

# Positive incentive measures for conservation and sustainable use of biodiversity

Andrew Seidl, IUCN  
Nathalie Olsen, IUCN

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## X/44. Incentive measures

“By 2020, at the latest, incentives, including subsidies, harmful to biodiversity are eliminated, phased out or reformed in order to minimize or avoid negative impacts, and **positive incentives for the conservation and sustainable use of biodiversity are developed and applied**, consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions.”

## ***CBD (2011). Incentive measures for the conservation and sustainable use of biological diversity: Case studies and lessons learned, Technical Series No. 56***

### **1. Direct approaches - ‘paying’ relevant actors to achieve biodiversity-friendly outcomes or to not achieve biodiversity-harmful outcomes**

- payments for ecosystem services incl. market creation
- taxes and user fees and exemptions to encourage activities beneficial for conservation and/or sustainable use
- long-term retirement (or set aside) schemes, conservation leases or easements

### **2. Indirect approaches - support activities or projects that are not designed exclusively to **conserve or promote the sustainable use** of biodiversity, but which contribute to these objectives**

- development or commercialization of biodiversity-based products or services (eco-tourism, biotrade)
- community based natural resource management

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## From ecosystem decline to ecosystem incentives

### “Enhanced”

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Crops  
Livestock  
Aquaculture  
Carbon sequestration

### “Degraded”

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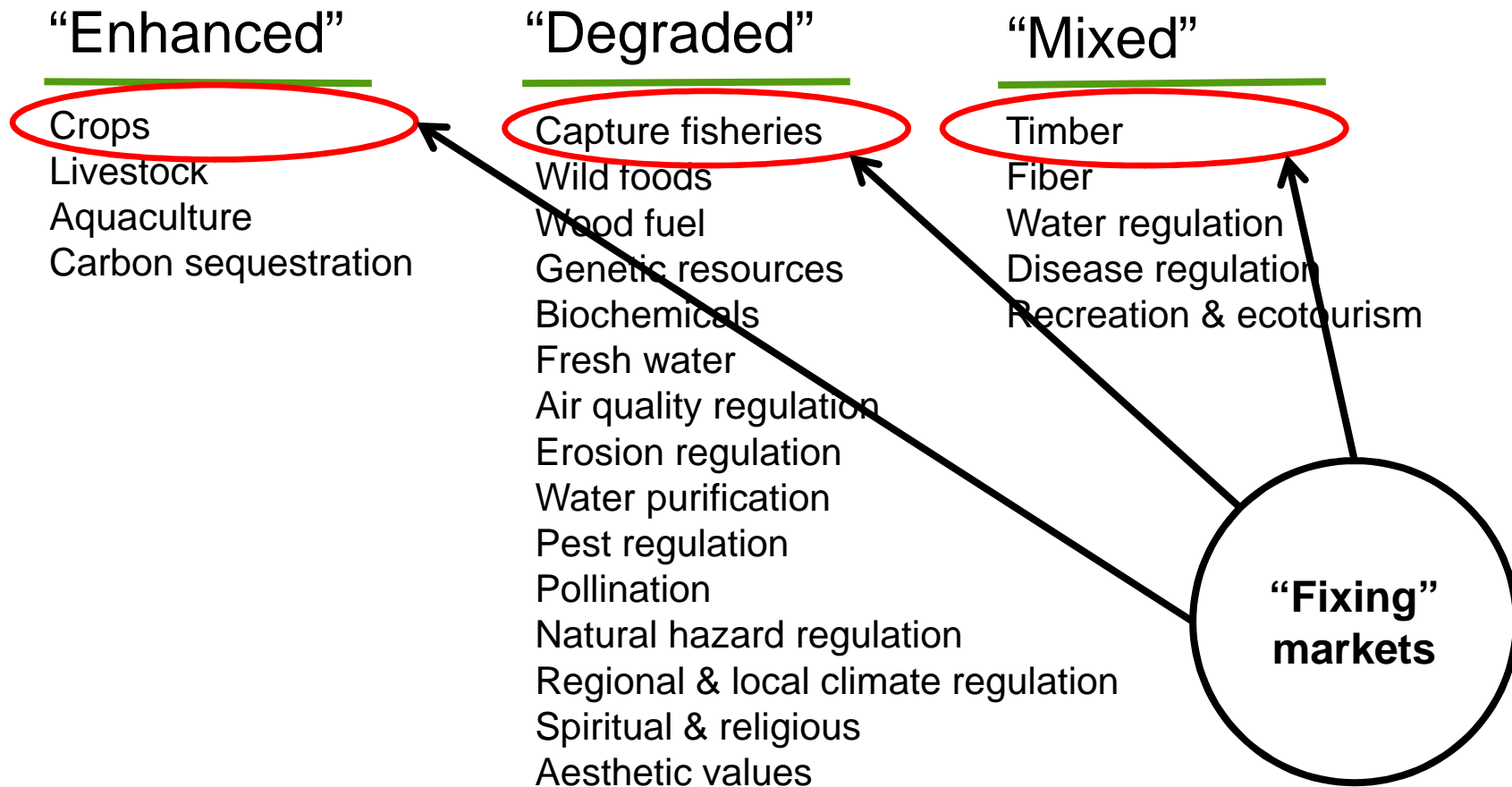
Capture fisheries  
Wild foods  
Wood fuel  
Genetic resources  
Biochemicals  
Fresh water  
Air quality regulation  
Erosion regulation  
Water purification  
Pest regulation  
Pollination  
Natural hazard regulation  
Regional & local climate regulation  
Spiritual & religious  
Aesthetic values

