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Foreword

We need to better manage our natural capital



We are starting to move beyond planetary boundaries. Loss of the Earth's biological diversity is ongoing, and degradation of critical marine and terrestrial ecosystems is compromising the essential benefits and services nature provides us.

I have one clear message on behalf of the WBCSD and the progressive businesses it represents: we need to change gears, pick up the pace and accelerate positive outcomes for biodiversity and ecosystems. Business needs to start managing its natural capital, while governments need to provide the policies and frameworks within which this is possible. I will be advocating for this at the upcoming 11th Conference of the Parties (COP 11) of the Convention on Biological Diversity (CBD) in Hyderabad, India.

A key agenda item in Hyderabad will be the Aichi Biodiversity Targets and Goals. These 20 time-bound, measurable biodiversity targets were agreed to at the CBD's previous COP (Nagoya, Japan, 2010). As governments start to tackle the targets, translating them into national action plans and biodiversity strategies, the WBCSD is launching a new set of case studies. They illustrate effective public policies that have leveraged business solutions at the company or sector level.

In this new report we build on *Changing Pace: Public policy options to scale and accelerate business action towards Vision 2050* (2011), the WBCSD's contribution to the Rio+20 summit. Following consultation with members we have adapted the Changing Pace policy framework for biodiversity and ecosystems. This will lead to better mobilization of the business sector to achieve much needed positive outcomes.

The case studies span a number of policy options, including financial reform, market creation and enabling environments. All of the cases are real. They are in operation right now and fully grounded within specific geographies, because this is where biodiversity and

ecosystems challenges and response opportunities actually exist.

We offer these new case studies to political decision-makers and policy developers with the aim of educating, encouraging and inspiring action on a broader scale. For its part, progressive business is willing to engage locally to reform or strengthen existing frameworks to deliver better outcomes or help develop new innovative approaches.

Because global businesses impact and depend on nature, we know we have a critical role to play supporting action on these biodiversity challenges. I encourage you to also read a complementary WBCSD resource released at IUCN's World Conservation Congress (Jeju, South Korea, September 2012) containing 25 cases studies highlighting company actions, each addressing specific Aichi goals and targets with good potential for scale-up.

I look forward to discussing accelerating public policies for positive outcomes for nature with governments and other stakeholders committed to action – at Hyderabad and beyond.

A handwritten signature in blue ink, appearing to read 'Peter Bakker'.

Peter Bakker
President, WBCSD

Executive summary

In a perfectly aligned world, public policy-making would enable business to play as full a role as possible in conserving and sustainably managing ecosystems. It would capture insight from industry experience in the areas of target setting, resource allocation and financing mechanisms to deliver a positive outcome for biodiversity and ecosystems. The WBCSD would like to help make this happen by working with business and policy-makers.

Picking up the Pace – Accelerating public policies for positive outcomes, the WBCSD's latest ecosystems and biodiversity publication, builds on *Effective biodiversity and ecosystem policy and regulation*,¹ a publication produced by the WBCSD for the 10th Conference of the Parties (COP) of the Convention on Biological Diversity (CBD), *Picking up the Pace* aims to:

- Provide constructive and practical input from business to support government efforts to deliver on the Aichi targets;
- Positively influence the design and implementation of biodiversity and ecosystem policy to improve both its efficiency and effectiveness in delivering environmental outcomes;
- Improve policy-makers' awareness of the positive and negative business experiences of biodiversity and ecosystem policy and highlight lessons that can be learned from experiences to date;
- Present a policy process framework that demonstrates how government and policy-makers can positively engage business in the policy-making process.

This publication was developed through a review of case studies on biodiversity and ecosystem policy implementation.

¹ *Effective biodiversity and ecosystem policy and regulation: Business input to the COP 10 of the Convention on Biological Diversity*, World Business Council for Sustainable Development, October 2010.

In the course of reviewing the case studies, the WBCSD developed nine key messages for policy-makers that should be considered at each stage of the policy process in order to ensure win-win outcomes. The key messages relate to four stages in the policy-making life cycle outlined in figure 1:

During policy design (*Accelerator step 1* in the policy framework in this report)

- 1 Enter early dialogue with business
- 2 Provide commercial benefits
- 3 Consider policy options in the context of the overall policy landscape

Mobilize business (*Accelerator steps 2 and 3* in the policy framework in this report)

- 4 Provide targeted technical and financial support
 - 5 Clarify property and access rights
- Coordinate (*Policy control step 3* in the policy framework in this report)
- 6 Facilitate ongoing multistakeholder dialogue
 - 7 Communicate results

Monitor (*Policy control step 2* in the policy framework in this report)

- 8 Develop strong monitoring frameworks
- 9 Give business time to adapt

Each of these key messages poses realistic goals for policy-makers, all of which can be achieved by focusing on certain enabling factors that have been instrumental in effective policy-making around the world.

Introduction

Business, public policy and ecosystems

As biodiversity declines and ecosystem service degradation continues, businesses and policy-makers are becoming increasingly aware of the impacts this has on business operations and economic growth. At the same time, there is increasing recognition that although business often contributes to ecosystem degradation, it can actually be one of the most important providers of practical solutions to address these challenges.

In a perfectly aligned world, public policy-making would enable business to play as full a role as possible in conserving and sustainably managing ecosystems. It would capture insight and knowledge from industry experience in the areas of target setting, resource allocation and financing mechanisms to deliver a positive outcome for biodiversity and ecosystems. In an optimal scenario, policies would also deliver ecological benefits at minimum cost to business by providing the right incentives to those who directly manage natural resources.

This aspiration to engage business in delivering on public policy goals for ecosystems was a central theme of the tenth Conference of the Parties to the Convention on Biological Diversity (COP10), both as part of the formal agenda and in many industry-led side events. The aspiration is again embodied within the formal agenda of COP 11 and remains a key area of interest to a wide range of actors.

