS%20Guidelines.pdf

[5] www.iucn.org/themes/pbia/documents/position-papers/private-English-formatted.pdf

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www.iucn.org



The business of beautiful dives



STEPHAN BECKER relates how a one time hobby pushed him to start a business to teach divers how to protect biodiversity.

“ Why is your company’s headquarter located up north in Montreal, Canada, if its main product lies between 23° 26’ 22” north and 23° 26’ 22” south of the Equator?” ... is the question I hear when telling the Beautiful Oceans story. I answer that coral reefs are important not only to people living in the tropical belt. People from all corners of the world travel to tropical destinations such as the Caribbean, the Pacific or the Red Sea to take brakes from their busy lives so as to enjoy the turquoise colours of coral reef formations.

For us, being close to customers from the North provides us with a better understanding of travellers’ needs and of what

they are looking for in terms of ‘travel experience’ - and that comes handy to a company offering a range of ecotourism products focusing on the enjoyment of coral reefs.

Hard currencies for conservation

My passion for diving and personal commitment to conservation triggered a career change in 2001 when I left the world of marketing and enrolled for a diploma in environmental studies. As Marine Expedition Leader at Coral Cay Conservation’s flagship site in the Philippines, I spent every day for 6 months with ecotourists who invested a significant amount of their free time, and hard currency, in hands-on coral reef conservation projects. I realized that

there was a significant market opportunity and decided to set up a for-profit marine conservation organization. Beautiful Oceans was born.

Beautiful Oceans provides coral reef eco-tours with a strong educational component in the form of marine biology courses. We provide high-level in-water fun for scuba divers, snorkelers and families while, at the same time, contributing to the conservation of coral reefs, through education and carbon-offset programmes.

For a company whose success depends on healthy coral reefs, anything that threatens the very resource it depends upon may spell disaster.

Scientific surveys suggest that 20% of the reefs on Earth have been destroyed in the past few decades, while another 50% are in bad shape or verging on collapse. Our clients want to 'live' the corals before they become too distant, too fragile or perhaps stringently regulated as to visitor number. Climate change is one of our main causes of concern. Increases in sea surface temperatures and changes in water chemistry can cause large-scale coral bleaching, increasing the likelihood of coral death.

For a company like Beautiful Oceans, these trends are worrisome. Healthy coral reefs are, literally, the lifeblood of our organization. In fact, a large portion of the entire tourism industry operating in or around the tropical belt depends on healthy coral reefs and the diversity of organisms that can be found there. In light of this, wouldn't it make perfect business sense for all organizations depending, to some extent, on coral reefs to take care of the very resource they draw their income from?

Inspiring people

Our coral reef biology courses have been written to inspire people and to provide information that can easily be applied in-water. Our 'citizen marine biology' courses take great care in providing for more in-water fun to make people appreciate the beauty of coral reefs while providing an understanding of the importance of our natural world and the diversity of its living organisms. In teaching about the importance of coral reef biodiversity, knowledge transforms into respect for and, ultimately, into a desire to protect marine and coastal ecosystems. Through our courses, we try to transform scuba divers and snorkelers into environmental stewards, true citizens of Planet Earth. Our corporate philosophy is partly based on this ideal framed by Senegalese environmentalist Baba Dioum: "In the end, we will conserve only what

Through our courses, we try to transform scuba divers and snorkelers into environmental stewards, true citizens of Planet Earth

we love, we will love only what we understand, we will understand only what we are taught".

On each of our eco-diving and eco-snorkeling adventures, we encourage members of the local community or environmentalists to present their local cultural or environmental heritage. Sometimes, this translates into inviting guest speakers to talk about local efforts in terms of marine conservation or science highlights about reef-related environmental topics.

In an effort to make our local business partners 'walk the talk', we select resort operators that contribute in a meaningful manner to the local social infrastructure, the local preservation of the environment - or both. Beautiful Oceans is also part of

important to reverse the spiraling effect of decreasing coral reef biodiversity, each company can also contribute to global efforts to fight global warming. Beautiful Oceans is taking part in the Diving Carbon Offset Program developed by US-based not for profit organization Sustainable Travel International, in collaboration with Caribbean dive operators [3]. This programme allows us to offset the impact each of our customers will have in terms of CO2 emissions. Our trips not only promise to be great fun for underwater photographers, divers, and snorkelers but also provide them the peace of mind as to their CO2 footprint.

I believe that it will soon become the norm for eco-tour operators to integrate carbon offset programmes into the price structure of their services - otherwise they will fail



1% For The Planet [1], an association of businesses that adopt a principle of voluntary donations to the environment. In fact, we donate either 1% of our annual income or 10% of our profits, whichever is greater, to projects in the field of coral reef conservation.

Smelling CO2

Our company is also part of the Biodiversity and Tourism Network, a web-based platform established to foster dialogue between tourism practitioners and disseminate support for the implementation of the CBD *Guidelines on Biodiversity and Tourism Development* [2].

Although local initiatives are incredibly

to be taken seriously by their customers.

Leaving a trail of greenhouse gases behind an eco-adventure tour just doesn't smell right! Beautiful Oceans takes the lead within the diving industry... and invites others to follow for the sake of this beautiful planet and the diversity of the species that our health, future, as well as our whole business model – rely upon.

[1] www.onepercentfortheplanet.com

[2] <http://tourism.biodiv.org>

[3] www.sustainabletravelinternational.org

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Marrying two loves: business and nature

Photo © Ecosystem Marketplace



In climate change circles, offsets and the use, more generally, of markets are well established. RICARDO BAYON narrates the story of a wildlife loving, California-based, entrepreneur who saw a business opportunity in the development of biodiversity offsets.

Before he became a leader in the way markets and business can be used to address the conservation of biodiversity in the USA, Steve Morgan was a businessman who loved to hunt. In fact, it was through hunting that he came in contact with the industry he was about to enter. But perhaps it is best to start this story from the beginning...

Flyways vs. highways

The story begins in the late-1980s, when Morgan, a duck hunter and businessman, decided to buy up a piece of land in central California as a way of creating a 'hunting club'; a place where streams and wetlands would attract the ducks he so loved to hunt. Unfortunately for Morgan, or perhaps it is fortunately in the long-run, the wetlands that served as a rest-stop on the flyway of his beloved ducks was also slated to serve as the site for major highway bypass. In other words, it looked likely that Morgan would lose his land for the 'greater good' of the American car.

Naturally, Morgan was furious and he probably could have sued the state and bought himself some time, not to mention perhaps a bit of money. But rather than focus on the bitterness of this particular lemon, Morgan decided to see how he could turn it into lemonade. In discussions with the local authorities, Morgan found out that, while it was perfectly legal for the U.S. government to strip him of his duck-hunting grounds in order to make a

highway, it was not legal, thanks to the U.S. Clean Water Act, to damage a wetland without "minimizing and mitigating" (or offsetting) that damage. In other words, the law states that anyone that damages a major wetland considered of national importance, whether it be a private landholder or the government department of transportation, needs to offset that damage by "creating, enhancing, or restoring" a wetland "of similar functions and values" in that same watershed.

To put it another way, the Clean Water Act of the U.S., a law passed in the 1970s, has provisions that are designed to maintain a particular type of ecosystem (*i.e.* wetlands) because of the functions and

to the government department that had taken over his land for tens of thousands of dollars an acre. Steve Morgan had become a 'mitigation banker'.

Like many hunters, Morgan feels a special connection to nature, to wetlands, and to the animals that make his chosen sport possible. In Morgan's case, however, this hunter's sensibility is complemented by an innate instinct for business. For this reason, Morgan quickly realized that mitigation banking could help him marry his two loves: nature and business. And that is why, following the success of his first mitigation bank, Morgan went on to create a mitigation banking company, a company he called "Wildlands, Inc."

Rather than focus on the bitterness of this particular lemon, Morgan decided to see how he could turn it into lemonade

values they provide. In other words, it has a 'biodiversity protection' provision.

That, in and of itself, is perhaps nothing radical. Many countries have laws designed to protect biodiversity. The difference, however, is that the U.S. Clean Water Act has in some ways been ahead of its time in that it "requires" that any damage to this particular aspect of biodiversity (wetlands) be offset (or, in the U.S. lingo, mitigated).

Sweet lemonade

Which brings us back to Morgan. When Morgan found out that in order to build the highway bypass on his beloved wetlands, the government would have to go out and find some way of "creating, enhancing, and restoring" wetlands of similar functions and values in that same watershed, his business instincts kicked in and he promptly went across the street and bought 315 acres of his neighbour's wetlands. He then 'enhanced and restored' this wetland (thus attracting his beloved ducks), went to the part of the U.S. government that oversees the Clean Water Act (namely the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service), got approval to sell 'wetland mitigation credits', thereby creating the first 'wetland mitigation bank' west of the Mississippi. He then turned around and sold these mitigation credits

Two decades later, Wildlands has grown to become a multi-million dollar company that employs some 100 people and manages thousands of acres of restored wetlands. And just this past March, Wildlands announced that it had received a major capital infusion from Parhenon Capital, a private equity investment firm that manages USD 1.5 billion. Morgan's wetland 'lemonade' has turned sweet indeed.

No one really knows how big the U.S. wetland mitigation banking market is. At the Ecosystem Marketplace, an online provider of news and information on environmental markets, we are aware of more than 400 wetland mitigation banks across the U.S. We estimate that the total business transacts more than USD 1 billion dollars a year. Additionally, the concept of mitigation banking has given rise to a related business, a business aimed at protecting endangered species.

Known as 'conservation banking' or 'species banking', the process is similar to that followed by wetland banks: developers

The Wildlands, Inc. Gilsizer Slough Preserve, California, adjacent to the new conservation bank, has attracted a substantial population of the threatened giant garter snake. Photo © Wildlands, Inc.

who harm endangered species habitat need to offset this damage by paying for the creation of similar habitat somewhere else. This process, which began in California (and in which Wildlands is a major player), has now grown to include more than 70 species banks throughout the U.S., for species such as red-cockaded woodpeckers, tiger salamanders, vernal pool fairy shrimp, and swainsons' hawk. There are even species banks aimed at conserving flies: namely the Delhi Sands Flower-Loving Fly (going price: USD 100,000 an acre for fly habitat).

True costs

If all of this sounds strange, or if you are wondering how this relates to the role that business can play in the protection of biodiversity, here is the connection: the reality of the human condition is that the more we develop, the more impact we have on biodiversity. Whether it is roads and highways, cities and buildings, or even the expansion of soybean fields or palm oil fields, our impact on biodiversity is great and growing greater still. In the past, our economic system has been 'blind' to this impact. We have not taken into consideration its true cost, nor has the 'price we pay' for damaging biodiversity been incorporated into the cost of houses, shopping malls, or roads. With mitigation

and conservation banking, and the concept of biodiversity offsets more generally, this cost is beginning to be 'internalized'.

Roads that damage wetlands cost more than roads that do not, shopping malls on endangered hawk habitat cost more than shopping malls without this impact, etc. And the more we can incorporate these true costs into our economic system, the better off biodiversity will be.

Then again, perhaps this all sounds familiar, particularly if you are somehow involved with issues of climate change and the Kyoto Protocol. In those circles, the concept of offsets and the use of markets to protect the environment are widespread. Indeed, the carbon markets created by the Kyoto Protocol now transact not millions, but billions of dollars each year. Here, too, we have used government regulation to create markets that help internalize the environmental cost of pollution into the economic system. Only this is a global market, not a local one like wetlands mitigation or conservation banking.

Because if there is one thing businesses are very good at, it is managing things that show up in their economic equations

as costs. So if the cost of biodiversity can be made more obvious, perhaps it will be better managed. The converse is also true: if businesses see an opportunity in conserving biodiversity or mitigating climate change — even better, if money can be made by protecting species and habitat, or reducing greenhouse gases — then chances are good that we will be able to protect our environment. Businesses are also good at seizing money-making opportunities.