### “Mixed”

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Timber  
Fiber  
Water regulation  
Disease regulation  
Recreation & ecotourism

# From ecosystem decline to ecosystem incentives by fixing markets (CBD “indirect approaches”)



## Fixing markets: 'green' products and services

- **Organic food and drink:** Global sales = US\$ 60 billion in 2009
- **Certified 'sustainable' forest products:** sales increased four-fold between 2005 and 2007
- **Eco-labeled fish products:** global market grew by over 50% from 2008 to 2009 to US\$ 1.5 billion
- **Eco-friendly attributes:** Major consumer brands have added 'ecologically-friendly' attributes to product lines:
  - Mars (Rainforest Alliance cocoa)
  - Cadbury (Fairtrade cocoa)
  - Kraft (Rainforest Alliance Kenco coffee)
  - Unilever (Rainforest Alliance PG Tips)



FOREST STEWARDSHIP COUNCIL  
Because forests matter

## Biodiversity business – Himalayan biotrade

- Asia Network for Sustainable Agriculture and Bioresources (ANSAB) created Himalayan Biotrade to market non timber forest products (NTFPs) produced by local community enterprises in Nepal to national and international markets
- To specialise in natural and sustainably sourced NTFP and to obtain organic and/or Forest Stewardship Council (FSC) certification
- Essential oils, handmade paper and medicinal and aromatic plants
- Targets supply chains of multinational companies committed to sustainability and willing to pay premium for sustainably sourced material
- Encourage community support for forest conservation and ultimately local ownership of the forest





- **Where?** Northern Tanzania
- **Who?** Istituto Oikos, the Tanzania Tourism Board and the Mkuru Camel Group, a community organisation.
- **What?** Camel and walking safaris run by Maasai guides for experiencing the cultural and natural heritage of the region.
- **Conservation reasoning:** Counter local dependence on unsustainable practices with the provision of sustainable livelihood options.
- **Success factor:** Local partnerships and community management.



# Community-based natural resource management

- Policies which encourage the involvement of traditional and local communities in conservation
  - Wildlife in PAs
  - Sustainable forest management
- Rely on generating and sharing new revenue
- May be based on traditional knowledge
- **Community forestry in India** where benefits of NTFP shared between joint forest mgt committees and States
- **Eco-tourism in Egypt** – govt promoting bedouin-managed ecotourism enterprises (lodging, treks and crafts)
- Long term commitment, tangible benefits, institutions

