Item 2

Integration of biodiversity and ecosystems goods and services concerns into the processes of developing national development plans and national accounting systems

1. In paragraph 4(g) of the annex to decision XI/22 on biodiversity for poverty eradication and development, the Conference of the Parties requested the Expert Group on Biodiversity for Poverty Eradication and Development to "*collaborate with ongoing efforts at the Secretariat of the Convention to integrate biodiversity and ecosystems goods and services concerns into the processes of developing national development plans and national accounting systems;"*

Processes of developing national development plans:

2. Biological diversity underpins ecosystem functioning and the provision of ecosystem services essential for human well-being. It provides for food security, human health, the provision of clean air and water; it contributes to local livelihoods, economic development, and is essential for the achievement of the Millennium Development Goals, including poverty reduction.

3. Recognition of the link between ecosystem services and the fate of poor people implies that biodiversity should be a priority in national and international efforts to address poverty eradication. The empowerment of poor and vulnerable people in the management of biodiversity constitutes also a positive incentive, addresses underlying causes of biodiversity loss and contributes to prevent poverty.

4. Fortunately, we know by now that socio-economic development does not need to come at the cost of environmental degradation and, conversely, that there are significant opportunities to address biodiversity decline while contributing to sustainable development. .Policies that aim at effective biodiversity conservation and the sustainable use of ecosystems and their services will reap rich rewards - better health, greater food security, less poverty and a greater capacity to cope with, and adapt to, environmental change. The so-called mainstreaming of biodiversity will be a critical component of effective policy responses, that is, integrating biodiversity issues and considerations into other economic policies, including policies for economic sectors such as agriculture, forest, fisheries, transport, etc.

5. The Biodiversity Issue Brief prepared for the Open Working Group for SDGs highlights that the benefits provided by biodiversity are important to all people. Some benefits of biodiversity are especially important to indigenous peoples, the poor and vulnerable groups. These groups, including the rural poor, are in many cases most directly dependent on biodiversity and ecosystems. To them, the goods and services provided by ecosystems underpinned by biodiversity often constitute social safety nets. (...) Ultimately, the loss and degradation of biodiversity impact negatively on all people. However, the impacts are particularly severe, and more immediate on the poor and vulnerable, women, children and indigenous peoples. (...) The conservation, restoration and sustainable use of biodiversity can provide solutions to a range of societal challenges. Protecting ecosystems and ensuring access to ecosystem services by poor and vulnerable groups are an essential part of poverty eradication.

6. However the linkages between development paradigms or issues and solutions that can be derived from leveraging biodiversity and ecosystems services for sustainable development are weak or not well articulated with national development plans and their implementation. Priorities are more focussed on poverty eradication, food security, human health and other topics (energy, transport, trade,...) that are more readily associated with development, but which not necessarily positively linked to biodiversity and ecosystem services. Biodiversity and ecosystems services solutions for development are not yet fully taken into account even understood by the community in charge of development and cooperation.

7. More generally Sustainable Development Goals process is not yet universally accepted as part of a post-2015 development agenda. But messages and issues brief developed by UN Task Team and other materials for Sustainable Development Goals processes clearly show and demonstrate that sustainability is essential for present and future generation development, prosperity and well-being following the slogan of UNDP that "if it is not sustainable, it's not development".

8. The UNDP-UNEP Poverty Environment Initiative (PEI) has taken a programmatic approach to mainstreaming. Its guidance[1] looks to identify the entry points and making the case is to set out and agree on a road map, and to create a steering committee or task force on poverty-environment mainstreaming with members drawn from relevant key ministries (e.g., environment, finance, planning sectors). The identification of champions to liaise with in-country donor coordination mechanisms, and the collaboration with finance and planning or relevant sector ministries in the implementation of all activities should be included in the workplan. In mainstreaming into policy processes, country-specific evidence needs to be collected on the contribution of the environment to human well-being and pro-poor economic growth, and working documents, such as Poverty Reduction Strategy Papers, produced during the targeted policy process must include poverty-environment linkages and the prioritization of environmental sustainability. Policy measures to mainstream poverty-environment linkages must also be costed by finance and planning or sector ministries and sub-national bodies. In order to meet the challenge of implementation, poverty-environment indicators linked to policy documents of national development planning need to be integrated in the national monitoring system, and budget, donor allocations and expenditures increased for poverty-environment policy measures of non-environment ministries and sub-national bodies.