Which brings us back to Steve Morgan and Wildlands: here is one duck hunter/entrepreneur who has figured out how to turn biodiversity protection into a multi-million dollar business. His attention is now turning to issues such as carbon offsetting and water quality trading. We wish him, and others like him, luck.

Ricardo Bayon is Director, Ecosystem Marketplace. He is the co-author of Voluntary Carbon Markets: A Business Guide to What They Are and How They Work with Amanda Hawn and Katherine Hamilton (with a foreword by Al Gore) which was published earlier this year by Earthscan.

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Quand mutualiser les moyens financiers rime avec synergie d'actions de terrain

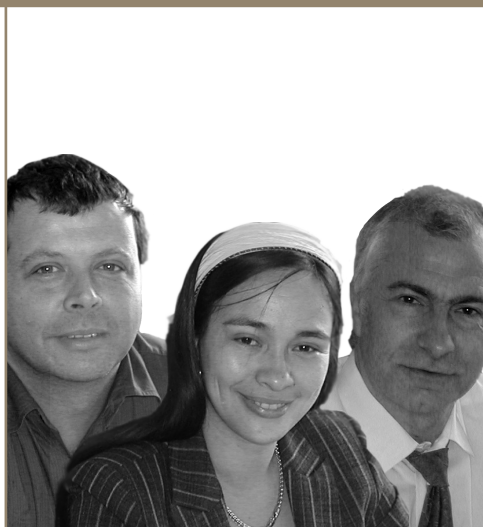


Photo © SFCD

BRICE QUENOUILLE, MYRIAM RONDET and PHILIPPE THIÉVENT describe an initiative led by Caisse des Dépôts – a state-owned financial institution which has long been active in the CO2 market – to use biodiversity offsets in France as a mechanism for financing conservation.

La Caisse des Dépôts et Consignations (CDC), institution financière publique dont l'action se fonde sur un soutien aux politiques développées par l'Etat français, agit comme un incubateur de nouveaux métiers à la croisée de l'intérêt général et de l'économie. C'est donc naturellement que le groupe s'est impliqué dans la réflexion française sur les questions relatives à l'environnement, en s'appuyant sur les compétences d'une de ses filiales, la Société Forestière de la CDC (SFCD). Pionnière en matière de gestion financière de l'environnement par le biais de son métier de gestionnaire durable de forêts et d'espaces naturels, la SFCD joue un rôle central dans les interventions "CO2" et "biodiversité" de la CDC.

Nouveau marché, nouveau métier

Dès 1998, il est apparu évident que le projet d'un futur marché européen de quotas d'émission de CO2, prévu par le protocole de Kyoto, représentait la perspective d'un nouveau métier dans un domaine innovant. En 2001, alors que la directive définissant les conditions de mise en œuvre de ce marché pour l'Union Européenne (UE) n'est qu'en projet [1], la CDC met en place un groupe de travail transversal, la Mission Climat, avec l'objectif de réfléchir aux modalités d'une intervention potentielle du groupe sur le sujet. Ce travail en amont a permis à la France

d'être au rendez-vous lors du lancement, le 5 janvier 2005, des premiers échanges européens de quotas de CO2. Un rendez-vous réussi grâce à deux aboutissements majeurs de la Mission Climat :

- La création de Seringas, un logiciel informatique dédié à la tenue de registres nationaux de quotas d'émissions de gaz à effet de serre [2]. Adopté par l'Etat français dès 2005, Seringas est aujourd'hui utilisé par d'autres pays membres de l'UE comme l'Allemagne, la Belgique, le Luxembourg ou le Portugal.

- La création du Fonds Carbone Européen (FCE), ayant vocation à acquérir, gérer et revendre des quotas d'émission de CO2 afin de contribuer à la liquidité du marché. Doté aujourd'hui de 142 M€, le FCE a, depuis deux ans, participé à de nombreuses opérations de réduction d'émission de gaz à effet de serre, dépassant les 15 millions de tonnes.

Le marché européen de quotas de CO2 représente à ce jour le plus important marché de son genre opérant à une échelle internationale et de bonnes raisons portent à croire en sa pérennisation :

- Plus de 1 milliard de tonnes de CO2 ont

d'être étudiés l'intérêt de tels outils pour la conservation de la biodiversité.

Il y a plusieurs façons d'aborder la question du financement de la biodiversité, mais il a semblé que, dans le cadre réglementaire français actuel, la compensation constituait un des leviers possibles d'intervention.

La compensation est une mesure de réparation des dommages faits à la biodiversité, prévue par le droit européen et français, qui impose aux maîtres d'ouvrage dont les projets ont une incidence négative sur la biodiversité de, dans un ordre hiérarchique: (1) éviter les impacts, (2) réduire les impacts non évités, (3) compenser les impacts résiduels.

La mesure compensatoire cible les impacts résiduels d'un projet d'aménagement. Elle consiste en une action positive pour la biodiversité visant à contrebalancer la perte n'ayant pu être évitée ni suffisamment réduite. En d'autres termes, il s'agit de "récupérer ailleurs ce qu'on a perdu ici", en générant une valeur additionnelle.

La compensation se pose donc comme une source de financement potentiellement significative pour la biodiversité.

Cette réussite suggère que des outils innovants, financièrement incitatifs et fondés sur le marché peuvent contribuer d'une façon concrète et efficace aux politiques pro-environnementales

été échangées pour la période 2005-2007;

- Comme attendu, les plans nationaux d'allocation de quotas pour la période 2008-2012 sont plus restrictifs que la période test 2005-2007 (pour la France 132.8 millions de tonnes annuelles contre 153 millions);

- L'UE vient de s'engager à réduire unilatéralement d'au moins 20 % ses émissions de gaz à effet de serre à l'horizon 2020.

Un levier pour le financement de la biodiversité

Cette réussite suggère que des outils innovants, financièrement incitatifs et fondés sur le marché peuvent contribuer d'une façon concrète et efficace aux politiques pro-environnementales. Forte de son expérience, la CDC a lancé en 2006 une Mission Biodiversité avec l'objectif

Aujourd'hui en France, son utilisation reste cependant à un stade embryonnaire. Les causes sont variées mais identifiées pour l'essentiel. Elles relèvent de difficultés scientifiques et techniques (méthode d'équivalence écologique, sécurisation du foncier, contrôle et suivi à long terme, ...). Elles relèvent aussi d'une difficulté plus générale, à concilier deux logiques qui ne sont pas nécessairement convergentes [3]:

- La logique projet, objectif principal du maître d'ouvrage dans laquelle la compensation est en marge;
- La logique écologique, générant des enjeux le plus souvent contradictoires à la logique projet et pour laquelle l'aménageur n'est pas dans son cœur de métier.

En conséquence, le dispositif en place ne parvient pas à répondre aux attentes.



↑ Travaux d'ingénierie écologique de restauration des berges de l'Isle (Gironde) près de Libourne, à la confluence Isle / Dordogne. 2 mois après les travaux, à marée haute (ci-dessus) et 2 ans après les travaux, à marée basse. La ripisylve est formée (ci-contre).

Photo © P. Thiévent

Ainsi, alors que 60 000 ha du territoire français sont chaque année artificialisés, la compensation concerne tout au plus 6000 ha / an.

Les opérateurs agréés

La Mission Biodiversité réfléchit à l'élaboration d'un dispositif plus efficace de compensation, fondé sur l'idée d'une mutualisation des moyens financiers qui permettrait de conduire à long terme des actions efficaces s'inscrivant dans une stratégie globale et cohérente pour la biodiversité. Les recherches menées sur le sujet ont abouti à une proposition: la création d'un nouveau maillon, celui d'opérateurs agréés de la biodiversité.

Intervenant dans le contexte réglementaire actuel de la compensation, ces opérateurs agréés :

- Financeraient des actions positives pour la biodiversité, quantifiées, validées et contrôlées par les pouvoirs publics,
- Proposeraient, contre rémunération, ces actions positives aux maîtres d'ouvrage intéressés devant compenser les impacts résiduels de leur projet, eux-mêmes quantifiés et validés par les pouvoirs publics.

Cette proposition est inspirée de dispositifs opérant à l'étranger, notamment aux USA, sous le nom de *mitigation* ou *conservation banking* et en Australie, sous le nom de *bush broker*, qui ont vu l'apparition de nouveaux acteurs de la conservation. Aux USA, ce sont aujourd'hui plus de 350 000 ha qui sont par ce système assurés d'une conservation sur le long terme. Le projet de la CDC ne vise pas, cependant,



à transposer directement ces dispositifs en France, pour plusieurs raisons. Entre autres, l'objectif n'est pas de créer de nouveaux acteurs de la conservation, mais d'abord d'impliquer les gestionnaires d'espaces naturels existants. Il n'est pas non plus question de transférer totalement la responsabilité finale de l'aménageur sur un tiers. Nous proposons d'agir là où la pratique actuelle française présente des faiblesses, c'est-à-dire à l'interface des aménageurs et des gestionnaires d'espaces naturels.

La création d'opérateurs agréés de la biodiversité est une proposition de la CDC qui s'intégrerait pleinement dans la Stratégie Nationale pour la Biodiversité (SNB) [4], dont un des axes prioritaires est de "reconnaître sa juste valeur au vivant". Ce projet est étudié en étroite collaboration avec les services de l'Etat et notamment le Ministère de l'Ecologie et du Développement Durable, pilote de la SNB. Il a pour prochaine étape le lancement d'actions pilotes qui permettront de tester *in situ* les conditions de mise en œuvre du dispositif. Une phase expérimentale est nécessaire pour bien cerner et mesurer les avantages et limites de l'approche proposée. C'est à son terme et à l'analyse de ses résultats, que l'Etat validera, ou

non, la pérennisation du dispositif, avec, si nécessaire, des adaptations.

Par son additionalité, complémentaire à la panoplie d'outils existants pour conserver le patrimoine naturel, il pourrait ouvrir la voie à une intervention plus prononcée des entreprises dans le domaine de la conservation de la biodiversité et permettrait d'améliorer sa professionnalisation.

[1] La directive 2003/87/UE fut adoptée en 2003.

[2] <https://www.seringas.caissedesdepots.fr>

[3] Constat basé sur une enquête de la CDC auprès d'acteurs clés de la compensation: Etat, collectivités territoriales, aménageurs, associations et scientifiques.

[4] www.ecologie.gouv.fr/Strategie-nationale-pour-la-.html

La Mission Biodiversité de la CDC est hébergée par la Société Forestière de la CDC. Brice Quenouille est Chargé de Mission, Myriam Rondet est Responsable des Etudes & Développements Nouveaux et Philippe Thiévent est Directeur du projet Mission Biodiversité.

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Climate change in the pit lane



Photo © Honda GP Ltd

NICK FRY explains how Honda overhauled the marketing strategy for its Formula One car for the 2007 racing season. He argues that motor sports has a unique opportunity to sell the climate change message to wider audience.

The Honda F1 car for the 2007 season has been stripped of all corporate colours and advertising. Why?

Honda has always been conscious of the environment and minimising our impact on the environment is a cornerstone of our philosophy. As a corporation, we have pioneered many automotive developments, including the VTEC engine, clean diesel and fuel cell technologies, to name a few. Our 'Earth Car' is a call to action for environmental awareness. During the course of the season, Formula One has a reach similar to that of the FIFA World Cup. Therefore, we are using the sport to promote a very important issue to a global audience. We hope to encourage people to make small lifestyle changes that, when combined, will reduce large amounts of CO2 globally.

How do you compensate for the lost revenue?

We have also launched an exciting new licensing model, a first for Formula One. Rather than companies placing their logos on our cars, we have created a campaign logo that can be applied to their products and services. We believe this builds a stronger association with the team, highlights environmental issues and is a more cost effective and versatile marketing tool. We conducted some comprehensive research about how companies are approaching global environmental issues and

we found that 90% of the blue chip companies we questioned consider taking action on the environment as one of their corporate objectives.