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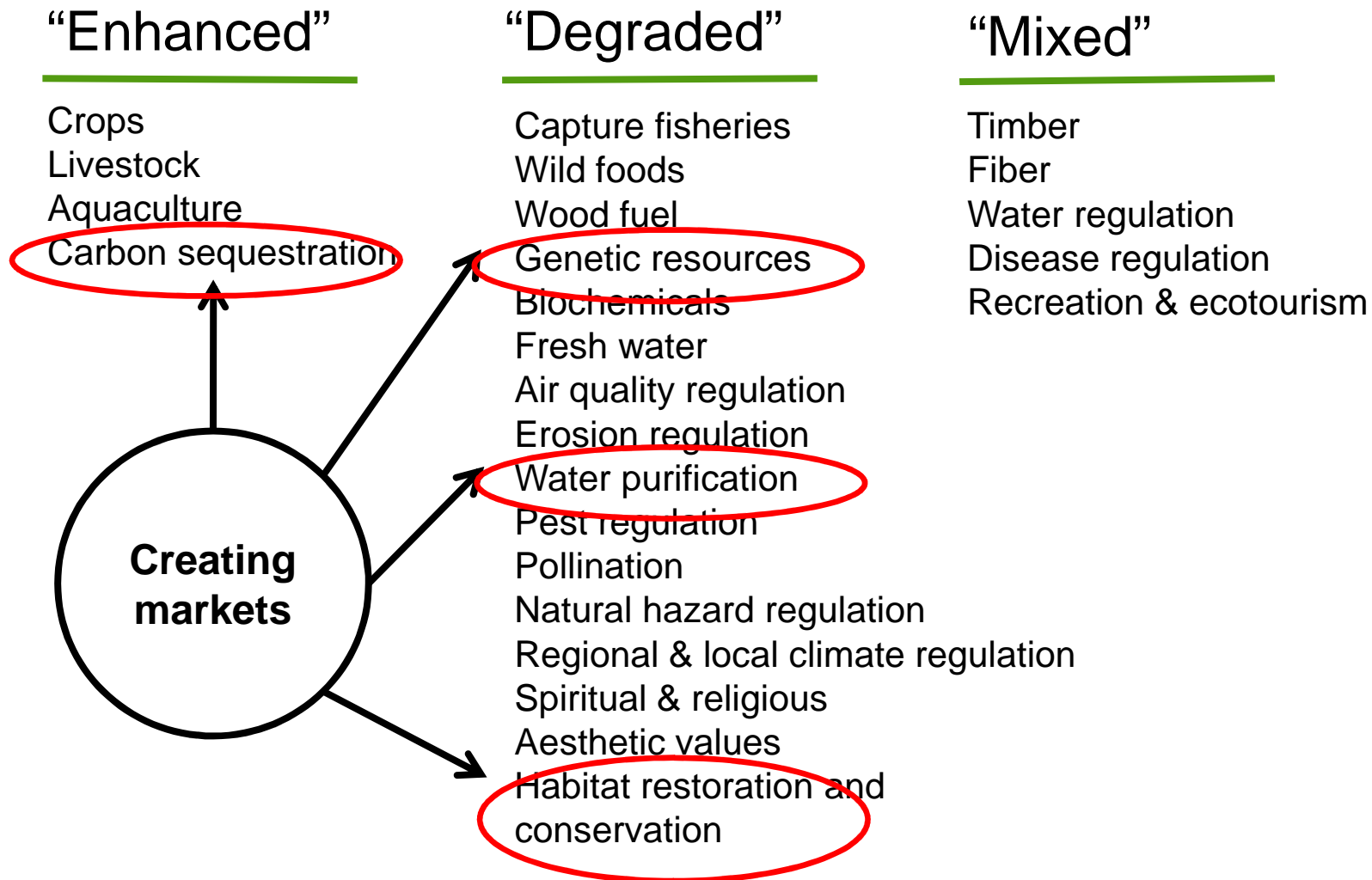
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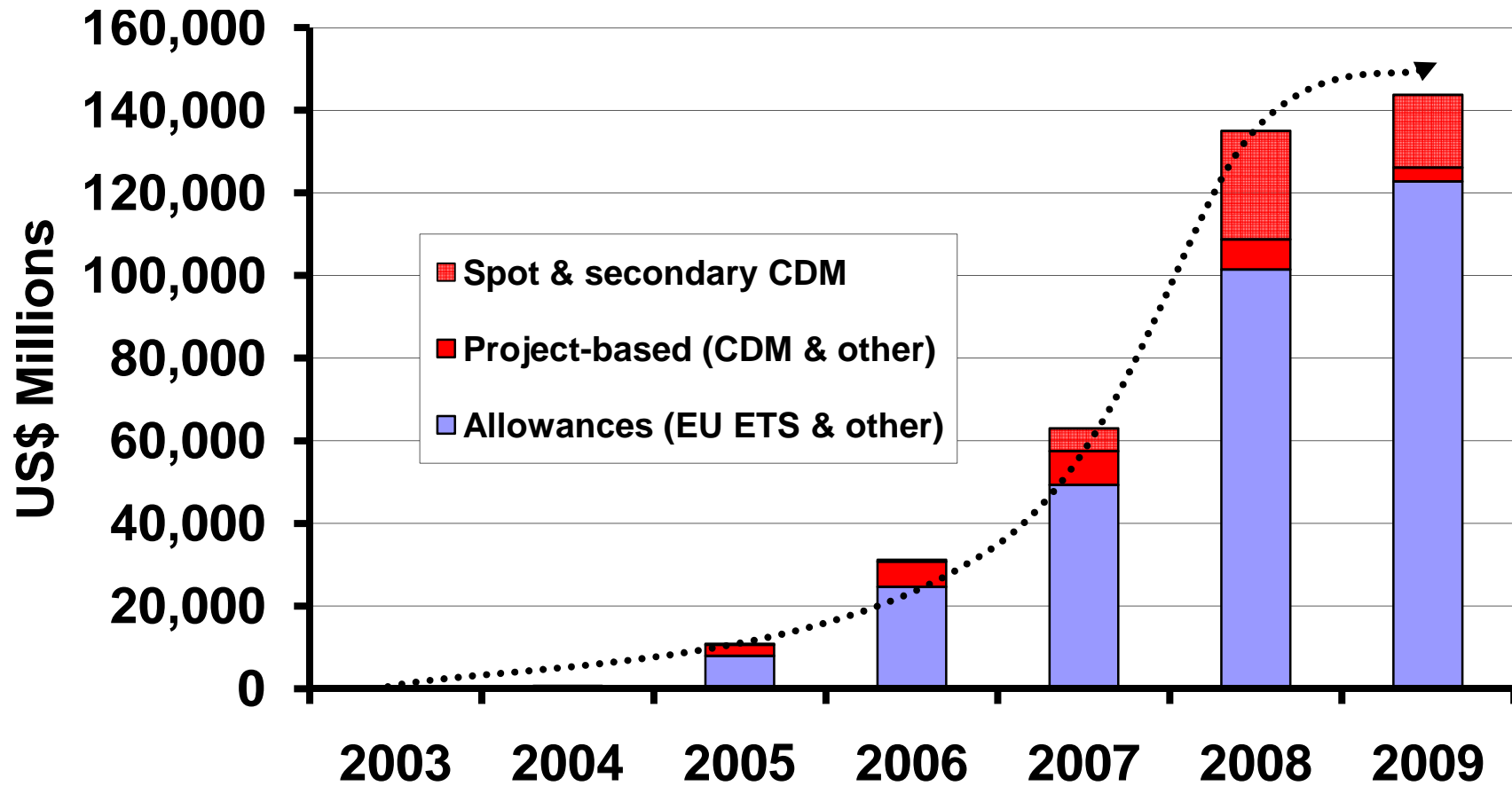
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# From ecosystem decline to ecosystem incentives by creating markets (CBD “direct approaches”)