The need for and objectives of this publication

COP 10 in Nagoya, Japan and the launch of the Aichi Biodiversity Targets³ were major steps forward in the agreement of policy goals between nations. Yet despite

these goals, there is a great deal left to be done to ensure such policies:

- Are appropriately designed;
- Are implemented and enforced effectively;
- Deal with sets of interlinked concepts and issues associated with markets and ecosystems, rather than single issues

The Aichi Strategic Goals ⁴		
A		Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society
B		Reduce the direct pressures on biodiversity and promote sustainable use
C		Improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity
D		Enhance the benefits to all from biodiversity and ecosystem services
E		Enhance implementation through participatory planning, knowledge management and capacity building

During COP 10, governments also adopted Decision X/21 on Business Engagement, aimed at promoting a public policy environment that enables business engagement and the mainstreaming of biodiversity into corporate strategies and decision-making. The WBCSD believes that business has a major role to play in influencing and implementing biodiversity and ecosystem policy and supporting the delivery of the Aichi Targets. This publication forms part of the business contribution towards effective collaboration with governments and policy-makers in order to reduce biodiversity loss and ecosystem degradation.

Building on *Effective biodiversity and ecosystem policy and regulation*,⁵ the publication produced by the WBCSD for COP 10, "this report aims to:

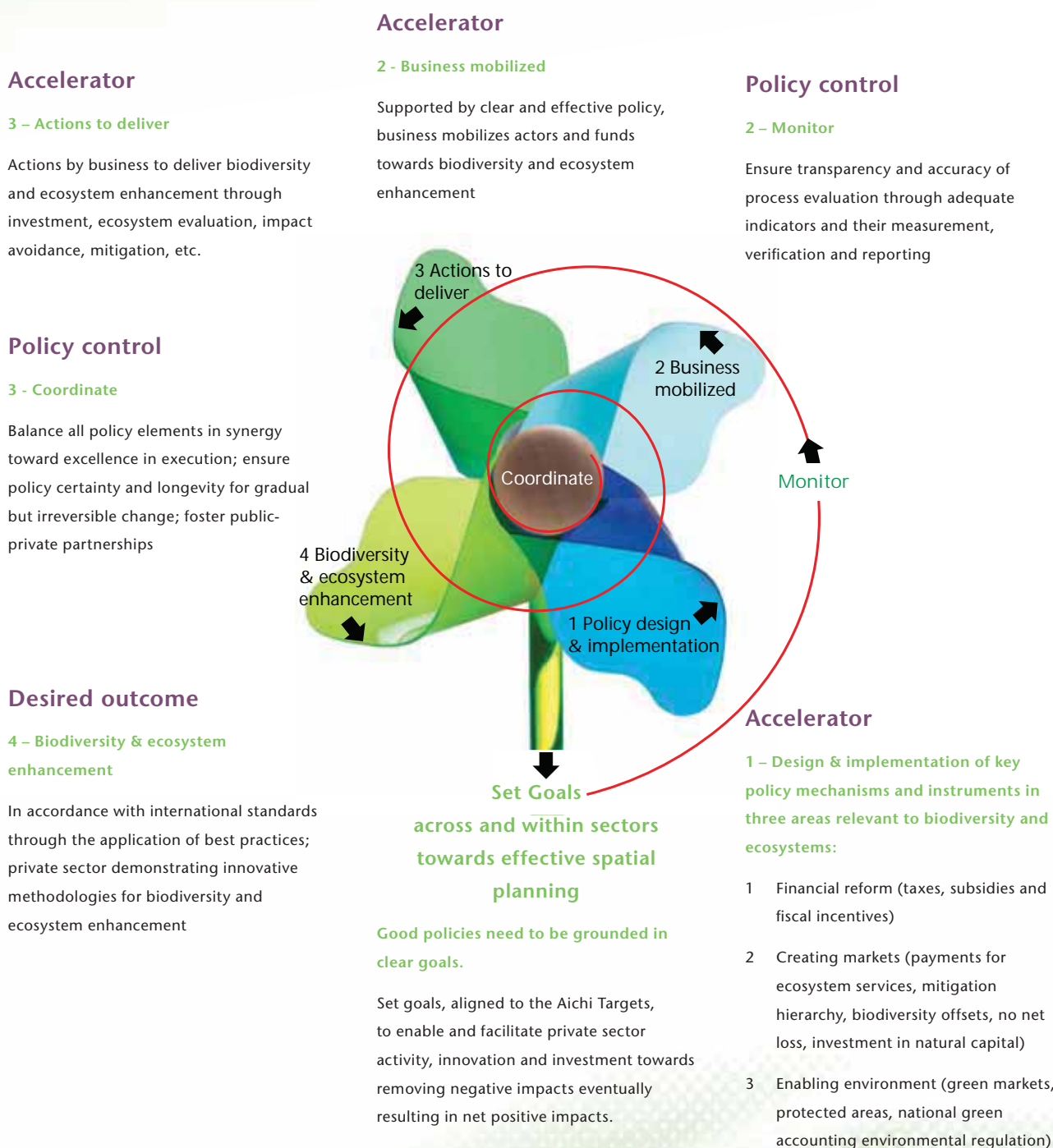
³ The Aichi Biodiversity Targets are a set of 5 strategic goals, including 20, time-bound, measurable targets agreed by the Parties to the Convention on Biological Diversity in Nagoya, Japan, in October 2010. These are now being translated into revised national strategies and action plans by the 193 Parties to the Convention.

⁴ See www.cbd.int/sp/targets/ for a detailed description of the Aichi Strategic Goals, which are part of the Aichi Biodiversity Targets

⁵ World Business Council for Sustainable Development (2010). *Effective biodiversity and ecosystem policy and regulation: Business input to the COP 10 of the Convention on Biological Diversity*.

Changing Pace Policy Framework

Figure 1 A policy framework for engaging business in the effective delivery of biodiversity and ecosystem goals adapted from Changing Pace, WBCSD 2011



Key messages for policy-makers

The policy framework above emphasizes the need to ground policy **goals** in effective **spatial planning**, which should also be an outcome of the policy-making process, and a means to deliver the Aichi Targets. Spatial planning aims to bring together differing policies and programs to balance economic, social and environmental interests at a landscape level. When done effectively, spatial planning can promote biodiversity and ecosystem enhancement by regulating land use⁷ and promoting green growth. The policy framework also aims to identify both **accelerator** steps and **policy control** steps that deliver **desired outcomes** as efficiently as possible.

Business can play an important role in all stages of the policy process, but in order to mobilize private sector resources, governments must identify policies that deliver win-win outcomes that align government and business goals and targets. This publication and the conceptual framework above focus on policy proposals grouped into three categories: (1) financial reform, (2) the creation of markets, (3) the establishment of an enabling environment. These categories were developed through a WBCSD member meeting in Montreux, Switzerland in April 2012 and a joint Organization for Economic Co-operation and Development (OECD)/WBCSD workshop in Paris in June 2012. These are considered to be the three “pillars” to achieving effective spatial planning.