The new marketing model has been successful and I'm pleased to say that, as a result, we have more team sponsors for the 2007 season than ever before.

What was the reaction of your staff, corporate partners and competitors?

F1 is an extremely competitive environment and the pinnacle of global motor sport. Something as new and different as our environmental concept inevitably raised many eyebrows in the pit lane. You would have to ask our competitors what they really think of the new car livery!

Our environmental concept has, however, been received very positively by our staff and the wider Honda Corporation. We obviously value their involvement and opinions greatly and so it was immensely pleasing that the concept was viewed as a positive and inspirational initiative. Our employees fully embrace our parent company's environmental ethos and they believe that F1 and our racing team can play an important part in raising awareness and developing new technologies for the future. For this

Formula One has to change if it is to succeed in the long term. The changes that we make to our sport should be relevant to the continued environmental development of road cars and we must use our position to act as a laboratory for change

to work on a global level, we all need to work together and I believe there is a nice fit between that requirement and the examples of teamwork demonstrated by Formula One and its constituent teams.

All of our existing team partners have also enthusiastically embraced the idea and several of them have already commenced plans to produce licensed products.

Do you see active engagement on global environmental issues as an imperative for the 21 C business leader?

It should be no surprise that many of the companies at the forefront of recognising the effect of climate change are also the most successful in their field. They are not taking action on the environment because they can afford to do so, but because they are the first to see the benefits for their

customers and their business. There is no business to be done on a dead planet, so the environment is the biggest issue for leaders in business today.

What can we learn from this experience for biodiversity? I think business will change if it's profitable to do so. If customers demand products of a certain environmental standard then business will find a way of supplying them, regardless of how difficult that might first appear. Change the 'demand' parameter and you will always, ultimately, change the 'supply' side.

How are fans encouraged to contribute to the initiative?

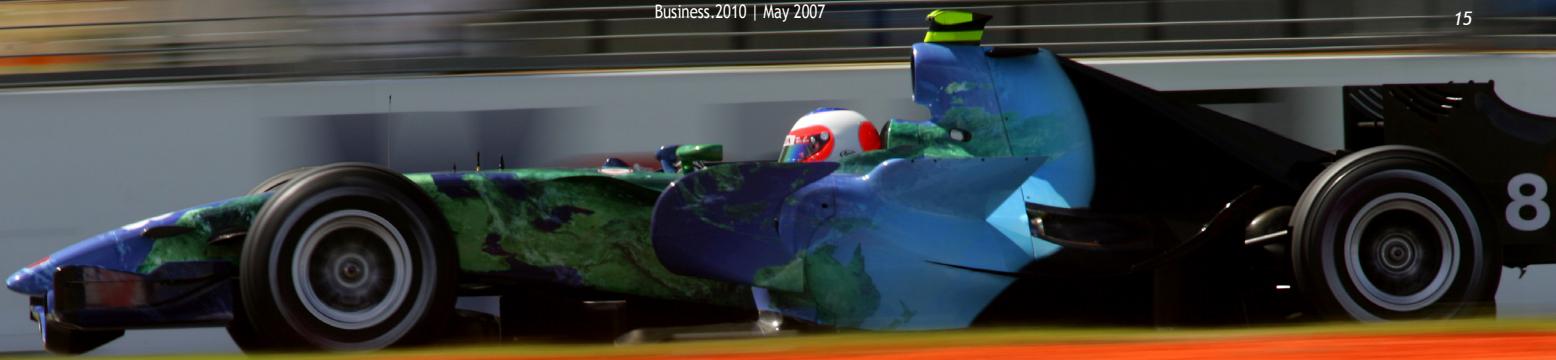
Firstly, we want to engage our fans and bring them closer to the team – we felt that being able to put their names on the car addressed this nicely. Secondly, fans and the general public have the option to support our environmental concept by making a donation and an environmental pledge online [1].

The donations will go in a central charitable fund and a board of experts will then decide which charities will receive the money at the end of the season. The pledges vary but there is something for everyone and we strongly believe that if

everyone pledges to make small lifestyle changes then, together, we can have a large impact on the environmental issues facing the earth today. This goes back to the theme of teamwork which I was talking about earlier.

Some will probably view this initiative as little more than a PR stunt...

Overall, the response to our new initiative has been positive but we were not surprised to see a few negative comments appearing in the press following the launch. Our objective was always to generate interest and debate and we have stated that from the outset. Encouraging people to question the accepted norms, make small changes to their lifestyle and raising funds for charities addressing climate change remains our priority.



© James Benning/PhotoDisc, Honda RA107, 2007 Australian GP, Albert Park. Photo © Honda GP Ltd

The Honda Racing F1 Team worked with Carbon Sense (a climate change and carbon emission consultancy) to find ways to make a difference at our factory in Brackley (UK) and to assist in drawing up a long term plan to address this issue. Some of the measures which have been introduced so far include:

- A pilot energy awareness scheme encouraging employees to turn off computers and lights at the end of the day which led to a 6% energy reduction;
- A 'cycle to work' policy where employees are offered large subsidies on bicycles;
- A car share scheme (currently being drawn up);
- Solar panels to be fitted on the roofs of the team's motorhome to run the lighting this season.

Where do you see the threats of climate change for the F1 industry?

Climate change is probably the biggest single issue facing our planet and Formula One is not immune from it. On the contrary, we believe that F1, with its huge global profile and cutting-edge technology, can play an important role in not only highlighting the issues but also playing our part in developing the solutions.

F1 and the environment may not seem natural bedfellows. However, Formula One has to change if it is to succeed in the long term. The changes that we make to our sport should be relevant to the continued environmental development of road cars and we must use our position to act as a laboratory for change.

How does this initiative relate to efforts currently underway in the rest of the Honda group?

Honda has always made great efforts to contribute to the preservation of the environment in its corporate activity. The F1 concept is consistent with this philosophy and is another example of Honda's forward thinking.

Honda has established new voluntary CO2 reduction targets for 2010 that build on the targets the company set itself in 1999 and achieved in 2005. Honda is the first company in the automobile industry to announce a global CO2 reduction target for products and facilities.

Honda is also working on new alternative technologies, such as hybrid vehicles and hydrogen fuel cell vehicles, which emit only water. We have made progress in these areas, with the ultimate target of

becoming a hydrogen-based society.

What should we expect for the rest of 2007?

Our car, the Honda RA107, will run in its new earth livery throughout the 2007 season as a sign of the commitment that the Honda Racing F1 Team is undertaking to raise awareness of climate change. Our car is a 'call to action' to race fans and the general public to help us in addressing the environmental issues facing the world today.

On the race track, we have had a tough start to the season and it is evident that our car is not currently on the same pace as the front-running teams. So our focus for now is on addressing these issues and improving the car over the next few races to take us back to the position where we want and expect to be competing in. I have every confidence that this team has the knowledge and resources to do this.

[1] www.myearthdream.com

Nick Fry is Chief Executive Officer, Honda GP Ltd.

www.hondaracingf1.com

Harnessing energy and ecosystems



Photo © WBCSD

JAMES GRIFFITHS presents the World Business Council for Sustainable Development's recent decision to elevate the work on ecosystems as one of its four 'focus areas'.

Motivated by the results of the Millennium Ecosystem Assessment, the 190 large companies that make up the World Business Council for Sustainable Development (WBCSD) decided late last year to make ecosystems their fourth focus area.

This has already led to work with organizations such as IUCN, the World Resources Institute and Earthwatch Institute on ways in which business activities and market instruments can be used to support the sustainable management and use of ecosystem services.

Focusing on ecosystems

The Council's other focus areas are 'Energy & Climate', 'Development' and the 'Business Role' (defining the role of business in society). All of these also have to do with ecosystems – **especially the effects on ecosystems of the ways in which we use energy and of unsustainable forms of development.**

Some ecosystems are the primary source of energy that powers livelihoods – **for example wood for cooking and heating in many developing countries.** At the same time, current energy demands are negatively impacting ecosystems and threatening their ability as providers. The challenge, therefore, is to harness energy systems and ecosystems in a manner that makes them mutually supportive.

It is now widely accepted that human activity is largely responsible for changes to the world's climate patterns. Changing rainfall patterns, for instance, appear to

be causing increasing desertification and crop failures, while rising sea temperatures seem to have led to a bleaching of coral reefs.

At the same time, ecosystems influence climate. Land-use changes like deforestation lead to increasing CO₂ emissions. Part of the solution lies in de-carbonizing the global economy through the development of clean renewable technology. Another part of the solution rests in valuing and protecting ecosystems so that they can continue to provide their services sustainably. For instance, the sustainable management of forests so that they can continue to se-

– **policies that must be more effectively enforced.** Avoiding unsustainable competition for forest fiber and removing subsidies that encourage forest conversions for crop cultivation, including biofuels, should be early policy priorities.

Development agencies and business can also play a role via investments in new sustainable forestry projects and in building the capacity of local forest governance systems. The deployment of Intensively Managed Planted Forests to maximize environment benefits – **such as taking pressure off natural forests – and local livelihood opportunities,** while also providing fiber for

Where there is challenge, there is opportunity. Corporations that factor these risks into their operations will be able to take advantage of these opportunities and gain competitive advantage, while contributing to efforts to reverse ecosystem degradation

quester carbon and deliver other critical services like water quality, habitat, erosion control as well as fiber for both forest products and 'carbon neutral' energy.

The development of crops for biofuels, if unrestrained, will have devastating effects on ecosystems. Competition between food and fuel crops will likely lead to greater pressure on ecosystems, including water services. Comprehensive energy policy frameworks are needed to regulate this and encourage greater use of sustainably produced biomass energy.

Managing the world's forests

Greater effort is needed to increase the sustainable management of the world's forests, especially in developing countries where large-scale deforestation needs to be curbed to protect ecosystems, mitigate the impacts of climate change and reduce forest carbon emissions. International funding mechanisms, additional to the Clean Development Mechanism, which might allow developing countries to receive payments for carbon sequestration services if they avoid significant deforestation, are under discussion and development.

At the national level, this can be supported through forest policies that recognize and value forests as a critical resource

products and energy on an eco-efficient basis, can play a role here. Encouraging the uptake and wider use of sustainable forest management standards is important. The industry should be encouraged to further develop and implement forest management and process technological improvements to increase the volume of sustainable produced fiber for raw material and biomass energy. Public policies could promote an increase in the recovery of wood and paper products for energy and production needs and the substitution of sustainable forest products over non-renewable, energy intensive alternatives.

Where there is challenge, there is opportunity. Corporations that factor these risks into their operations will be able to take advantage of these opportunities and gain competitive advantage, while contributing to efforts to reverse ecosystem degradation.

New businesses

The global energy challenge offers the possibility for the introduction of new technologies and products that can serve as substitutes for ecosystem products, help restore ecosystems or increase the efficiency of their use. It also offers a chance to open up new markets such as water quality trading, certified sustain-



Photo courtesy of jingz/www.flickr.com

able products, or wetland and threatened species banking. Market mechanisms like certification and trading could be applied to ecosystems and their services to support sustainable consumption levels. New businesses – such as ecosystem restoration, or environmental asset finance or brokerage – could also emerge. All these would create new revenue streams for currently unrealized assets, such as wetlands or forests.

The impact of human and industrial activity on ecosystems, particularly to meet energy requirements, is not in doubt. At the same time, the role of ecosystems in meeting these demands is crucial. The

challenge lies in ensuring the sustainable management of ecosystems to fulfill energy demands while ensuring that energy use and consumption do not lead to a greater decline in already fragile ecosystems.