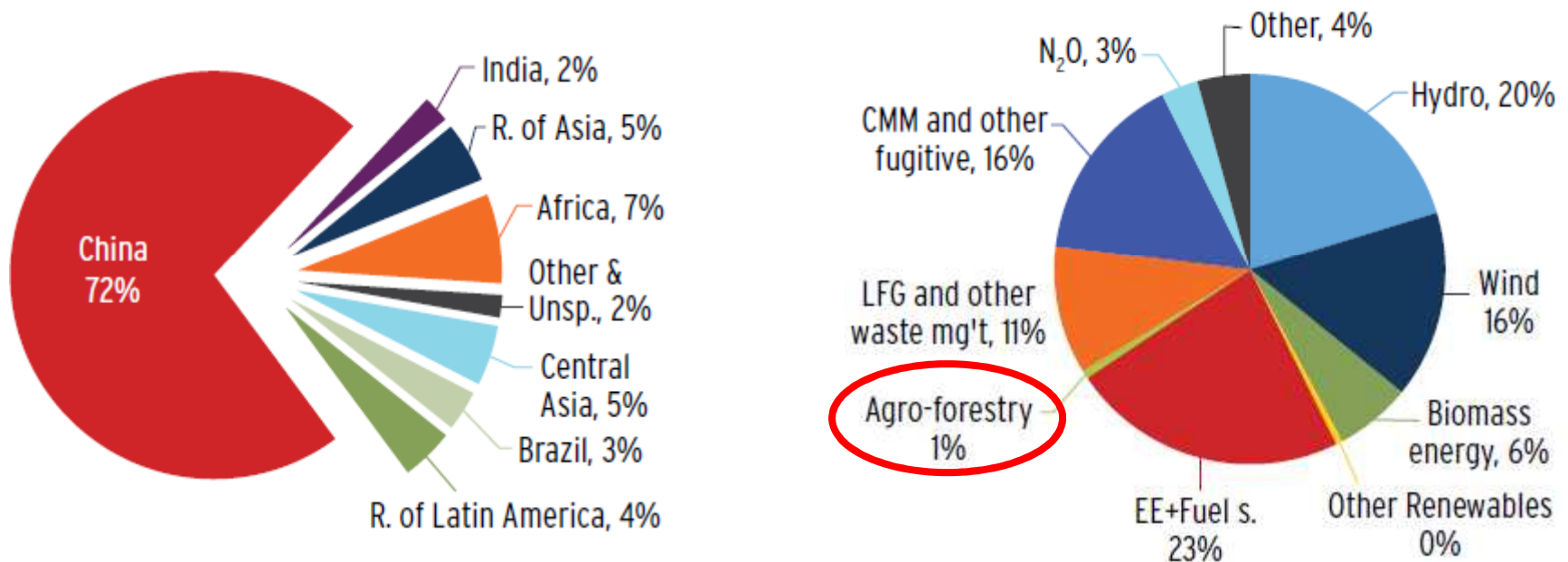


## Creating markets: The case of carbon



**Cumulative 2003-2009: US\$307 billion  
(of which CDM US\$78 billion)**

# Creating markets: Carbon offsets as a new export sector for developing countries



**Primary CDM sellers and sectors in 2009, as percent of total volume transacted (Source: World Bank 2010).**

# Creating markets: Biodiversity offsets and “habitat banking”



“The global annual market size is at least \$1.8-\$2.9 billion” (Madsen et al. 2010)  
(see: [www.speciesbanking.com](http://www.speciesbanking.com))

## Payments for ecosystem services (PES)

National PES Programmes	Annual Budget in USD
China, Sloping Land Conversion Programme (SLCP)	4 billion (Bennett, 2008)
Costa Rica, Payments for Environmental Services (PES)	12.7 million (FONAFIFO, 2009)
Mexico, Payments for Environmental Hydrological Services (PEHS )	18.2 million (Muñoz Piña <i>et al.</i> , 2008)
UK, Rural Development Programme for England	0.8 billion (Defra, 2009)
US, Conservation Reserve Program (CRP)	1.7 billion (Claassen, 2009)
Regional PES Programmes	Annual Budget in USD
Australia, Tasmanian Forest Conservation Fund (FCF)	14 million (DAFF, 2007)
Australia, Victoria State ecoMarkets	4 million (DSE, 2009)
Bulgaria and Romania, Danube Basin	575 000 (GEF, 2009)
Ecuador, Profafor	150 000 (Wunder and Alban, 2008)
Tanzania, Eastern Arc Mountains	400 000 (EAMCEF, 2007)

Source:  
OECD,  
2010.



**What about the social impacts of changing incentives?**



# Ecosystem incentives and poverty

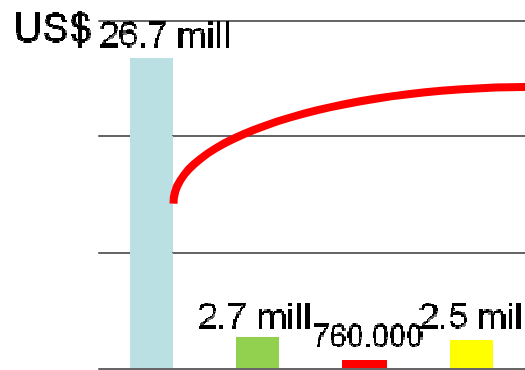
- **Potential opportunities:**
  - increase cash income
  - diversify income sources
  - reinforce social networks
  - develop new skills
- **Potential constraints:**
  - insecure property rights
  - high start-up and transaction costs
  - weak enforcement capacity



