



CHAIRMAN'S SUMMARY

Business, Biodiversity and Ecosystem Services

**Policy priorities for engaging business to improve the health of ecosystems
and conserve biodiversity**

28th Round Table on Sustainable Development

16 October 2012

Ista Hyderabad Hotel

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Policy priorities for engaging business to improve the health of ecosystems and conserve biodiversity

The following is a summary of the discussion on 16 October 2012, issued under the Chairman's authority. Please note that, in keeping with Round Table procedures, this summary in no way represents an agreed outcome.

The *OECD Environmental Outlook to 2050* projects that between now and 2050, a further 10% of the world's biodiversity will disappear as pressure for resources, pollution and climate change takes its toll. These pressures stem from a rising population and a desire for higher living standards. Consumer demand for goods and services is increasingly transmitted through global supply chains. Businesses stand between consumers and the transformed resources they demand in a modern economy. Understanding how businesses can be incentivised to make much more efficient use of these resources is therefore crucial.

Against the backdrop of the 11th Conference of Parties to the Convention on Biological Diversity (CBD COP-11), the Roundtable on Sustainable Development met to discuss how to best engage businesses so as to scale up biodiversity conservation and sustainable use and the types of policy instruments that offer the greatest potential to unleash the private sector for more effective and efficient results.

A gap in awareness and understanding...

A number of participants from the government and business sectors highlighted the large gap in understanding amongst stakeholders – producers and consumers - with respect to biodiversity and ecosystem services and what these mean in terms of both opportunities and risks to business and society at large. In particular, what are the links to biodiversity and ecosystem services in every day decision-making processes and what are the costs and benefits of biodiversity conservation and sustainable use?

As society "is not organized to think long-term", with neither consumers nor producers particularly willing to pay higher costs, awareness raising and education on the benefits of sustainable use and the costs of inaction will help to bridge the gap and help to transition from short-term costs to longer-term gains. This will be critical in helping to ensure that governments can develop ambitious goals and objectives that extend beyond the timeframes of election cycles.

Better biodiversity and ecosystem data and metrics are needed, including more valuation...

Measuring and putting a value on biodiversity and ecosystems is crucial, albeit complex. Due to the multidimensionality of biodiversity and ecosystems, this is in many ways more challenging than in the case of climate change. But collecting and communicating these values to both the private sector and to civil society at large will help to garner support for the conservation and sustainable use of our natural capital base. Further coordination between government and business around corporate green accounting was highlighted as an important area for further work.

...but this is not an excuse to delay action

In the meantime, assembling better information and data on biodiversity should not delay action. While business as a whole is encouraged to monitor and report on their ecosystem dependencies and impacts and become more accountable, existing information and good practice can and should be used to inform policy design and implementation.

Level the playing field...

Some businesses are taking the lead, for example by examining their supply chains to undertake environmental profit and loss assessments or by voluntarily undertaking measures such as biodiversity offsets. However, the existing policy framework is not always conducive to further action on the part of business – public policy needs to ensure a more consistent and level playing field so that leaders and innovators do not bear disproportionate costs.

Moving from damage control to proactive investment...

Some participants highlighted that much of the public spending on biodiversity is for ecosystem restoration in reaction to damage and degradation that has taken place. This is often more costly than proactive conservation and sustainable use investments that would have prevented the damage in the first place. As the public sector will not be able to endlessly foot the bill caused by inefficient production patterns, it was noted that greater communication and collaboration between the government and the private sector is needed so as to develop ambitious goals and objectives that can be met in a flexible and least cost manner.

The choice of instruments...

Participants discussed the range of policy instruments available, highlighting examples of where they have been used successfully, and noted that the full range of policy instruments for biodiversity needs to be employed. This includes standards, restrictions on use (such as through Protected Areas), and improved spatial planning that takes a landscape approach – the latter is particularly important given the multiple land users involved, the increasing competition for land and resources, and the need for enhanced green infrastructure solutions.

It was highlighted that economic instruments such as taxes, charges, reform of environmentally harmful subsidies, biodiversity offsets and payments for ecosystem services can encourage changes that flow through the entire supply chain and thus contribute significantly to incentivising sustainable use of biodiversity and ecosystems. In addition to reducing the financial burden on governments, they allow flexibility to businesses to decide how to best meet the biodiversity goals and targets that were agreed at CBD COP-10 in Nagoya, Japan and that now need to be put into national policy for implementation.

Looking across sectors and policy areas ...

Change will need to occur across all sectors, including agriculture, forestry, fisheries and mining, and more systematic efforts will be needed to mainstream biodiversity into development objectives – via development plans and poverty eradication strategies, and climate policy. Seeking and identifying synergies and addressing implications this may have on trade will be key areas for effectively integrating biodiversity into broader national and international objectives.

...and scaling up to meet the biodiversity challenge

With regard to scaling up policy instruments, a distinction was made between scaling up tools versus scaling up geographically to the international level. This is because for instruments such as biodiversity offsets, the science may not yet be ready for international offsetting. However, government has the leading role to play in putting place more systematic, ambitious and widespread policy instruments: clear signals, together with the necessary capacity, is what will drive business to more resource-efficient and biodiversity-friendly production.

Overall, while public policy is moving in the right direction, this is not occurring at the scale that is needed to address the biodiversity challenge. Moreover, in a number of cases, business is often far ahead of government policy. Participants highlighted that more ambitious policy is needed to provide business with a better incentive framework – involving both carrots and sticks – for a more comprehensive, rapid and transformative shift. It was noted that once an appropriate framework and the correct incentive are put in place, business is able to respond and align itself very quickly.