This challenge requires concerted action on the part of governments and business. Governments need to implement enabling policies and create frameworks to encourage ecosystem protection while ensuring that crucial energy requirements are met. At the same time, these policies must seek to guarantee equitable energy access. Business can contribute through the development of clean, renewable technologies to meet global energy demands.

For WBCSD, the challenges and opportunities presented by the competing demands of energy systems and ecosystems will require a coordinated approach spanning its energy, development, forestry, water and ecosystem work areas.

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Recent WBCSD publications on business, biodiversity and climate change are listed in the publications section of this issue (page 35).

Raising the bar for carbon forestry projects



Photo © Conservation International

TOBY JANSON-SMITH provides an update on efforts by a multi-sectoral initiative to build global business standards to address the challenges of climate change, biodiversity conservation and community welfare.

There is growing recognition that rising greenhouse gas emission levels will cause serious and undesirable impacts for humans and ecosystems alike. Furthermore, climate change is occurring while record numbers of people live in poverty, and massive biodiversity loss continues unchecked. Making matters worse, climate change is expected to exacerbate poverty and environmental loss in many of the poorest countries, and to significantly accelerate species extinctions. Therefore, we believe designing resilient actions that address these interconnected global problems simultaneously is one of humankind's most pressing and time-sensitive challenges.

The alliance

The Climate, Community & Biodiversity Alliance (CCBA) was formed to respond to this challenge. The CCBA is a partnership convened by Conservation International to leverage the carbon market to support forest protection and restoration projects around the world that deliver significant climate, local community and biodiversity benefits.

CCBA members include six companies (BP plc, Intel Corporation, S. C. Johnson & Son, Inc, Sustainable Forestry Management Ltd, Weyerhaeuser Company and GFA Consulting Group) and six NGOs (Conservation International, CARE, the Hamburg Institute

of International Economics, Pelangi Indonesia, The Nature Conservancy and the Wildlife Conservation Society).

The standards

We believe that carbon finance, if channeled to the right projects, could help restore and conserve millions of hectares of threatened biodiversity-rich habitats around the world, while generating tens of thousands of sustainable livelihoods in some of the poorest countries and slowing global climate change. Before this happens, however, there needs to be a set of internationally accepted standards for designing and evaluating multiple-benefit forestry projects.

Recognizing this, the CCBA spearheaded the development of the Climate, Community & Biodiversity (CCB) Standards, which project developers and investors can use to design and screen land-based carbon mitigation projects [1].

The CCB Standards were created through an intensive two-year international stakeholder development process, including: outside input from academia, business, environmental organizations, and develop-

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ment groups; a three-month public comment period; field testing on four continents; and an independent expert-review by the world's leading forestry research groups in Africa, Asia and Latin America.

The Standards have already garnered broad interest and acclaim from project developers, investors and regulators since their release in 2005, and have become the leading tool of this kind. It is great to see how many projects are now using the Standards and the number of investors starting to request 'CCB carbon' by name. In addition, the world's preeminent investors and carbon project consultancies, including the World Bank and EcoSecurities, are applying the CCB Standards to their extensive project portfolios.

Just a few months ago, the first two carbon forestry projects were independently certified using the CCB Standards [2]. The first project, based in Yunnan, China, is being developed under the Kyoto Protocol's Clean Development Mechanism (CDM) and is restoring high conservation value land adjacent to a nature reserve. And the second one, in Panama, is a community-based sustainable forestry management project that is Forest Stewardship Council certified. With several dozen projects now using the CCB Standards, we expect to see many more 'CCB certified' projects coming on line later this year.

Generating credible carbon offsets

The Standards are a valuable tool for businesses investing in climate change mitigation activities that include forestry. Companies are using them to screen land-based carbon projects for a variety of climate, community and biodiversity benefits prior to supporting them.

The Standards further enable corporate investors to identify exceptional, high-quality (and resilient) projects most likely to avoid implementation roadblocks and deliver their stated outcomes, including gen-

erating credible and robust carbon offsets. Equally important, supporting projects certified to have multiple-benefits can generate valuable regulator, employee and customer goodwill.

To gain certification under the CCB Standards, carbon mitigation projects must go beyond the current CDM requirements by generating positive community and biodiversity benefits. The Standards can be applied to any kind of land-use change and forestry project (including forest conservation, restoration and management) anywhere in the world, whether undertaken for compliance (e.g. CDM) or for voluntary carbon offsetting purposes. The CCB Standards:

- Identify high-quality projects that will



generate credible and robust carbon offsets, while supporting local communities and conserving biodiversity;

- Provide a means for creating synergistic projects that further the goals of the UN Framework Convention on Climate Change, the Convention on Biological Diversity and the Millennium Development Goals;
- Mitigate project risk and maximize value creation for investors; and
- Help developers design good projects and secure additional funding sources.

To become certified under the CCB Standards, independent 3rd-party auditors must determine that the project satisfies fifteen required criteria, which demonstrate the project will help mitigate climate change, conserve biodiversity, and improve socio-economic conditions for local communities [3]. The mandatory criteria further ensure that environmental and social monitoring programmes are in place, no invasive plant or tree species are used, local stakeholders are appropriately involved in the design of

the project, and there are no unresolved land tenure issues.

The CCB Standards also address the key carbon-related issues of additionality, leakage, measurement & monitoring, and permanence. Exceptional projects can earn a 'Gold' or 'Silver' rating depending on how many of eight optional CCB Standards criteria are met, covering issues such as native species use, climate-change adaptation, water and soil resource enhancement, and local capacity building.

Looking forward, there is growing recognition that tropical deforestation is one of the biggest drivers of global climate change – generating twice the emissions of all the world's cars and trucks. However, major barriers remain before the forestry sector can contribute its share towards mitigating this massive threat. Specifically, policymakers need to capture potential synergies between the global conventions on biological diversity (CBD), climate change

(UNFCCC) and desertification (UNFCCC), as well as the Millennium Development Goals. Clearly, multiple-benefit forestry projects, as certified under the CCB Standards, can help us meet these international objectives. Now, all we need is the leadership and will to create the necessary global, national and regional policies to ensure that these outcomes are realized.

[1] *The Standards (in Chinese, English, French and Spanish) are available online at www.climate-standards.org.*

[2] <http://climate-standards.org/projects>

[3] www.climate-standards.org/standards/scorecard.html

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Making sure that tomorrow values biodiversity



Photo © SustainAbility Ltd.

JOHN ELKINGTON and JEAN-PHILIPPE RENAULT analyse the gap between climate change and biodiversity in corporate sustainability strategies.

Diversity comes in many forms – and usually is a source of strength, resilience and creativity. Leading companies increasingly recognise that human, social, economic and ecological diversity all contribute to business success. But the outcomes generally depend on the quality of management. Just as high quality managers have a vested interest in sustainable access to resources, so those championing diversity in its multifarious varieties have a vested interest in the quality of business strategy and management.

The undercapitalised issue

So, to what extent do we see any acknowledgement of these links in company sustainability (or extra-financial) reports? The answer, worryingly, is to a very limited degree. Around the world, even leading companies have been slow to report on their dependency on biodiversity, let alone on the business case for conservation.

How do we know this? Every two years, SustainAbility samples the best sustainability reports worldwide [1]. Our Global Reporters Programme is supported by the United Nations Environment Programme (UNEP) and Standard & Poor's (S&P). The latest report – *Tomorrow's Value* – features a list of 50 Leaders whose reporting scores well against a benchmarking methodology that has evolved since 1993.

We found only 3 companies, out of the Top 50, that explicitly pointed to biodiversity as one of their priority concerns.

These were the Brazilian cosmetics company Natura, New Zealand utility Water Care and British-Australian mining company Rio Tinto. Climate change, by comparison, was identified as a top issue by 10 of the companies surveyed – itself a strikingly low score, but partly explained by the multifaceted issues such as 'environmental impact' prioritized in some reports.

In the same study, we noted that leading companies are starting to change the focus of their corporate responsibility strategies from risk-management activities to embrace innovation and market opportunities. While it is still crucially important to focus on a given company's license to operate, decreased risk of environmental litigation and cost of access to capital for example, the spotlight is opening out to embrace wider value creation. In the process, business leaders are reviewing their companies' capacity to innovate, their ac-

It is significant that most of the business concern and commentary about climate change still focuses on human and economic impacts rather than on the biological and ecological consequences

cess to intellectual capital, and the extent to which their business model is likely to remain competitive in a world increasingly focusing on sustainability issues.

Many companies that do not formally prioritize biodiversity as a key strategic issue are no doubt managing it professionally, but biodiversity still remains an under-capitalized issue. Clearly, corporate brains are far from making the connection between biodiversity and long-term value creation.

Mapping biodiversity risks and opportunities

As one step towards finding solutions, SustainAbility is collaborating with IUCN to develop a tool to help businesses map risks and opportunities, and identify areas where they can derive real value from biodiversity conservation. Some multinational corporations have both a genuine interest in sustaining biological resources, and are prepared to act. But for many others, the business case for action still needs to be made.

Hope comes at both ends of the business scale spectrum. At one end, for example, we have the giant companies that are referred to as 'universal investors'. This tag, borrowed from the financial sector, suggests that the company relies on so many customers, suppliers and partners to operate and grow that it has a clear and genuine interest in the overall health of the systems within which it operates – and the resources to act. At the other end of the spectrum, we see growing interest in the world of social and environmental entrepreneurs, among them the Marine Stewardship Council, which just won a Skoll Foundation award to support its work.

Recent years have seen two of these entrepreneurs win the Nobel Peace Prize: Wangari Mathai in 2004, for her work on African green belts and reforestation and, last year, Muhammad Yunus of the Grameen Bank, for his work on microfi-

nance. The extraordinary achievements of such people – and those inspired by their work – are discussed in our latest report, *Growing Opportunity*, which is subtitled "Entrepreneurial Solutions to Insoluble Problems" [2]. Interestingly, the work was supported not only by the Skoll Foundation but by a major company (DuPont) and a financial institution (Allianz).

Transforming markets

Our hope is that by working to reinforce such thinking and actions at either end of the business spectrum, we can progressively drive the agenda – and a sense of urgency – deeper into the business world and higher up boardroom agendas. Twenty years after the publication of the Brundtland Commission Report, *Our Common Future*, we have made much progress.

The latest wave in this space has been triggered by the success of *An Inconvenient Truth*, but it is significant that most of the business concern and commentary about climate change still focuses on human and economic impacts rather than on the bio-



logical and ecological consequences.

One exception to this trend has been the media coverage around the new Svalbard International Seed Vault (SISV), which will serve as a repository for crucial seeds in the event of a global catastrophe. Carved into the permafrost of the remote Svalbard peninsula, it will eventually house three million seed samples from every country

in the world. An intelligent strategy, clearly, but how sad that it has come to this: a Noah's Ark to prepare for the impact of species loss.

The battle to gain attention may be close to being won, it seems, but the war to ensure that the concerns translate into the necessary business and market transformations has only just begun.

[1] www.sustainability.com/insight/research-article.asp?id=458

[2] www.sustainability.com/growing-opportunity

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Business clinics for biodiversity and climate change



Photo © IJUNU/IAS

BALAKRISHNA PISUPATI provides some initial thoughts on organizing 'clinics' during COPs to help business seize more fully biodiversity and climate change opportunities.

A recent article from a popular daily newspaper in Malaysia caught my attention. It argued that businesses, large and small, are provided with enormous opportunities to make better profits in dealing with climate change mitigation as well as biodiversity conservation. It cites the possibilities to do better business by using the Clean Development Mechanism (CDM) for energy efficiency as well as

undertaking conservation projects using CDM-like opportunities.

I was drawn to the article more because the author was a free lance journalist than a climate change specialist or a conservationist.

The arguments

Discussions relating to the engagement of business with conservation and climate change still seem to focus, to a large extent, on how to communicate conservation action to the business community, that is, making the 'business case'.