# Bringing it all together? Aligning economic growth, biodiversity and development

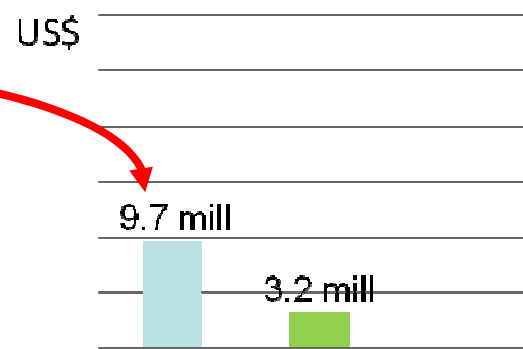
- Example: Rio Tinto mine in Madagascar
- Corporate goal: Net Positive Impact (NPI) on biodiversity
- Support for conservation project (60,000 ha lowland forest)

## Potential benefits:



- Carbon storage
- Wildlife habitat
- Hydrol. Regulation
- Eco-tourism

## Potential costs:



- Lost agricultural output & NTFPs
- PA start-up and management

- **Benefit-sharing with communities (based on REDD revenues)**

## Changing the incentives: summing up

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



**Thank you!**

# Country experience with positive incentives

- **Describe an example** of a positive incentive for biodiversity conservation and/or sustainable use in your country. Which CBD targets/programmes are relevant?
- **How does the incentive work?** How are the costs and/or the benefits of conservation or of biodiversity-friendly activities affected by the incentive?
- **What is the impact of the incentive on biodiversity?** What is the extent of uptake/adoption of the incentive? What are the indicators of success, relative to “business-as-usual”?
- **How much does it cost to implement the incentive**, and how is this cost covered? Public spending and/or private expense? Is the incentive efficient (i.e. benefits > costs) or at least cost-effective, compared to alternative measures?
- **What are the social equity impacts of the incentive?** Who are the “winners” and “losers”? Does the incentive help to reduce poverty? What about governance/participation aspects?
- **Are there side effects** or unintended consequences from the incentive? Are they positive and/or negative?

# Target setting on positive incentives

## 1. How can existing positive incentives be improved?

- How to replicate or expand coverage?
- How to improve targeting/effectiveness?
- How to improve social/equity impacts?
- How to improve financial sustainability?
  - Opportunities for “self-financing”?
  - Opportunities to reduce costs?

## 2. What new positive incentives may be introduced?

- What criteria are most relevant to identify high potential or high priority for introducing positive incentives? Existing threats to biodiversity? Economic values of biodiversity? Social development concerns?
- What are the key steps involved in introducing new positive incentives?

## Fiscal incentives for private reserves in Brazil

Under Brazil's Program for Private Reserves of Natural Heritage (RPPN), private landowners can voluntarily declare all or any part of their property to be permanently protected. Launched by Federal Decree (1996) and State Decree (1998), the RPPN Program was revised and incorporated in legislation passed by Congress in 2000. To date, six of Brazil's 26 states have enacted legislation that mirrors the federal law. **Landowners must apply for RPPN status** with the Brazilian Environmental Institute or, where laws permit, with local officials. **If approval is granted, landowners receive breaks on property taxes and priority access to certain public financing programmes**, such as the National Environmental Fund. Under the RPPN programme, **land use is restricted to research, environmental education, ecotourism and limited resource extraction**. The RPPN has been especially useful as a means of consolidating fragments of natural habitat and creating ecological corridors. Approximately **half a million hectares of privately-owned land are now protected** by state and federal laws in Brazil, representing just under 0.5 percent of total conservation units in the country. Since 1990, nearly 600 individuals, corporations and activist groups have voluntarily registered private property under the RPPN scheme.



# MA's “promising (economic) responses”

- Incorporation of nonmarket values of ES in resource management decisions
- Elimination of subsidies that promote excessive use of ecosystem services (+ transfer subsidies to payments for non-marketed ecosystem services)
- Measures to reduce consumption of unsustainably managed ES
- **Greater use of economic instruments and market-based approaches**
  - **Taxes or user fees**
  - **Creation of markets**
  - **Payments for ES**
  - **Mechanisms to allow consumer preference to be expressed through markets**