The WBCSD also believes there needs to be a concerted effort by policy-makers to make policy simple, clear and manageable. Businesses need to be able to identify, through some straightforward processes, what actions are required of them and what opportunities exist to be acted upon. Policy should be predictable and transparent, allowing business to be comfortable in making long-term investments in initiatives to manage and restore biodiversity. It is also important that policies be realistic and with achievable goals, taking account of the economic, social and ecological priorities of the countries in which they are implemented.

In the course of reviewing the case studies for this publication, the WBCSD has developed nine key messages for policy-makers that should be considered at each stage of the policy process in order to ensure win-win outcomes:

During policy design phase (*Accelerator step 1* in the policy framework)

- 1 **Enter early dialogue with business:** Business is often already working on projects and programs to tackle the loss of biodiversity. They can often provide valuable knowledge and insights into defining the problem and how best to structure policy to create positive incentives for conservation. As such, policy-makers should consider entering into dialogue and consultation with business at the earliest opportunity.
- 2 **Provide commercial benefits:** Biodiversity and ecosystems policy can often be costly and may not provide companies with commercial incentives. Policy should be designed to be both economically rational for companies to implement and allow them to gain competitive advantage and derive commercial benefits. Where it is not possible for policies to provide incentives for company action, regulators should try to minimize the cost of compliance. In addition regulators should make sure policies are applied to all companies consistently to avoid the inadvertent creation of an unlevel playing field.
- 3 **Consider policy options in the context of the overall policy landscape:**
 - Invest time in identifying any existing policy measures that may interact with any newly proposed policy. If there are indeed relevant existing policies, regulators may wish to analyze to what degree those could be adjusted to deliver the proposed objectives. Indeed it may also be necessary to consider whether existing policies would need to be amended so as to take into account any emerging policies.
 - Policies that address only one aspect of a biodiversity or ecosystem issue, for example fines for pollution, in isolation and without consideration of other measures, for example

⁷ As an example of this, a commitment to «ecologically coherent planning» is now a central aim of UK government policy, as stated in its 2011 UK Natural Environment White Paper.

limiting non-compliant company access to resources, may not have the desired impact on the enhancement of biodiversity and ecosystems, and may adversely affect business. There may also be certain trade-offs to be considered in the light of other potential impacts, such as social issues. When designing policy, consideration should therefore be given to other relevant policy and fiscal measures that will provide the appropriate supporting environment to allow business to efficiently adjust their practices. Full consideration of the policy landscape may be achieved through, for example, policy mapping or stakeholder engagement.

Mobilize business (*Accelerator steps 2 and 3 in the policy framework*)

- 4 **Provide targeted technical and financial support:** Substantial technical skills and financial resources are required to adjust business practices and implement projects to conserve biodiversity and ecosystems. Governments can provide support to business through the provision of technical experts to assist project development, and by providing access to grant funding or preferential loans.
- 5 **Clarify property and access rights:** Ecosystem conservation and sustainable management require the clear delineation of usage rights and management responsibilities between stakeholders. Policy-makers should ensure that usage and access rights are clear and enforced, and that the responsibility of business in managing ecosystems is clearly outlined.

Coordinate (*Policy control step 3 in the policy framework*)

- 6 **Facilitate ongoing multistakeholder dialogue:** Successful implementation of biodiversity and ecosystem policy requires ongoing dialogue and communication between stakeholders. This is useful as there are often steep learning curves associated with the adoption of non-core activities in response to new policy. To ensure all stakeholders participate in decision-making, including business, policy-makers should consider creating or adapting relevant institutions to allow individuals and groups to make collective decisions on target habitats and ecosystems.

- 7 **Communicate results:** Limited information about the potential risks and opportunities associated with new policies can create uncertainty for business and lead to slow uptake or poor application of policy. Lessons learned from first movers and pilot schemes should be publically available and widely communicated for the benefit of other businesses.

Monitor (*Policy control step 2 in the policy framework*)

- 8 **Develop strong monitoring frameworks:** There is often a lack of information about the impacts of biodiversity policy on (1) the environment and on (2) businesses impacted by the policy. From the beginning, monitoring frameworks should be put in place to capture and quantify impacts on both, providing policy-makers with the necessary information to adjust and restructure policy to ensure more effective outcomes. Businesses can also play a part in helping report and gather monitoring and evaluation data.
- 9 **Give business time to adapt:** policy-makers should also ensure there is enough time allowed for companies to adjust practices and comply with new policy requirements. This should be enabled through the setting of reasonable and predictable timeframes, which should be reviewed and revised where necessary according to monitoring feedback.

8 Effective biodiversity and ecosystem policy and regulation: Business input to the COP 10 of the Convention on Biological Diversity, World Business Council for Sustainable Development

Policy focus areas

In the WBCSD's previous report,⁸ 11 biodiversity and ecosystem policy proposals were put forward and explored at a high level. These 11 had been identified from and promoted by The Economics of Ecosystems and Biodiversity (TEEB), the Convention on Biological Diversity (CBD), the United Nations Environment Programme (UNEP), and a range of other international organizations. These 11 continue to warrant further examination as they are increasingly being considered and implemented by governments around the world.