The business community is affected by climate change and conservation action through a series of issues [1] that relate to:

- Regulation and implementation of legal instruments, such as the Kyoto Protocol and the Clean Development Mechanism (CDM);
- Science and technology innovation – hydrogen economy and fusion energy;
- Business mitigation strategies – increased efficiency of products;

- Human consumption growth – dependence on population growth and politics;
- Clarification of predictive models and development of appropriate management strategies – **dependence on application of scientific research.**

Each of the above considerations is critical for our arguments on how to engage better with business.

Another dimension on partnering with business relates to the need to provide an economic argument that provides not just the economic implications of conservation and/or climate change actions but the market values of such actions. Issues such as payment for environmental services (PES) need more emphasis not just on assessing the economic values or potential of biodiversity for human development but the 'real' market values. In the absence of such a link, it is going to be difficult to translate the value of ecosystems into economic gains.

Another argument that relates to business and biodiversity comes from some stories of success using the CDM. Increasingly, analyses of CDM applications seem to fa-

your both environmental managers as well as the business community. We need to identify such models for conservation action also. Recent trends in the number of private sector companies and consultants engaged in CDM related activities demonstrate the potential for such options in both developed and developing countries.

Making the links

Market mechanisms such as carbon trading seem to provide some answers to mitigating climate change and reducing green house gas (GHG) emissions. However, the challenge is to ensure that countries emitting more GHGs simply do not invest in buying the credits rather than investing in technologies and products that reduce such emissions.

Ecosystems and climate change are closely interrelated. The recently released fourth assessment report of the International Pan-

gation strategies and increased operating costs due to restrictions on doing business due to social and political decisions.

Climate change also provides opportunities for new business or diversification, including development of products that are energy efficient, products or services that emit less GHGs, alternate options for fossil fuels and the related. By seizing these opportunities, companies can strengthen their reputation as well as their brands. Such opportunities include:

- Packages for bioremediation based on changes in soil structure and composition, as well as waste management options;
- Agricultural engineering options for changing agronomic needs;
- Better irrigation and soil conservation products and services;
- Pharmaceutical products and delivery mechanisms for primary health care;

There seems to be a gap when considering the opportunities and challenges conservation and climate change provide to business as well as issues policy makers and stakeholders need to consider for better engagement with companies

el on Climate Change (IPCC) demonstrates the increasing negative impacts of climate change on ecosystems and human well-being. The projections of climate change impacts on accelerating biodiversity loss, changing productivity and growing zones of vegetation, causing sea level rise, and expanding the prevalence of pests and diseases such as malaria and dengue are being confirmed through various national and regional status reports on environment and development.

Studies by UNDP indicate that intervening anthropogenic and natural environmental disasters are a powerful threat to human development and the Millennium Development Goals (MDGs). Natural disasters cause more than economic and infrastructure damages; they also disrupt the social fabric, leading to social capital losses, affecting and reversing the gains of MDGs.

Seizing opportunities

Climate change poses significant risks to business as well. These include reduced availability of raw materials such as water, wood and other natural products as well as reduction of agricultural production levels, decreased efficiency of production systems through raising costs and adoption of miti-

- Energy efficient cooking, cooling and heating systems;
- Cheap transportation and fuel options; and
- Options that reduce energy usage and increase resilience.

Celebrating biodiversity

Realising the need to secure high-level support from policy makers and the business community on developing national level implementable strategies to link business, biodiversity and climate change, the United Nations University-Institute of Advanced Studies (UNU-IAS) is convening a Roundtable discussion on 23rd May 2007 in Yokohama to commemorate the International Day for Biological Diversity.

The focus of the meeting is to assess the opportunities that exist to link the sectors and take stock on ongoing national activities in Japan. A significant amount of the discussion will focus on developing action plans at national and sectoral levels to ensure business and biodiversity links are strengthened. It is expected that the outcomes will help developing work programmes in the future.

There seems to be a gap when considering

the opportunities and challenges conservation and climate change provides to business as well as issues policy makers and stakeholders need to consider for better engagement with companies.

Finding help

To deal with this, we could consider the possibility of establishing a 'business clinic' that would bring together business and specialists in technology development and deployment and conservationists during COP-9.

The purpose of these 'clinics' will be to provide participants at the COP with a meeting and discussion opportunity with business on issues and challenges relating to furthering the engagement of business in conservation efforts. These 'clinics' will be serviced by senior and experienced business leaders who have proven skills and interest in dealing with conservation action and will feature several success stories and lessons learned using a range of options like: roundtables, one-to-one meetings, poster displays and possible role-plays on negotiations and dealing with issues of doing business, and discussions with research and the academic community on how to engage them in designing programmes to attract the attention of business schools.

The 'clinics' could run for at least one week, full-time, during the COP, culminating in a possible high-level 'Business – Policy' Roundtable during the Ministerial segment of the COP.

Depending on the outcomes, a presentation could be planned for the next meeting of the World Economic Forum (Davos, Switzerland) in securing better attention on the linkages between business and biodiversity. A special session on 'business and biodiversity' could also be convened as a part of the UNFCCC COP-13 (December 2007, Bali, Indonesia).

[1] Source: www.businessandbiodiversity.org

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Making carbon markets work for the poor



Photo © World Bank

BENOIT BOSQUET and **ELLYSAR BAROUDY** review the role of forests and agriculture in the business, biodiversity and climate change agenda.

The BioCarbon Fund at the World Bank has been pivotal in developing the forest carbon market. It translated the Clean Development Mechanism (CDM) rules into on the ground projects with a value placed on the carbon sequestered. The BioCarbon Fund is developing some

methodologies for CDM afforestation and reforestation activities and is active in developing agriculture, forestry and other land use (AFOLU) type of activities that are not Kyoto-compliant. Because of the important role of AFOLU in climate change mitigation and adaptation, the BioCarbon Fund will continue to pioneer work in this field.

Demonstrating positive impacts on biodiversity

Projects in the BioCarbon Fund portfolio are increasingly demonstrating that a well planned project can have multiple benefits. In addition to mitigating global climate change, as they remove carbon from the atmosphere or prevent the further release of greenhouse gases, AFOLU projects also create local benefits. For example, projects with components addressing socio-economic and environmental concerns of communities, help restore natural habitat for wildlife and protect soil against erosion; agroforestry increases the veg-

etative cover and helps diversify crop mixes, which reduces susceptibility to pests; watershed management enhances water infiltration; and reduced tillage improves agricultural yields by building up organic matter and retaining moisture, helping soils regenerate and limiting the need for chemical inputs.

The incentive of carbon financing to AFOLU projects means there is a great opportunity to develop projects with a positive impact on biodiversity, and which can play a substantial role in climate change mitigation and adaptation. Such projects will have a positive impact on biodiversity as long as appropriate planning and management is undertaken, and depending on the ecosystems these projects are replacing.

BioCarbon Fund examples

The Acacia Community Plantations Project, in the Republic of Niger, is a BioCarbon Fund project based on the exceptional capacities of an endemic species from the African Sahel, *Acacia senegalensis*. Its en-

Environmental benefits include a powerful rooting system, which makes it efficient for dune stabilization as well as wind and water erosion control, and a nitrogen-fixing ability which improves the fertility of extremely degraded soils. The project will produce gum Arabic, used primarily in the food industry as a stabilizer, and re-introduce agricultural activities through intercropping with groundnuts and cowpeas. The vast majority of the plantations will be developed by small local farmers on communal desert lands under partnership agreements with a private company that would also harvest the gum Arabic. The project implements the National Niger Strategy for the development of *A. senegalensis* plantations.

In Madagascar, a BioCarbon Fund project is rehabilitating forest corridors crucial for many threatened species among the Analamazaotra Reserve, Maromizaha Private Forest and Mantadia National Park. The sustainable forests and fruit gardens will provide significant alternative livelihoods to local communities and a buffer around the corridors. The project, supported by the Third Environment Programme of the Republic of Madagascar, also aims at protecting 80,000 hectares of forest north of the corridor, so as to maintain continuity up to Zahamena National Park. This last component will pilot avoided deforestation. The payment for carbon sequestration will be the only income generated in the short term but, in the long term, the restored area should also benefit from an increase in ecotourism revenue.

The BioCarbon Fund projects have shown that there may be trade-offs between carbon sequestration and biodiversity. Fast-growing trees are best for carbon sequestration, but do not necessarily improve local environmental and social conditions. In addition, the CDM rules do not take into account benefits such as biodiversity. Therefore, the BioCarbon Fund adopts a project design strategy that examines on a case-by-case basis, the proposed environmental and social impacts of a project and ensures the risk of non-permanence of carbon is minimized. In general, concerns over biodiversity or community benefits can be addressed by fostering quality standards that could widely be adopted to AFOLU projects. The cost of all these strategies must also be factored into the project design.

Benefiting local communities

Agriculture, forestry and other land use activities can create social benefits for local communities, including additional, more stable or less physically taxing em-

Because of the important role of AFOLU in climate change mitigation and adaptation, the BioCarbon Fund will continue to pioneer work in this field



ployment. They can provide new sources of revenue, in cash or in kind, from the sale of greenhouse gas emission reductions from the project, and/or from the project's activities – such as the acquisition of free or cheaper fuelwood and timber, sale of fruit or other agroforestry and non-timber forest products. AFOLU can promote the diversification of economic activities—the creation of long term savings and the acquisition of new knowledge or techniques, for example for tree planting or conservation agriculture.

The BioCarbon Fund examples highlighted above show the benefits to the local community, but also the potential wider benefits to the national economy. Both the environmental and social benefits also have significant value with their role in helping communities adapt to climate change by having more resilient ecosystems and economies.

The great variety of agriculture, forestry and other land use projects makes them suitable for most types of ecosystems, which they can help conserve and enhance and to which they can add greater economic value. These activities are mostly implemented in rural areas and represent one, if not the only way, for the poorest populations to participate in the carbon market and reap some of its benefits.

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The carbon market: boom or bust for biodiversity



Photo © ISO/ENB and Factor

BRETT ORLANDO and JOACHIM SELL examine the conservation benefits of an expanding carbon market.

The carbon market is growing in leaps and bounds. It is now worth EUR 25 billion and over 1.4 billion tons of CO₂ in traded volume. How much of this is benefiting conservation?

Compliance vs. voluntary markets

Not much is the answer. Political decisions to limit land use activities in the Kyoto Protocol's Clean Development Mechanism and to prohibit land use carbon credits for compliance in the EU Emissions Trading Scheme (ETS), the world's largest CO₂

trading regime, have severely dampened demand amongst utilities, governments and financial players in Europe.

Only in Japan do corporations show any appetite but even there the dearth of projects (only one land use project is now CDM registered out of some 600 in total) and the complex crediting framework for these types of projects means that to date no transaction for the compliance market has been executed with the notable exception of those done through the specialized World Bank BioCarbon Fund [see previous article].

In the voluntary carbon market where corporations look for social and environmental benefits in addition to carbon offsets, there is stronger demand for land use projects. About 50% of this segment is reportedly made up of land use projects but prices are roughly half those in the compliance market and traded volumes are only a fraction (EUR 30 million) [1].

Paying attention to renewables

Far less attention has been paid to the biodiversity impact of hydro, biomass and

other renewable projects developed under the CDM, which effectively provides a subsidy to these otherwise marginally attractive investments. Nearly 60 percent of the 600 registered CDM projects are renewables and another 1050 of the some 1800 projects currently in the CDM pipeline also fall into this category. The CDM registered renewable projects are expected to generate about 150 million tons CO₂ until 2012 with a market value of roughly EUR 1.5 billion. The ones in the pipeline will deliver more than double that volume of Certified Emission Reductions.