9. A number of international agencies have made major investments in promoting the incorporation of valuation of biodiversity and ecosystem services for use in planning at different levels. In October 2012, the United Nations Development Programme (UNDP) and the European Commission launched a new partnership project "Building Transformative Policy and Financing Frameworks to Increase Investment in Biodiversity Management" (BIOFIN) that seeks to build a sound business case for increased investment in the management of ecosystems and biodiversity at the national level. The project's multi-tiered approach aims to mainstream biodiversity into national development and sectoral planning, including through a significant strengthening of NBSAPs; determining the national-level biodiversity finance gap by defining the current investment baseline and by defining the true investment needed to address biodiversity loss; and rolling out appropriate national-level biodiversity financing strategies and mechanisms.[2]

10. Designing and implementing development and environmental policies require a careful alignment of environmental, social and economic goals, supported by credible scientific evidences. An economic perspective on the use and conservation of ecosystem services is essential for decision-makers invariably struggling with resource constraints and conflicting priorities and choices. Furthermore, even though macroeconomic policy issues such as GDP, employment, fiscal policies are critical aspects of development design the necessary mechanisms of linkages are still lacking in the conventional decision making framework. The approach developed by a ProEcoServ working paper[3] focuses on the linkages between macro economy and ecosystem services, and reviews the methodologies and tools used for examining these linkages.

Processes of developing national accounting systems:

11. The degradation of ecosystems by human activities is equivalent to letting the operating capital of an enterprise depreciate without undertaking any re-investment and earmarking the necessary funds. Unlike marketed goods and services, many ecosystem services are what economists call public goods: no one can be excluded from their use. Consequently, rational economic actors have an incentive to take a free ride instead of re-investing into natural capital – restoration costs are simply considered as externalities which do not need to be paid even though they result in losses of services for others – or the need for others to face the burden of restoration if they want to recover the original level of

[1] PEI. 2009. *Mainstreaming Poverty-Environment Linkages into Development Planning: A Handbook for Practitioners*. UNDP-UNEP Poverty-Environment Facility, Nairobi, Kenya.

[2] UNDP. 2013. *Transforming Biodiversity Finance: The Biodiversity Finance (BIOFIN) Workbook for assessing and mobilizing financial resources to achieve the Aichi Targets and to implement National Biodiversity Strategies and Action Plans*. Version 3.0. UNDP, New York, NY, USA.

[3] http://www.proecoserv.org/information-hub-test/working-paper-series.html

ecosystem services. In that sense, ecosystem degradation is a debt forwarded to others, to future generations.

12. The CBD Parties' objectives on national accounting systems for biodiversity are stated in COP 10 Decision X/2 "Strategic Plan for Biodiversity 2011-2020": Strategic goal A. Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society / Target 2: *"By 2020, at the latest, biodiversity values (...) are being incorporated into national accounting, as appropriate, and reporting systems."* They have to be interpreted in the light of the ecosystem approach, "*a strategy for the integrated management of land, water and living resources that promotes conservation and sustainable use in an equitable way*", recognizing that "*humans, with their cultural diversity, are an integral component of many ecosystems*".

13. Environmental accounting purposes are many, generally complementary, sometimes contradicting. General consensus is that the economy at large, including the development of public infrastructures, has to be made accountable of the externalities that it benefits without payment in the case when the environment resource is degraded. Such degradation can be assessed in terms of loss of services or in terms of loss of performance-resilience-capabilities of the system prone at delivering the service. It can be measured in physical units or in money.

14. At the Global level, the System of Environment-Economic Accounts *(*SEEA) Central Framework was endorsed in 2012 by the UN Statistical Commission and is supplanted with a Volume 2 which contains recommendations for experimental ecosystem accounts. The publication of the SEEA Central Framework 2012 supplemented by the Experimental Ecosystem Accounting volume in 2013 is an exceptional opportunity for a quick start launch of ecosystem capital accounts at the global level. It is prone at fostering, altogether with the revised Framework for the Development of Environmental Statistics 2013, some statistical offices contribution and organising the mobilisation of the many institutional and research programmes which are delivering more and more data. The purpose is to assess ecosystems extent and condition and their possible degradation of enhancement as a result of human activities. It aims at providing a better understanding of the condition and sustainability of market and non-market goods and services made available by healthy and productive ecosystems and natural renewable resources.