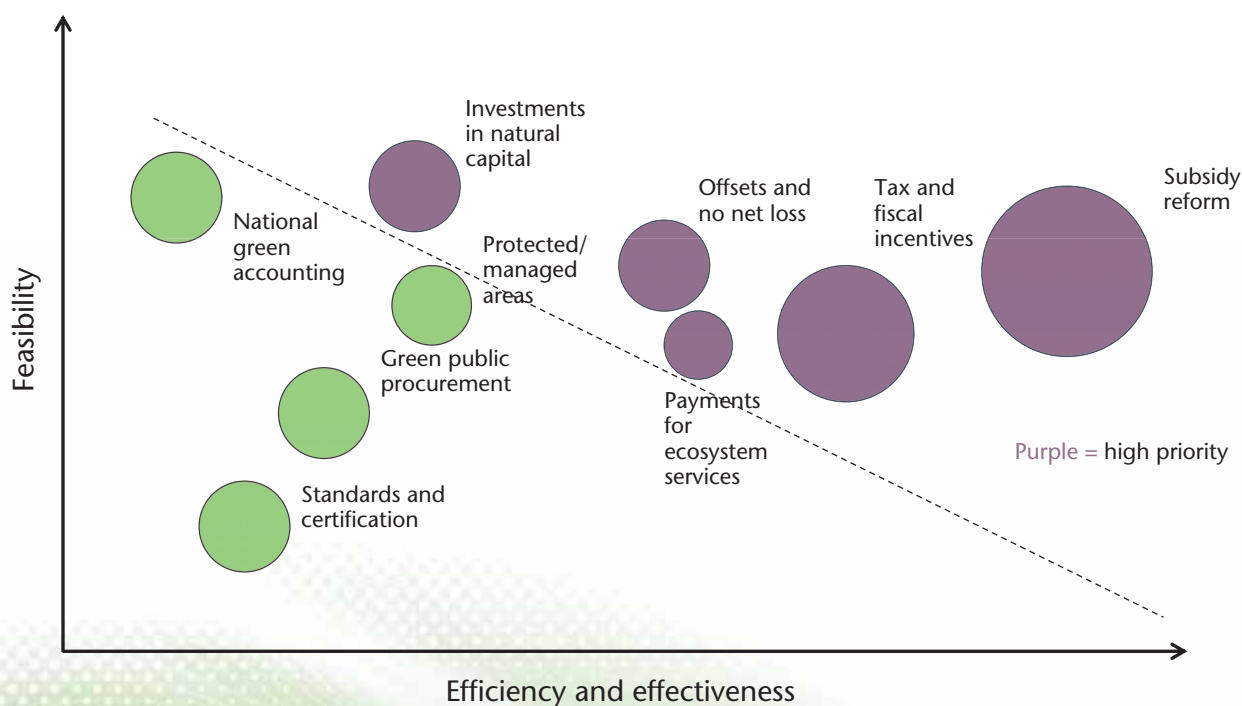
As part of the development of this report, these 11 policy options were reviewed in a joint working session of experts from OECD, trade associations, country government and business representatives. The purpose of this review was to compare such policy proposals in terms of feasibility and potential impact.

From the 11 options, this paper provides **detailed case studies** on the five priority policy areas identified in the figure 2 bubble diagram. The WBCSD believes these five provide the most potential to deliver efficient and effective policy, and also to deliver the goal of sustainable and effective spatial planning.

In addition, **shorter case study information** is provided on the next three non-priority policy options, where interesting case study information was available to the authors.

Please note that the companies named have been involved in drafting the case studies and have in some instances provided text and information to support the research and analysis conducted by the WBCSD.

Figure 2: Mapping policy option priorities – results of a joint OECD-WBCSD workshop



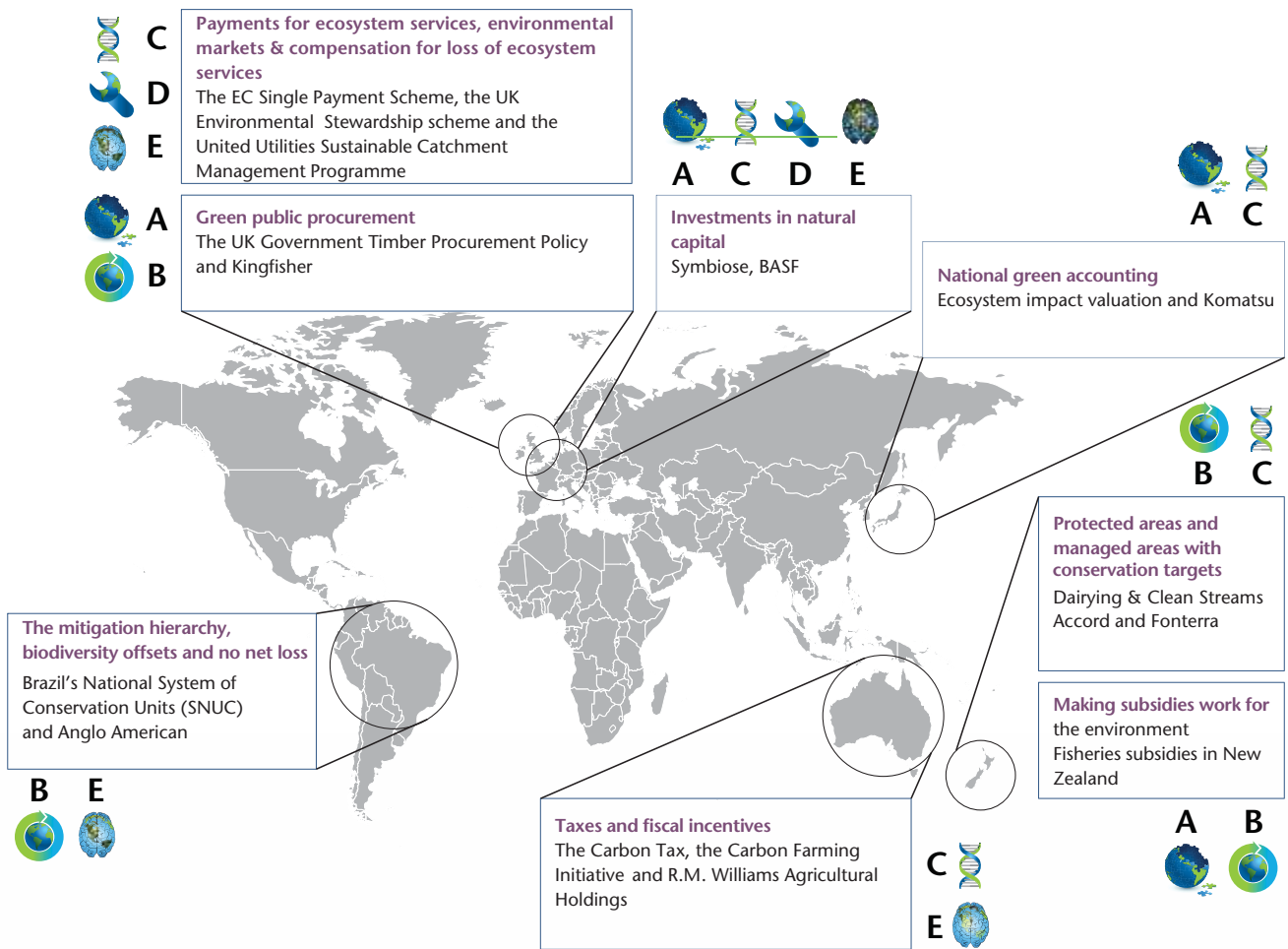
It should be noted that two proposals from *Effective biodiversity and ecosystem policy and regulation* paper, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and the Nagoya Protocol on Access and Benefit-sharing (ABS) were not prioritized during the workshop and do not have case studies within this report because both these options have now been launched at the intergovernmental level.⁹ The eight policy proposal case studies are also grouped into categories defined by their ultimate common goal: (1) financial reform, (2) the creation of markets, (3) the establishment of an enabling environment. These three categories also feature in the policy framework shown in figure 1. For each of the policy proposals, the case study has been used to demonstrate the impacts of policies on business and to highlight specific policy features that have successfully enabled business action. The authors have also been able to identify common aspects of successful policies, or “key enabling factors for successful policy-making”. These are listed in the conclusion of this publication.