Within this category, the project type most likely to impact biodiversity is small / medium hydro: there are about 100 of these CDM registered, and another 250 or so making their way towards registration. Of the registered projects, three-quarters of them categorized as 'run of river' – a loose term covering a range of project sizes that does not involve dam construction. Many of these projects are small enough to be exempt from national requirements for environmental impact assessments and the conservation movement tends to hand these projects a free pass on the as-



In the voluntary carbon market where corporations look for social and environmental benefits in addition to carbon offsets, there is stronger demand for land use projects

sumption that numerous small projects are better for the environment than a fewer number of large dams.

Within the EU ETS, hydro projects with a capacity above 20 MW are required to comply with the World Commission on Dams (WCD) criteria [2] but, in many developing countries, particularly those where CDM hydro is popular, the frameworks for WCD implementation are not fully in place. Because CDM projects are discouraged from taking public funds, the environmental safeguards set out by donors and funding agencies, which would otherwise set standards, are not applicable.

As many hydro projects are only now starting implementation, it is impossible to evaluate the conservation impact, positive or negative, but it is worth examining whether biodiversity is really better off as a result of hundreds of small / medium sized hydro projects being fostered by the CDM.

Reviving the debate

Another project type with potential biodiversity consequence is biomass energy, where either residues and waste material are used for energy production, including bagasse, palm oil solid waste or agricultural and forest residues, or biomass from dedicated plantations is applied for electricity generation. While many of these projects are based on extensive land cultivation, the carbon component, through the use of residual material or the applicability of plantations only on highly degraded lands, cannot be expected to substantially impact biodiversity directly. On the other hand, it is worth looking closer at whether carbon revenues extend the primary business of agricultural companies, *i.e.* whether the carbon revenues increase the pressure to grow cash crops on natural lands.

The debate over whether the carbon market could be used to further conservation objectives has fallen silent since the heady days of the Kyoto Protocol negotiations

when conservationists battled amongst each other.

We say it is worth reviving that debate, in light of the several hundred projects now coming through the CDM to see if clean energy production and biodiversity conservation have really gone hand in hand, and what can be done on a practical level to both harness the conservation opportunities whilst minimizing the impact in the rapidly growing carbon market.

[1] Overseas Development Institute, 2006

[2] www.unep.org/dams/WCD

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Biodiversity in sustainability reporting



SEAN GILBERT and SANDRA VIJN explore the linkages between climate change and biodiversity in sustainability reporting, drawing on the release of new tools by the Global Reporting Initiative.

Corporate sustainability reporting has become a common practice for companies from around the world as means for managing and communicating their sustainability performance. The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines are the most commonly used framework for reporting, with over 1,000 organizations

from 60 countries having published reports over time using these Guidelines.

Understanding biodiversity

Similar to global warming, diminishing biodiversity is one of the trends with the potential to fundamentally alter the living conditions on earth. However, it is also one of the most complex and difficult environmental problems to understand and one with consequences that are very difficult to model or predict. Unlike climate change, there is not a single cause such as GHG gas emissions that can become the rallying point for change.

In reporting, biodiversity also remains one of the most underserved areas amongst all environmental topics. From our observations, many companies are uncertain how to evaluate their biodiversity impact, much less report on it.

Some sectors – such as mining and oil & gas – have been dealing with the issue directly for many years and have relatively well-established approaches to managing

and reporting biodiversity performance at the site level. However, many companies in sectors seemingly more 'distant' from biodiversity – such as retailers – may not have a clear understanding of the indirect impacts that their supply chain management decisions can have on land usage patterns or environmental pollution that impacts biodiversity. Similarly, many may not be aware of the potential implications of their product use and disposal on biodiversity.

As such, reporting on a topic that is crucial to maintaining stable environmental and social conditions and, ultimately stable market conditions for organizations to operate, often remains limited in depth and frequency.

In 2005-2006 with the support of the Dutch Ministry of Foreign Affairs, the GRI initiated a multi-stakeholder process to develop a Biodiversity Resource Document to assist organizations in understanding biodiversity and provide ideas about how to approach reporting on it [1].

One of the key issues that emerged from these discussions was the importance of understanding biodiversity as being about the stability and health of ecosystems rather than just protection of certain plant/animal species. The health of these regional or planetary systems, in turn, directly feeds into the health of our societies. Good reporting should place biodiversity strategies and performance in the context of ecosystem health, and relate them to the broader international framework of the Convention on Biological Diversity which defines internationally accepted goals and expectations.

A second key point was that companies should look at biodiversity impacts occurring across their entire value chain (e.g. from suppliers to users of the end products) and consider where the company can have an influence. As a simple example, a company that produces detergents that use phosphates will likely have limited direct impacts on biodiversity. However, one of the key raw materials comes directly from mining operations, which may indeed have very significant impacts on biodiversity. Similarly, an electric utility based in an urban area may have little direct impact from its generation plant. However, SO₂ emissions may contribute to acid rain that damages nature reserves.

The Resource Document is now available from the GRI website. For COP-9, it can provide a useful part of the tool kit for private sector on organizations on how to engage the issue of biodiversity, and, more broadly, can support all types of organizations in understanding biodiversity reporting. We also hope that the document can stimulate dialogue around the types of performance indicators that can be used to describe biodiversity performance and will serve as a foundation for GRI's ongoing development of biodiversity performance indicators.

Building a common language

Reporting is a practice with two important contributions to make to sustainable development as recognized by the 2002 Final Implementation Plan of the World Summit on Sustainable Development.

First, reporting is a tool for objective communication with stakeholders about the key sustainability issues facing an organization. It allows a comparable and objective basis for setting expectations and assessing performance, and a common language for discussing complex issues.

Stakeholder groups interested in biodiversity range from communities or groups

In reporting, biodiversity also remains one of the most underserved areas amongst all environmental topics. From our observations, many companies are uncertain how to evaluate their biodiversity impact, much less report on it

associated with the biodiversity and ecosystems around specific sites, to investors concerned about whether poor biodiversity performance could become a risk to a company's license to operate. In both cases, stakeholders seek material and comparable disclosures on direct and indirect impacts that let them understand whether things are getting better or worse. Further, without such information, markets cannot, systematically, incorporate biodiversity into account in decision-making.

Second, reporting also serves as an internal management tool. The process of reporting supports (or often catalyzes) an internal process of engagement between different parts of the organization regarding its sustainability vision, goals, and responsibilities. Reporting becomes a means for systematically learning about the risks and opportunities associated with issues or external trends and then internalizing them into routine management processes. This pertains to both individual issues as well as learning about how different sustainability issues are interlinked. A food company, for example, might question how climate change will affect agricultural production in areas that are traditional suppliers of produce and how it will respond as a consequence of initiating a reporting process.

Reporting is a key part of the toolkit that should be used by any organization in its engagement on sustainability. It sits within a broader cycle of defining principles, planning and implementing strategy, engaging with stakeholders, and tracking results. The GRI has worked with other initiatives and standards bodies such as the UN Global Compact to help ensure that the various tools available to business will support an integrated approach.

Through providing a set of common indicators, the GRI helps give companies concrete reference points for understanding and approaching their performance measurement. Perhaps even more importantly, the GRI, as an institution, offers a global process by which all stakeholders (business, civil society, investors, etc.) can work together to develop a consensus on which indicators are the right ones.

This multi-stakeholder collaboration under the GRI to develop indicators has been underway since 1997 and the GRI released the third generation of its Sustainability Reporting Guidelines ("G3") in October 2006. These included updated biodiversity indicators as well as new indicators on climate change. These will continue to be updated over time as we collectively learn more about biodiversity and how we should track it.

Looking ahead

There is a huge public focus on the problem of global warming that has resulted in growing discussion and concern about the state of the planet. As companies pursue their own discussions of climate change, they should also see it in the broader context of other environmental issues, particularly biodiversity.

Global warming and the resulting changes to the earth's climate are predicted to have major impacts on the distribution of species and ecosystems. The risks that polar bears face as arctic ice thins has increasingly captured the public's imagination, but this is just one change amongst many that warmer temperatures will bring.

As companies look at climate change and their reporting on the issue, they should clearly place a strong focus on actions that will reduce GHG emissions. At the same time, climate change also invites a wider consideration of the long-term physical changes that are occurring to the ecosystems around the planet and the company's relationship to these.

Used effectively, reporting should be a tool that will help a company better understand and manage the issues and work together with stakeholders to find effective solutions to the organizational challenges posed by climate change and biodiversity loss.

[1] www.globalreporting.org/Services/Research-Library/GRIPublications/

Sean Gilbert is Director, Technical Development and Sandra Vijn was, at the time of writing, Research Coordinator, the Global Reporting Initiative Secretariat.

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www.globalreporting.org

Business in the Japanese National Biodiversity Strategy

Photo © Ministry of the Environment, Japan



SATORU TOMIOKA provides an overview of Japan's efforts to increase the participation of business in the development and implementation of the revised National Biodiversity Strategy, in line with Decision VIII/17 (paragraph 1).

Japan is one of the world's largest importers of natural resources. Our lives are, in other words, supported by biodiversity in many other countries. It is, therefore, necessary for us to proceed with a series of efforts to efficiently utilize domestic resources and, at the international level, to cooperate in conservation of biodiversity. In this regard, business is also required to participate more actively in promoting efforts to conserve and use biodiversity sustainably.

A National Strategy

Japan ratified the Convention on Biological Diversity (CBD) in 1993, the year after the Convention was adopted. The CBD requires Parties to develop national strategies, plans or programmes for the conservation and sustainable use of biodiversity, or to adapt existing plans or programmes for this purpose. In response to this, Japan launched its first National Strategy for the Conservation and Sustainable Use of Biodiversity in 1995.

Substantial changes in socio-economic conditions encouraged us to significantly revise it and, in 2002, we published the second National Strategy for the Conservation and Sustainable Use of Biodiversity in Japan.

Five years after the publication of this second Strategy, several new laws, including the Promotion of Nature Restoration Act and the Invasive Alien Species Act have been adopted. At the global level, comprehensive evaluations, such as the Millennium Ecosystem Assessment and the second edition of the Global Biodiversity Outlook, clearly outline the current biodiversity crisis. Along with such global trends, we must

consider domestic factors, such as population decrease, in revising the national biodiversity strategy.

We are now in the process of developing the third Strategy. We expect this to be more pragmatic, following the overall and systematic revision we made for the current strategy.

The second National Strategy synthesized the difficulties faced by Japan into three 'crises'. The first is the impact of human-induced pressures on living organisms and ecosystems. Such pressures include industrial and agricultural development and overuse of natural resources, which have endangered a huge number of Japanese endemic species and resulted in terrible loss and degradation of ecosystems, such as bogs and tidal wetlands.

The second crisis relates to the scaling down of human activities or changes in human lifestyle in certain areas, as exemplified by the degradation of Satochi and Satoyama (rural landscapes which have traditionally been maintained through sustainable use of natural resources). Satoyama was used economically for timber extraction, compost production from dead leaves and so forth but, as values of such products decreased over time, the whole area, including the secondary forests, grasslands, and Satochi – a mosaic of paddy fields, farmlands, ponds, villages and so on – was left untouched, without appropriate management. Accordingly, the whole ecosystem now suffers degrada-

tion and many endemic species have been lost. Council pointed out that "engagement of local government, business community and citizen's group should be reviewed more closely". As a result, the fourth review of the Strategy is placing a strong emphasis on efforts made by business as well as other related sectors. In March 2007, All

Engaging business

In order to address these crises, the Strategy outlined three 'Basic Directions' designed to establish a society in "Harmonious Coexistence with Nature" and, based on this, seven 'Major Themes'.

While only a short description was given, in our second Strategy, on the engagement of the business community, we strongly feel that we need to strengthen this theme in our third Strategy through, for example, encouraging Corporate Social Responsibility (CSR) activities, sustainable supply chains which have less impact on biodiversity.