15. The System of Environment-Economic Accounts *(*SEEA) "Experimental Ecosystem Accounts" have been endorsed by the UN Statistical Commission at its meeting of February 2013. Although not enough experience exists so far to adopt an international standard of the level of the SNA 2008 (System of National Accounts) or of the SEEA Part1 of 2012 (so-called "Central Framework"), the SEEA-EEA presents a conceptual framework prone at giving some guidance for countries willing to progress in this area. However, the SEEA is not yet a ready for use manual in the sense of the SNA.

16. The recent expert group meeting on Modelling Approaches and Tools for SEEA Experimental Ecosystem Accounting Testing (18-28 November 2013, UN Headquarters, New-York) has provided some technical evaluation of models for characteristics of ecosystem condition and ecosystem services, with a particular focus on biodiversity, carbon, and water quality/quantity. The objective of the meeting was to reach an agreement on a small number of models and techniques to be used for the testing of selected characteristics of ecosystem condition and ecosystem services.

17. Up to now, experiments of ecosystem accounting and modelling approaches and tools are ongoing in Europe (27 countries with the European Environment Agency), in Australia, in Canada, in Brazil, in Burkina-Faso, in India, in Indonesia, in Mauritius, in Mexico, in Norway, in Samoa, in South Africa, in Uganda, and are in project in several places.

18. A number of international agencies have made major investments in promoting the incorporation of valuation of biodiversity and ecosystem services for use in planning at different levels. The BIOFIN initiative seeks to build a sound business case for increased investment in the management of ecosystems and biodiversity at the national level. The World Bank-led Wealth Accounting and the Valuation of Ecosystem Services (WAVES)[4] hopes that, by working with central banks and ministries

[4] http://www.wavespartnership.org/waves/

of finance and planning across the world to integrate natural resources into development planning through environmental accounting, it will enable more informed decision making that can ensure genuine green growth and long-term advances in wealth and human well-being. Such initiatives are promising, but not yet well-established.

19. The presentation of the experimental Ecosystems/ Natural Capital Accounts developed in Mauritius during the Joint meeting with the HLP confirms that such accounts can be undertaken and will provide highly useful information and contribute to decision-making processes, public and policy awareness and monitoring systems to facilitate the implementation of the NBSAP at national, but also sub-national and local levels.

20. There is an important policy and technical demand for accounting that arose from the Strategic Plan for Biodiversity 2011-2020, but also from the other Rio Conventions, and from Rio+20 outcomes on post-2015 development agenda and SDGs processes.

The Expert Group may wish to consider the following ideas for possible inclusion in new recommendations and/or guidance for implementation

21. Stresses the extreme importance of progressing in the implementation of Aichi Target 2 for poverty eradication and sustainable development and invite Parties and all stakeholders to enhance their efforts and facilitate exchange of experience, best practices, methods and tools, using the Clearing House Mechanism of the Convention and other adequate ways.

22. ***Processes of developing national development plans:***

23. Invites Parties to facilitate the collaboration and the work between NFP of the CBD, NBSAP coordinators and institutions and teams in charge of National Development Plans and other related documents and processes (Poverty Reduction Strategic Paper, Sustainable Development Plan, ...) and with the UN system at national level (UN country team) and UN processes (UNDAF, ...) to ensure coherence and synergies.

24. ***Processes of developing national accounting systems incorporating values of biodiversity:***

25. Invite Parties, the scientific community and other relevant stakeholders to reinforce the study and monitoring of the contribution of biodiversity and ecosystems services and natural renewable resources to the livelihoods and well-being of the poor and to poverty reduction, prevention and eradication.

26. Invites Parties, to facilitate the collaboration between national statistic department or institution in charge of National Accounting Systems and institution in charge of the development and implementation of the NBSAP and the Convention to achieve by 2020 the Aichi Target 2;

27. Collaborate with UN Statistical Commission and other relevant partners concerned by the System of Environment-Economic Accounts *(*SEEA) "Experimental Ecosystem Accounts" for ensuring their effective contribution to facilitate the implementation of the Aichi Biodiversity Target 2 on national accounting systems,

28. Diffuse information, experiments, case studies, tools, and other relevant materials to Parties and relevant stakeholders on the incorporation of the values of biodiversity in National Accounting System,

29. Facilitate the development of the incorporation of biodiversity values in National Accounting System and promote capacity building and exchange of experiences via the CHM and other relevant portals and tools.

30. Because ecosystem resilience supported by biodiversity is a central component of sustainable development and adaptability to climate change and also to facilitate the restoration of degraded lands and of productive ecosystems and natural renewable resources, the work of experiment in ecosystems/natural capital accounts need to explore the potential synergies between the 3 Rio Conventions and their contribution in the SDGs.