Information from case studies has been collected using desk-based research supported by interviews with each of the businesses cited. The map below shows the case studies and policy areas and how they relate to the Aichi Targets.

The Aichi Strategic Goals ⁴		
A		Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society
B		Reduce the direct pressures on biodiversity and promote sustainable use
C		Improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity
D		Enhance the benefits to all from biodiversity and ecosystem services
E		Enhance implementation through participatory planning, knowledge management and capacity building

⁹ ABS Principles are stated in Art. 15 and 8 (j) of the CBD (1992) and are being implemented in some 40 countries around the world (for example in 2004 in South Africa and in 2003 in Costa Rica).

Figure 3: Case studies and policy areas explored in this report
 (letters indicate relevance to Aichi Strategic Goals A to E)



Making subsidies work for the environment

Fisheries subsidies New Zealand



Fiscal reform

Fiscal reform covers policies that offer companies fiscal incentives to either refrain from negatively impacting the environment (see Making subsidies work for the environment) or absorb the cost of externalities through taxes on natural resources (see Taxes).



Making subsidies work for the environment

Definition

An environmentally harmful subsidy is defined by The Economics of Ecosystems and Biodiversity (TEEB) as “a result of a government action that confers an advantage on consumers or producers, in order to supplement their income or lower their costs, but in doing so, discriminates against sound environmental practices.”¹¹

WBCSD view

Definition

The objective to reduce so called “perverse” or “harmful” subsidies is widely accepted by many governments around the world and strongly supported by the WBCSD. It is worth noting, though, that many subsidies are not environmentally harmful and indeed that some are specifically designed to deliver improved environmental outcomes.

The case study on fisheries subsidies in New Zealand demonstrates that the reform or removal of subsidies can improve private sector or ecosystem stewardship by removing incentives for narrow productivity gains and rewarding good management. However, subsidy reform will be painful for some industries and companies; in order to drive positive environmental management from the private sector, any proposal for subsidy removal should take account of the need for additional support policies and fiscal incentives.

The policy concept

According to the 2012 *State of the World's Fisheries and Aquaculture* report by the Food and Agriculture Organization of the United Nations (FAO) an estimated 30% of the world's fish stocks worldwide are over-exploited, depleted or recovering from over-exploitation. Part of the cause of this over-exploitation has been, and continues to be, subsidies paid by governments to support fishing and expand fishing fleets. Fisheries subsidies are direct or indirect payments made by governments to the fisheries sector that result in a private benefit.¹² Global fisheries subsidies are estimated at between US\$ 25 and US\$ 29 billion per year, of which fuel subsidies account for 15–30%, and capacity enhancing subsidies account for about 60%.¹³ Subsidies lower the costs of fishing and increase the profitability of the industry, leading to the buildup of excessive fishing capacity and over-exploitation of fishing stocks where there are insufficient intervention measures to limit catch levels or limit entry to fishing.¹⁴

Case study

In New Zealand, by the early 1980s, inshore fisheries were showing clear signs of over-exploitation. New Zealand had traditionally managed its inshore fisheries using conventional methods, such as input controls like permitting, minimum fish size limits, gear restrictions, seasonal and area closures. However, its inshore fisheries were significantly overcapitalized and too many boats were bringing in a decreasing level of catch. By contrast, the creation in 1978 of a 200-mile Exclusive Economic Zone (EEZ) had enabled New Zealand to claim management rights to the fourth largest such area in the world. At that time the New Zealand EEZ contained relatively under-exploited deepwater fish stocks that had until then been exploited by distant-water fishing nations rather than by New Zealand.

In New Zealand, throughout the 1970s, the government had progressively removed capacity building and export subsidies for the fishing industry. In the early 1980s, it set about wholesale reform of the fisheries sector. This included the setting of strict output controls on key commercial fisheries through total allowable catch levels and the allocation of individual, tradable catch rights to fishers, referred to as the Individual Transferable Quota

Taxes and fiscal incentives

The Carbon Tax, the Carbon Farming Initiative and R.M. Williams Agricultural Holdings Australia



Taxes

Definition

Environmental taxes are defined by the Organization for Economic Co-operation and Development (OECD), the International Energy Agency and the European Commission as: "Any compulsory, unrequited payment to general government levied on tax bases deemed to be of particular environmental relevance", where the tax bases "include energy products, motor vehicles, waste, measured or estimated emissions, natural resources, etc."

WBCSD view

Definition

Economic instruments such as taxes, charges and fees, as well as targeted exemptions from these instruments, are proposed as an important element of the policy-maker's toolkit to complement other measures discussed in this publication. The WBCSD reaffirms its belief that environmental taxes can contribute to achieving biodiversity and ecosystem related improvements in certain circumstances.

Many private sector actors lack the appropriate incentives to invest in conservation activities and sustainable use practices. Environmental taxes are often structured to correct externalities and dissuade the private sector from negatively impacting the environment or ecosystems. The case study on taxes and fiscal incentives demonstrates that taxes can also be designed to encourage positive activities that promote innovation in biodiversity conservation and ecosystems management, for example by reducing the production intensity on farms to encourage greater carbon sequestration. However, in order to do so taxes must often be complemented by other policy measures and fiscal incentives. Innovation can often be hindered by market barriers, such as unclear property rights, lack of capital and technical capacity. Governments can overcome some of these barriers by providing government funding and research and development support to the private sector.