After the establishment of the second National Strategy, various efforts by business were initiated within the framework of CSR. Examples include the drafting of *Ecosystem Conservation Guidelines* by Kajima Corp., a construction company; the Conservation of the Borneo Elephant project by detergent maker Saraya Co. Limited; and the distribution of Marine Stewardship Council certified products by the ION Group, a retailer.

We have also conducted an annual review of the implementation of the current strategy since its publication. In its first and second review, the Central Environment

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tion and many endemic species have been lost.

The third crisis is caused by the introduction of non-endemic organisms. The introduction of living species from overseas and/or other areas in the country, accom-

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A Satochi - Satoyama rural landscape which, traditionally, has been maintained through sustainable use of natural resources.

Photo © Network for Sustainable Rural Communities, Japan

Nippon Airways and Kajima Corp, for example, reported on conservation efforts at the Central Environment Council Natural Parks and Wildlife Joint Committee.

In response to such international and domestic expectations for the engagement of business community, we will be considering the following options in reviewing the next National Strategy:

(1) The promotion of international cooperation and effective utilization of domes-

tic resources as one of the world's largest importers of natural resources;

(2) The design and publication of business guidelines for biodiversity conservation;

(3) The strengthening of educational campaigns as well as raising the awareness of consumers on the importance of biodiversity.

International milestones

Along with the development of the third National Strategy for the Conservation and Sustainable Use of Biodiversity, Japan is hosting the G8 Meeting in 2008 and has offered to host the tenth Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP-10) in 2010.

We are well aware that the year 2010 will be a significant milestone in terms of conservation of biodiversity, as it is the year of the 2010 Target and also the United Nation's International Year of Biodiversity.

We are confident that a new and strengthened Strategy for the Conservation and Sustainable Use of Biodiversity will help us in our efforts to contribute more to the conservation of domestic nature conservation, as well as to better respond to international requirements for cooperation.

Satoru Tomioka is Director-General, Nature Conservation Bureau, Ministry of the Environment, Japan.

www.env.go.jp

Japanese markets: ready to work on biodiversity

Photo © Biodiversity Network Japan



NAOYA FURUTA reports back on a series of multi-stakeholder meetings on business and biodiversity he organized earlier this year in Japan.

For many years, Japanese companies have been actively working on environmental issues such as climate change and waste management. They have created many cutting-edge services, technologies and products, e.g. the hybrid car. Corporate eyes are looking at biodiversity ever more closely, as part of broader Corporate Social Responsibility strategies. In addition, the Japanese government has just started revising its National Biodiversity Strategy, in which business engagement has been identified as a key priority [see previous article].

A business and biodiversity tour

In February this year, Biodiversity Network Japan (BDNJ), an NGO established in 1991, organized a series of meetings in Nagoya, Kyoto and Tokyo which convened representatives from business, government, academia, NGOs as well as the Secretariat of the Convention on Biological Diversity. The level of enthusiasm, from all sides, was remarkable and illustrates the evolu-

tion of the business and biodiversity scene in Japan since the publication of the Japanese edition of the *Handbook for Corporate Action* in late 2003 [1].

since 1637, is actively working on conserving underground water resources, which the industry fundamentally depends on. Gekkeikan is not the only company working on conserving water. In fact, many other beverage and brewers in Japan have started addressing this issue by, for instance, conserving or establishing upstream forests.

Detergent manufacturer Saraya Co., Ltd realized that its supply chain and brand image was at risk through the use of palm oil as raw material for their products, since palm plantations are sometimes developed at the expense of valuable rain forest. In order to address this issue, the company joined the Roundtable on Sustainable Palm Oil [2], a platform established in order to pursue sustainable production and use of palm oil. The company also started a wounded elephant rescue project in Borneo, in cooperation with Sabah Wildlife Department. In addition, they set up a Borneo Conservation Trust in collaboration with Japanese wildlife experts in order to create a wildlife corridor connecting protected areas for elephants and orangutans.

Examples from office equipment...

During a symposium organized in Tokyo by BDNJ and the Japanese Committee for IUCN, companies were provided with the opportunity to showcase different biodiversity practices as well as explain the 'business case' for doing so [3].

Mr. Harumitsu Mashiko, of office machine manufacturer Ricoh Company, Ltd., explained his company's long-term corporate environment vision and some of its ongoing activities to address biodiversity. The company has set a goal to reduce its environmental impact from their operations in developed

is the reason why the company is actively supporting various forest ecosystem conservation projects globally.

Another area the company has been actively working on is environmental education for employees. As stressed by Mr. Mashiko: "it is impossible for a single country or organization to solve a global challenge like biodiversity loss. More people should think and act and we would like to support such efforts". Established in 1999, the company's voluntary environmental leaders programme aims at educating and increasing the number of environmental leaders within the company, in collaboration with NGOs and experts in the field.

...to construction

Mr. Yoriyuki Yamada, of construction company Kajima Corporation, articulated the rationale for his company to engage in biodiversity, highlighting risks such as project delays and increased construction costs. In the past, the company had been faced with such issues as a result of using inappropriate invasive species, the introduction of alien firefly into ponds, and the inappropriate design of amphibian tunnels. All these resulted in significant delays in construction and increased costs.

At the same time, the company realizes the increasing business opportunities in which healthy ecosystem services create added value. The company has, in fact, already worked on several nature restoration projects.

In order to institutionalize biodiversity into business practice, in 2005, the company developed *Ecosystem Conservation Guidelines*. "It was a natural course of action in order to respond to the stakeholders' expectation" said Mr. Yamada. Under these guidelines, the company started to develop various tools and technologies, such as an ecosystem information intranet, ecosystem analysis system, ecosystem monitoring tool using GPS technology, and various nature restoring construction technologies. "We continue to strengthen integration of biodiversity into our business practice in collaboration with governments and NGOs from the long term perspective" concluded Mr. Yamada.

... and oil & gas

Ms. Hiromi Barada of BP Japan, mentioned that the company's environmental policy is not only pursuing compliance with existing

Corporate eyes are looking at biodiversity ever more closely, as part of the broader Corporate Social Responsibility strategies

tion of the business and biodiversity scene in Japan since the publication of the Japanese edition of the *Handbook for Corporate Action* in late 2003 [1].

In Kyoto, Gekkeikan Sake Co., Ltd., a large sake brewer which has been operating

countries by 1/8th by 2050. With this long term vision, Ricoh is now trying to reduce CO2 emissions by 12% by 2010, compared to its emissions in 2000. In addition to reducing its impact to the environment, Ricoh recognizes the importance of maintaining and enhancing global ecosystem functions. This



laws and regulations but also doing more to realize responsible operation. In addition, for those issues which cannot be solved alone, like biodiversity or climate change, the company engages with peers in the industry and beyond. “Without healthy biodiversity, human being cannot survive nor does our business” Ms. Barada said.

She then reviewed the biodiversity components of the Tangguh LNG project in Indonesia. This was the first project to be undertaken in the context of the company’s biodiversity action plan as well as within the framework of the good practice guidelines released by the Energy and Biodiversity Initiative [4]. “About 10 years ago, when we found this gas field, there was no data on biodiversity. We had to start collecting basic data, in collaboration with local universities, government, NGOs and local communities” she said.

Ms. Barada also highlighted the Serpent project [5] in which BP is working together with marine biologists, to explore deep-sea marine organisms, using a Remote Operated Vehicle. “This project does not only benefit the biologists but we can also get plenty of knowledge of the marine environment where we are operating”.

Mr. Reiji Kamezawa of the Ministry of the

Environment explained current efforts to engage with the business community in the context of the revision of the National Biodiversity Strategy: “In the past strategies, there was only a small portion addressing the private sector, partly because it was a government plan and partly because we were not fully aware of the importance of the business and biodiversity linkage”.

In view of the adoption of Decision VIII/17, business engagement has become one of the top priorities for the Strategy. “Our economic activities are still depending on biodiversity in many ways, such as plant breeding and new medicine development in the pharmaceutical industry. Even the design of the Japanese super express train is inspired by the design of the kingfisher’s beak!” said Mr. Kamezawa.

A separate meeting was also held with the Nippon Keidanren Committee on Nature Conservation, which is a subsidiary body of Nippon Keidanren, Japan’s largest business federation. Since 1991, the Committee has been managing Keidanren Nature Conservation Fund and investing in a significant number of conservation projects all over the world. The Committee is collaborating closely with the government to identify good biodiversity practices in member companies.

Ready

This evidence clearly shows that Japanese companies are ready to work on biodiversity. The fact that the Japanese government has offered to host the tenth meeting of the Conference of the Parties in 2010 provides an additional opportunity for Japanese companies to show leadership in good biodiversity practice.

At BDNJ, we look forward to help organize additional business and biodiversity platforms in the run-up to this very important event. We also look forward to showcasing progress on business in biodiversity at COP-9.

[1] <http://biodiversityeconomics.org/handbook>

[2] www.rspo.org

[3] www.bdnj.org/b&b_sympo_feb2007.pdf

[4] www.theebi.org

[5] www.serpentproject.com

Naoya Furuta is member and Focal for business, Biodiversity Network Japan.

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News in brief

This section provides an update on various business and biodiversity initiatives. Please send your contributions to the editor.

BIODIVERSITY OFFSETS

Initiated in 2004, the Business and Biodiversity Offset Program (BBOP) is a partnership of over 50 companies, governments, conservation experts and financial institutions to develop, test, and disseminate good practice on biodiversity offsets.

BBOP organised a meeting in London on 10-12 April which convened 35 experts (including SCBD) to work on draft methodologies to guide developers in the planning and design of biodiversity offsets. These draft methodologies are under development by the BBOP with the aim of helping developers understand some of the following issues: how to define biodiversity values; how to work within the mitigation hierarchy; how to quantify a project's impact on biodiversity (including structural, compositional, functional, and socioeconomic/cultural aspects of biodiversity); how to select an offset site; and how to integrate the offset design process into corporate management practices/processes.

www.forest-trends.org/biodiversityoffsetprogram

To further engage in the offsets debate and strengthen its expertise and knowledge in this field, WWF Netherlands is undertaking a project with CREM BV which aims at exploring opportunities for companies to offset their indirect impact on biodiversity (understood to mean impacts borne by companies further down the supply chain). During the next phase of the project, companies will be approached to ascertain whether an actual offset projects can be jointly set up.

Contact Kirsten Schuyt (kschuyt@wwf.nl) or Jolanda van Schaick (vanschaick.jm@crem.nl) for more information.

BIODIVERSITY BUSINESS

The Royal Society for the Protection of Birds (RSPB) is coordinating a project (funded by the Directorate-General for Environment of the European Commission) to promote small and medium enterprises (SMEs), as a contribution to the 2010 target. The project aims to create structures in Bulgaria, Hungary and Poland that apply a public-private partnership approach in exploring business opportunities for safe-

guarding biodiversity. The project will explore the specific link of SMEs to social and economic development in rural areas and the conservation of biodiversity.

For more information, contact Zbigniew Karpowicz (zbig.karpowicz@rsbp.org.uk).

BUSINESS AND BIODIVERSITY (GENERAL)

The World Resources Institute (WRI), the World Business Council for Sustainable Development (WBCSD) and the Meridian Institute are developing a corporate 'ecosystem services review' (ESR). This tool would enable a company to identify business risks and potential new business opportunities posed by the degradation of various ecosystem services and to develop appropriate strategies in response. The development of the ESR was one of the recommendations of the Millennium Assessment *Business and Industry Synthesis Report*.

Several WBCSD member companies, including Akzo Nobel, BC Hydro, Mondi (a member of the Anglo American plc group), Rio Tinto and Syngenta are road testing the methodology.

Contact Craig Hanson (chanson@wri.org) or John Ehrmann (jehrmann@merid.org) for more information.

BUSINESS AND MEAS

On 11 May, UNCTAD convened, in Geneva, the second meeting of the ad-hoc working group on biodiversity agreements and economic issues.