The policy concept

A carbon tax is a cost applied to carbon pollution to encourage polluters to reduce the amount of greenhouse gas they emit. Carbon taxes offer a potentially cost-effective means of reducing greenhouse gas emissions and help to internalize the high environmental costs of large emitters. They also make investment by companies in clean technologies and other carbon mitigation activities more cost competitive with fossil fuel use.

The Carbon Tax (sometimes referred to as the Carbon Price) was introduced in Australia on 1 July 2012 and requires certain companies to pay for each metric ton of carbon they emit.¹⁵ The tax is part of the government's commitment to reduce emissions from carbon intensive industries by 5% and is part of a wider program of carbon abatement activities under the government's Clean Energy Futures agreement. However, despite agriculture contributing 24% of Australia's greenhouse gas emissions, farmers are exempt from paying the carbon tax.¹⁶

Instead greenhouse gas abatement achieved through carbon sequestration from trees and soil is clearly recognized within the new legislation. This means that companies outside the agriculture sector can "offset" their tax obligations by investing directly in carbon sink forests or by acquiring Australian Carbon Credit Units (ACCUs) produced by carbon sink forests. ACCUs will be created as a result of the Carbon Farming Initiative (CFI), separate legislation passed by the Australian Senate in August 2011. For the first three years, companies can take 5% of their credits from the CFI and any amount thereafter.

Case study

In 2010 R.M. Williams Agricultural Holdings (RMWAH) met with Parks Australia and the Australian government to explore the development of an alternative model to restore degraded landscapes and achieve biodiversity outcomes. In June 2011, RMWAH bought Henbury Station, a property near Alice Springs, to implement the proposed project. This "learning by doing" project was devised to generate some of the first carbon offset credits that could be sold to corporate emitters and the voluntary market under the CFI. The 5,000 km² property, a former pastoral lease, was bought with funding support from

the Australian federal government for AU\$ 13 million to be managed under a perpetual conservation covenant as part of the National Reserve System and to be a template for rangeland management under the CFI. By removing cattle from the site, RMWAH, working with the federal government and the Commonwealth Scientific and Industrial Research Organisation (CSIRO), will manage fire, water and other environmental factors to encourage natural regeneration, with the aim of enhancing the sequestration of carbon in above and below ground biomass.

The objective is to create an alternative revenue stream for pastoralists to manage their land sustainably, with cash payments for the outcomes of a healthier landscape.

The company has calculated that they will be able to sequester up to 1.5 million tonnes of carbon dioxide equivalent (CO₂e) per year for the next 25 years. These fungible credits may be sold to participating companies. The resulting income from the sale of the credits will fund the ongoing conservation management of the site.

On 26 July 2012, the Australian airline carrier Qantas announced that they would be partnering with RMWAH to buy carbon credits generated by the Henbury Station project in order to offset carbon emissions and satisfy both their voluntary and compliance commitments, nationally and internationally.

Policy context

The project represents a new and innovative approach to landscape restoration, conservation and subsequent healthy landscapes, demonstrating how a tax has been designed to provide incentives for the private sector to participate in landscape projects that produce carbon credits. The tax and associated offset legislation has created a clear commercial rationale for land-based conservation activities. This has been complemented by government funding and technical assistance, all of which have provided RMWAH with the necessary support and confidence to enter into a new business venture, with the associated environmental benefits. Importantly, the standards of the Carbon Farming Initiative also place an emphasis on the co-benefits associated with land-based mitigation activities, such as the conservation of biodiversity and recognition of stakeholder rights.

The business perspective on the policy case study

The government's willingness to provide funding and technical support and the demand generated by the carbon tax encouraged RMWAH to develop this project. However, the scaling up of the project has been hindered by certain market barriers, such as lack of clarity in the law relating to carbon ownership and the current slow development of appropriate scientific methodologies to monitor and measure the level of carbon sequestration.



15 See www.co2australia.com.au/index.php?sectionID=6701&pageID=12741

16 See www.abc.net.au/rural/content/2012/s3449585.htm

FURTHER INFORMATION
www.rmwilliamsag.com.au

Creating markets

Payments for ecosystem services, environmental markets and compensation for loss of ecosystem services The EC Single Payment Scheme, the UK Environmental Stewardship scheme and the United Utilities Sustainable Catchment Management Programme initiative United Kingdom



Creating markets

Definition

Payments for ecosystem services (PES) is a generic name for a variety of arrangements through which the beneficiaries of ecosystem services pay the providers of those services. TEEB defines PES as: "...voluntary transactions where a well-defined ecosystem service (or land-use likely to secure that service) is 'bought' by at least one ecosystem service buyer from at least one ecosystem service provider, if and only if the ecosystem service provider secures ecosystem service provision (conditionality)."

WBCSD view

The creation of PES projects has been limited by the high transaction costs of establishment. For example, the mapping of resources and the monitoring and enforcement of projects can be costly. The scaling up of such projects will require regulators to create payment mechanisms that reward whole ecosystem stewardship and are paid directly to resource managers. Government and policy-makers can also provide support by facilitating the coordination of local stakeholders and assisting in developing partnerships. Lessons learned from schemes such as the following Sustainable Catchment Management Programme example should be widely disseminated and technical support and guidance made more widely available.

The policy concept

In the European Community (EC) during the 1980s and 1990s, Common Agricultural Policy (CAP) payments rewarded farmers for increases in productivity. In many parts of the United Kingdom and the European Union this promoted an expansion in agricultural production and increased the intensity of farming practices, leading to the deterioration of important habitats, a decline in species populations and a loss of important environmental services.

In 2005, the EC introduced the Single Payment Scheme (SPS),¹⁷ which replaced most existing crop and livestock payments and began phasing in payments based on environmental conditions. In the UK, this policy measure was complemented by the Environmental Stewardship Schemes that provided payments to farmers to deliver effective environmental management on their land.¹⁸ These measures were also accompanied by government biodiversity targets on areas of special conservation value called Sites of Special Scientific Interest (SSSIs).





Case study

United Utilities is the UK's largest listed water company, serving some 7 million people in the North-West of the country. It is a large land owner in the region, with 56,385 hectares. Much of the land is specially designated for its habitat and landscape value, with 17,343 hectares designated as SSSIs. A significant proportion of this SSSI-designated land was in poor condition, partly attributed to overgrazing, upland drainage, historical pollution, inappropriate vegetation management and uncontrolled burning. This contributed to a deterioration of the water quality in the area.