The meeting, which convened representatives from the secretariats of CBD, CITES, Ramsar and the Global Mechanism of UNCCD discussed a joint workplan for 2007.

COMMUNITY-BASED BUSINESS

The Equator Prize (EP) recognizes grass-root efforts that advance biodiversity and poverty reduction in the Equatorial region. The list of the 25 Equator Prize 2006 finalists is now available on the EP website. The 5 winners will be announced in June, in Germany.

www.equatorinitiative.org

FINANCIAL SERVICES

The World Conservation Union (IUCN) is finalising a scoping study (financed by the Alcoa Foundation and Alterra) focused on biodiversity risks and opportunities for the financial sector.

Contact Ivo Mulder (ivo.mulder@iucn.org) for more information.

NATURAL INGREDIENTS SECTOR

The United Nations Conference on Trade and Development (UNCTAD) and the International Finance Corporation (IFC) organized on 11 May, in Geneva, a meeting on business engagement in biodiversity-related conventions with a focus on the sector of natural ingredients for the cosmetics and food industries. This meeting took place on the margins of Vitafoods International, the largest and nutraceutical event in Europe.

The report will be posted on www.biobio.org.

Launched on 8 May 2007, the Union for Ethical BioTrade (UEBT) brings together organizations from different industries – including cosmetics and health-care, ornamental and fashion goods – that are working in the field of native biodiversity. These organisations are committed to working towards compliance with the *BioTrade Principles and Criteria* initially developed by the UNCTAD BioTrade Initiative. Compliance with the *BioTrade Principles and Criteria*, verified via the Union, “offer companies a way to demonstrate their corporate social responsibility by making a positive contribution to the conservation of biological diversity, whilst creating tangible business benefits”.

UEBT founding members comprise Aldivia S.A., (France), Cocoamar-ket (Ecuador), Comercia Alternativo de Productos No Tradicionales y Desarrollo en Latinoamerica (CANDELA, Peru), Comisión de Promoción del Perú (PROMPERÚ, Peru), Corporación de Promoción de Exportaciones e Inversiones (CORPEI, Ecuador), the International Finance Corporation (IFC), Labfarve, Laboratorios Fitofarma e.i.r.l. (Peru), Nativa (Colombia), Natura Cosméticos S/A (Brazil), Organic partners (UK), PhytoTrade Africa (Southern Africa), Peruvian Nature S&S SAC, Pi Environmental Consulting (Switzerland), Sustainway (France), Uganda Export Promotion Board (UEPB), the United Nations Foundation (UNF), and the World Conservation Union (IUCN).

www.biobio.org/BTFP/SU/BTPC.htm
www.uebt.ch
info@uebt.ch

Publications

Please send information on new titles and upcoming events to the editor.

BUSINESS AND BIODIVERSITY (GENERAL)

PricewaterhouseCoopers (PwC), February 2007. *Sustainable investments for conservation - The business case for biodiversity*. www.pwc.com/extweb/pwcpublishations.nsf/docid/4FE9CE9D78BFBE21852572890054ECC0

Frances Irwin and Janet Ranganathan, 2007. *Restoring Nature's Capital: An Action Agenda to Sustain Ecosystem Services*. World Resources Institute. http://pdf.wri.org/restoring_natures_capital.pdf

Stavros Dimas, February 2007. "Halting the loss of biodiversity by 2010: The EU action plan and DG Environment's initiative on supporting business for biodiversity" (speech). <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/99&format=HTML&aged=0&language=EN&guiLanguage=en>

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Ricardo Bayon, Amanda Hawn, and Katherine Hamilton (with a preface by Al Gore), January 2007. *Voluntary Carbon Markets: A Business Guide to What They Are and How They Work*. Earthscan. http://ecosystemmarketplace.com/pages/article.news.php?component_id=4741&component_version_id=6941&language_id=12

Fred Wellington, Rob Bradley, Britt Childs, Clay Rigdon, Jonathan Pershing, 2007. *Scaling Up: Global Technology Deployment to Stabilize Emissions*. World Resources Institute and Goldman Sachs Center for Environmental Markets. <http://pdf.wri.org/scalingup.pdf>

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ENERGY

Secretariat of the Convention on Biological Diversity, April 2007. *New and Emerging Issues Relating to the Conservation and Sustainable Use of Biodiversity – Biodiversity and Liquid Biofuel Production. Note by the Executive Secretary (UNEP/CBD/SBSTTA/12/9)*. www.biodiv.org/doc/meetings/sbstta/sbstta-12/official/sbstta-12-09-en.pdf

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International Finance Corporation (IFC), March 2007. *Banking on Sustainability. Financing Environmental and Social Opportunities in Emerging Markets*. [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_BankingonSustainability/\\$FILE/FINAL_IFC_BankingOnSustainability_web.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_BankingonSustainability/$FILE/FINAL_IFC_BankingOnSustainability_web.pdf)

FORESTRY

WBCSD, May 2007. *Membership Principles for Sustainable Forest Product Companies*. www.wbcsd.org/DocRoot/WbiE9XZx19JLnlwiA829/sfpi-principles.pdf

WBCSD and National Council for Air and Stream Improvement (NCASI), December 2005. *The sustainable forest products industry, carbon and climate change. Key messages for policy-makers*. www.wbcsd.ch/DocRoot/InuvTj6qvtNukXKwKY80/sfpi-cop11.pdf

MINING

International Council on Mining and Metals (ICMM), February 2007. *Annual Review 2006 Setting the standards to meet the challenge of sustainable development*. www.icmm.com/publications/1567ICMMAR06.pdf

PAYMENTS FOR ECOSYSTEM SERVICES

WWF, May 2007. *Ecosystem Services and Payments for Ecosystem Services: Why should businesses care?* http://assets.panda.org/downloads/business_brochure.pdf

OIL & GAS

International Petroleum Industry Environmental Conservation Association (IPIECA) and International Association of Oil & Gas Producers, (OGP) Biodiversity Working Group, 2007. *An Ecosystem Approach to Oil and Gas Industry Biodiversity Conservation*. www.ipieca.org/activities/biodiversity/downloads/publications/ecosystem_aproach.pdf

Upcoming events

22 May, worldwide. International Day for Biological Diversity: Biodiversity and Climate Change, www.biodiv.org/programmes/outreach/awareness/biodiv-day-2007.shtml ●● 2-5 June, Ottawa, Canada. Administrative Sciences Association of Canada (ASAC) Conference 2007: 50 Years of Leadership in Management, <http://asac.management.uottawa.ca> ●● 12-15 June, Brussels, Belgium. Greenweek: "Lessons from the past, challenges for the future", <http://ec.europa.eu/environment/greenweek> ●● 5-17 June, Waterloo, Canada. International Conference of the Greening of Industry Network: Sustainable Social and Ecosystem Stewardship, www.greeningofindustry.org/june2007.htm ●● 5-6 July, Geneva, Switzerland. UN Global Compact Leaders Summit 2007, www.unglobalcompact.org/NewsAndEvents/Leaders_Summit_2007.html ●● 8-10 July, Guangzhou, China. Heritage and Tourism: Community, Enterprise, Government & Tourists, www.geog.nau.edu/igust/China2007 ●● 3-8 August, Philadelphia, USA. Academy of Management 2007 Conference: Doing Well By Doing Good, <http://meeting.aomonline.org/2007> ●● 26-28 September, Madison, USA. 2007 North American Conference on Ecotourism, www.ecotourismconference.org ●● 29 October - 2 November, Trondheim, Norway. The fifth Trondheim Conference on Biodiversity, www.trondheimconference.org ●● 12-13 November, Lisbon, Portugal, Business and Biodiversity Conference.

CBD MEETINGS (www.biodiv.org/meetings)

2 - 6 July, Paris, France. Twelfth meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA-12). ●● 9 - 13 July, Paris, France. Second Meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention (WGRI-2). ●● 10 - 12 September, Geneva, Switzerland. Ad Hoc Technical Expert Group on Technology Transfer and Scientific and Technological Cooperation. ●● 8 - 12 October, Montreal, Canada. Fifth meeting of the Ad Hoc Open-ended Working Group on Access and Benefit-sharing (ABS-WG-5). ●● 15 - 19 October, Montreal, Canada. Fifth meeting of the Ad Hoc Open-ended Working Group on Article 8(j) and Related Provisions (WG8J-5). ●● 22 - 26 October 2007, Montreal, Canada. Fourth meeting of the Ad Hoc Open-ended Working Group of Legal and Technical Experts on Liability and Redress in the context of the Protocol.

[proach.pdf](http://www.biodiv.org/meetings/proach.pdf)

IPIECA, 2007. *Saving Energy in the Oil and Gas Industry*. www.ipieca.org/activities/general/downloads/Saving_Energy.pdf

TOURISM

Secretariat of the Convention on Biological Diversity, February 2007. *Managing Tourism & Biodiversity. User's Manual on the CBD Guidelines on Biodiversity and Tourism Development*. <http://tourism.biodiv.org/documents/cbdtourism-manual.pdf>

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← Front cover illustration, © Sheryl Yu Lin Soo, 2006. The beating earth, representative of the greenhouse effect – **part of Life Out Of Balance**, “a 3d virtual scape that visually explores the concept of climate change, using real-time climate change data. made using virtools”.

http://void.arch.usyd.edu.au/~andrew/infodemo_2006/students/soo/gallery.html
www.sherylsoo.com

On the road to COP-9...

COP-9 preparations are underway and, with respect to the ‘business and biodiversity stream’, the Secretariat invites comments and contributions from Parties, the business community and others on the following:

(1) COP-9 report

The Secretariat will issue document UNEP/CBD/COP/9/26 Add. 1 (*Engagement of the private sector in support of the implementation of the Convention*) in February 2008. Pursuant to Decision VIII/17 paragraph 8, this document will, in particular, highlight possible options regarding “further ways and means to promote business engagement in the implementation of the Convention, with a particular emphasis on the Convention’s role in facilitating such engagement” [www.biodiv.org/decisions/default.aspx?m=COP-08&id=11031&lg=0].

Notification 2007/037 was released earlier this year in order to assist with the drafting of this document. It invites Parties to submit information, before 31 July 2007, regarding the implementation of Decision VIII/17, notably paragraphs 1, 2, 8 and 10 [www.biodiv.org/doc/notifications/2007/ntf-2007-037-biz-en.pdf].

(2) Compilation of good biodiversity practice

Pursuant to paragraph 3 of Decision VIII/17, the Secretariat is currently collecting good biodiversity practice, across a range of sectors, from companies, industry associations, Parties and others. These will be posted on the Clearing-House Mechanism and a synthesis will be provided in the aforementioned COP-9 document.

Notification 2007-038 provides additional information [www.biodiv.org/doc/notifications/2007/ntf-2007-038-org-en.pdf]. The deadline for contributions is 31 July 2007.

(3) COP-9 events

A number of organizations have started coordinating input into COP-9 for their respective sector (e.g. on points 1 and 2 above). The Secretariat has also initiated discussions with the host country in view of organizing a technology transfer fair at the COP.

The Secretariat welcomes feedback on:

- Planned events on business and biodiversity at COP-9 (including side events);
- Interest in participating in the proposed technology transfer fair; and
- Additional suggestions on mechanisms which could help business participation at COP-9.

Call for contributions

Subsequent issues of the *Business.2010* newsletter will focus on:

- Technology transfer (deadline for submissions, 15 July).
- The financial services sector (deadline for submissions 1 September).

Prior to COP-9, the following sectors and cross-sectoral issues are tentatively scheduled (the Secretariat welcomes suggestions and comments):

- Access and benefit sharing;
- Agribusiness;
- Biodiversity offsets;
- The natural ingredients sector.

In addition to papers covering the above issues, the Secretariat welcomes contribution focusing, more generally, on business and biodiversity and the implementation of Decision VIII/17.

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Comments and suggestions for future columns are welcome and should be addressed to the editor.

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