As a regulated water utility company, United Utilities is expected to meet government regulatory standards for water quality. Usually such regulations are met by companies through costly engineering projects. Changes in EC payments to farmers and the introduction of the Environmental Stewardship scheme, as well as new UK targets on the conservation of SSSIs, created the right political climate and incentives for United Utilities to begin focusing on management of their catchment area in the North-West in order to meet these requirements.

United Utilities established the Sustainable Catchment Management Programme (SCaMP) in 2005, with the aim of improving wildlife habitat and water quality across the North-West of England, including 20,000 hectares of water catchment land owned by the company. This land is the gathering ground for water used to supply many of its customers.

United Utilities and partner organizations work with tenant farmers to deliver sustainable whole-farm plans. These plans detail the environmental restoration required to improve habitats, such as bare and eroding peat restoration, the creation of new woodlands, the installation of stock fencing to protect water quality, and the improvements in farm operations required to sustain the habitat.

The project is delivered in partnership with the Royal Society for the Protection of Birds (RSPB), Natural England, farmers and other local stakeholders. The project is funded by United Utilities, and supported by additional government agri-environmental grants that provide ongoing grant support to tenant farmers to adjust their practices.

In the first phase of the work from 2005-2010, the project has had a significant impact. Natural England assessed the condition of the 13,000 hectares of SSSI and found that 99% of this land is now in favorable or unfavorable recovering condition. Before SCaMP, in some areas this had been assessed as low as 14%.

Policy context

This case demonstrates that a combination of regulatory environmental standards and financial incentives targeted at biodiversity conservation, carbon reduction through peatland management and the provision of water supplies have made the PES approach more attractive for United Utilities. The willingness of regulators to provide support to the scheme and key partnerships with non-governmental organizations, such as Natural England, and local stakeholders were also important. Replicability and scalability are somewhat hindered by the lack of information and knowledge about how to develop and fund such a scheme, especially with the high start-up costs. Through SCaMP, United Utilities had the information it needed to use the water regulatory mechanism to secure the funding.

The business perspective on the policy case study

The introduction of the Environmental Stewardship Payment and the SSSI targets were a catalyst and enabler of the SCaMP scheme. But it is United Utilities as a company that pioneered the initiative, driven by its desire to innovate and demonstrate new, more cost-effective methods of compliance with, and reduced risk to, water quality standards.

17 EC Council Regulation 1782/2003.

18 Natural England website at www.naturalengland.gov.uk/ourwork/farming/funding/es/default.aspx [accessed 02/08/12]

FURTHER INFORMATION

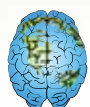
www.corporate.unitedutilities.com/scamp-index.aspx

The mitigation hierarchy, biodiversity offsets and no net loss

Brazil's National System of Conservation Units (SNUC) and Anglo American Brazil



The mitigation hierarchy, biodiversity offsets and no net loss



Definition

There are numerous approaches to and definitions for biodiversity offsets. The UK Department for Environment, Food and Rural Affairs defines biodiversity offsets as “conservation activities designed to deliver biodiversity benefits in compensation for losses in a measurable way. Good developments incorporate biodiversity considerations in their design but are still likely to result in some biodiversity loss. One way to compensate for this loss is by offsetting: the developer secures compensatory habitat expansion or restoration elsewhere.”¹⁹

WBCSD view

There is skepticism among some stakeholders around the use of biodiversity offset mechanisms. Indeed solutions to certain limitations of this approach, such as the questionability of equivalency of one “unit of biodiversity” for another, are in development.

Offsetting should always be considered within the full context of the mitigation hierarchy – avoidance, mitigation and restoration – with the further additional objective of having a positive impact on biodiversity through the use of offsets and additional conservation action.²⁰ Implemented within the right regulatory context, there is no doubt offsets can positively contribute to biodiversity conservation and sustainable management of ecosystems at the landscape level.

The policy concept

Brazil encompasses the largest area of rainforest of any nation in the world. However, the exploitation of forest

resources, especially for timber, as well as the expansion of large-scale agri-business (e.g. soya, cattle) into the Amazon and the Cerrado have resulted in significant deforestation and loss of biodiversity over vast areas. In order to address the loss of both habitat and biodiversity, the Brazilian federal government enacted several laws to make enterprises more accountable for their impacts on the environment through costs embedded in the licensing process.

Among them is the National System of Conservation Units (SNUC)²¹, which authorizes the state environmental authority to negotiate compensation of a minimum of 0.5% of a project’s installation or construction costs when licensing proposed projects. This applies where the project is considered to have significant environmental impacts. In theory, the greater the expected impacts, the greater the percentage that is negotiated between the state authority and the company. The sum negotiated, administered through a publicly transparent account, will then be used towards the creation of Conservation Units (CUs) (i.e. a protected area) within the state.

Case study

Anglo American is a multinational mining company with substantial nickel, niobium and phosphate operations and an iron-ore project in Brazil. As such, its mining operations in important biomes have been subject to SNUC in several regions of Brazil, typically paying 1% of their projects’ anticipated investment costs to state environmental authorities.

Policy context

Over the 12 years of SNUC’s enforcement, Anglo American has had the opportunity to develop its communication and collaboration with various state authorities. This relationship has resulted in Anglo American being able to aid the state authority in working effectively to allocate the funds in the manner in which it will have the most positive impact on the environment and biodiversity. Previously, CUs could be placed in any area of the state to create a park, but its placement rarely bore a relation to a company’s’ operations and impacts. At times this resulted in less effective control of the protected area, as these could be quite distant from company operations.

The negotiation process that the company undergoes to determine the sum to be paid to a CU for a project is not generally approached in a systematic and comprehensive manner common to all states. As such there are ongoing discussions between state authorities and key stakeholders to determine a unified methodology to calculate the expected environmental impact of a project.

Furthermore, in this case there is a strong willingness of the business to engage with and aid the government, which has limited resources to control vast areas. Anglo American is working to find innovative ways to deal with the issues in order to increase effectiveness, such as around the monitoring of CUs. As a proposal to Goiás state, Anglo American has advised a concerted approach to spatial planning in the project and surrounding area through the creation of a specific CU called Reserva Particular do Patrimônio Natural (RPPN) a private national heritage reserve for . Such RPPNs channel company-sourced funds and serve to revitalize protected areas. Additionally, Anglo American suggested that CUs be placed within a manageable distance from the company’s operations, so that it might contribute to planning the monitoring and maintenance processes of the CU.

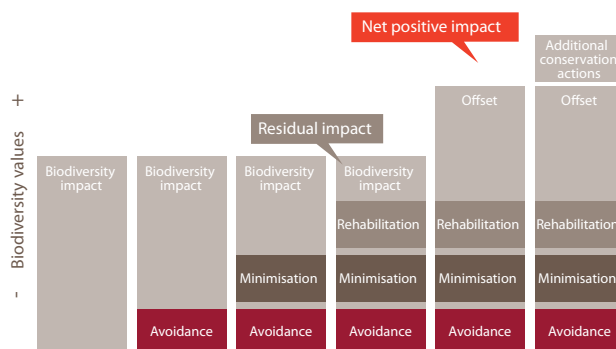
The business perspective on the policy case study

Overall, due to the lack of a systematic methodology to make the cost of offset proportional to impacts, the companies see this policy as more of a tax. However, the aspiration to develop the policy to ensure the cost of offsetting is proportional to environmental impact is something that finds strong support at Anglo American.

“Licensing, and a partnership approach to the private sector, may be the only ways in which governments can really engage the private sector to preserve the environment, as they lack the resources to otherwise monitor and maintain the vast areas of native vegetation.” - Juliana Rehfeld, Senior Manager of Sustainable Development, Anglo American Brazil Nickel BU

The results of the policy in the form of nearly 755,000 km² of Conservation Units in 2010,²² show that offsetting can make a significant positive contribution to biodiversity and ecosystem enhancement.

Offsetting should always be considered within the full context of the mitigation hierarchy – avoidance, mitigation and restoration – with the further objective of having a positive impact on biodiversity through the use of offsets and additional conservation action.²³



19 UK Department for Environment, Food and Rural Affairs, *The Natural Choice: securing the value of nature*. Available at: www.official-documents.gov.uk/document/cm80/8082/8082.pdf

20 WBCSD (2011). *Effective biodiversity and ecosystem policy and regulation - Business input to the COP 10 of the convention on biological diversity*

21 Law no. 9985 of 18/7/2000

22 United Nations Environment Programme (UNEP)-World Conservation Monitoring Centre (WCMC) (2010). *The contribution of Brazilian conservation units to the national economy* www.unep-wcmc.org/medialibrary/2011/11/17/3b37be2d/PUBLI_PNUMA_UNEP.pdf [accessed 09/08/12]

23 WBCSD (2011). *Effective biodiversity and ecosystem policy and regulation - Business input to the COP 10 of the convention on biological diversity*.

FURTHER INFORMATION
www.angloamerican.com

Investments in natural capital

Symbiose, BASF France



Investments in natural capital

Definition

Investments in natural capital are generally understood to include investments in the restoration of ecosystems or investments in activities to preemptively prevent or halt ongoing reductions in the provision of ecosystem services.



WBCSD view

Some companies already invest in natural capital regularly and instead of more expensive engineering solutions, and some governments also lead investment in some cases (e.g. the United Nations Reducing Emissions from Deforestation and Forest Degradation, or REDD+²⁴). However, effective policy measures can help channel further private finance and innovation for natural capital. The key policy shifts required include true value pricing, the removal of perverse subsidies and incentives for eco-efficient management of ecosystem services.



The success of BASF's Symbiose program was strongly determined by the financial support of the local government and the comprehensiveness of the work produced by the government-hired scientist. The involvement of actively engaged members of the local government was also instrumental in its success.

In this case the direct investment of public funds may be legitimized as being in the public's interest in the long term to preserve and restore natural habitats, as well as potentially increasing the yield of crops, through for example protecting and expanding habitat for insect pollinators.

to the foreground of French political discussions with various stakeholders (government, non-governmental organizations, scientists, civil society). As a result, two laws were implemented to address the issues and proposals arising from that political debate: Roundtable I and II. The first law delineated the principles and programs deemed significant and important from the debate; the second specified aspects of the operationalization of the first law. One such program was the creation of "green infrastructure", the so called *trame verte et bleue*. The aim of such a green infrastructure is coordinated spatial planning working with an array of stakeholders on integrated land management. However, government guidance on how such infrastructure could be coordinated and built was limited.

The BASF-led Symbiose initiative is using this legislation and the momentum generated by this debate as an opportunity to take the lead and be the first to develop a regional methodology for the creation of green infrastructure.

Case study

Headquartered in Germany, BASF is the largest diversified chemical company in the world, and a significant producer of pesticides. BASF's interest in engaging with the *Grenelle de l'environnement* stems from its desire to prove the compatibility of biodiversity with modern agriculture.

In 2009 an area of 400 km² in the Champagne-Ardenne region was identified as the location for the development of a three-phase approach to creating green infrastructure. During phase I (baseline studies), BASF adopted a facilitative role and lent support to a local government hired scientist who was responsible for carrying out field studies in the region to assess biodiversity opportunities and barriers. Alongside this, BASF facilitated extensive stakeholder engagement, bringing together more than 35 public and private entities to discuss and agree objectives of collaboration.

Phase II (tool development) encompassed the cataloguing of tools identified in phase I that may be used by stakeholders, most importantly farmers but also transport and energy companies, to contribute towards biodiversity conservation. One such tool was to aid

The policy concept

In 2007 French President Nicholas Sarkozy launched the Grenelle Environment Round Table (*Grenelle de l'environnement*) in France, with the goal of bringing the sustainable development and biodiversity debate

farmers in the creation of bee fallows, hedges, biodiversity management of local crops like alfalfa and other activities that aid biodiversity. The project is currently in phase III (implementation), which involves the coordination of green infrastructure activities by the various stakeholders. Symbiose is now operating as an independent association where association members are key stakeholders. In parallel, BASF is in the process of developing comprehensive biodiversity and financial indicators to measure the progress being made towards restoring and developing biodiversity in agricultural areas.

Policy context

Symbiose has made a strong case for a company operating in the absence of a clear plan for policy implementation.

In order to replicate the success of Symbiose and scale it up, BASF has suggested that the national government could do two things:

1. Lend financial support to those who want to build green infrastructure;
2. Take on a stronger role in the coordination of stakeholders to help them share their learning on successes, failures and best practices.

Furthermore, it is important to understand the positive impacts of Symbiose on the environment. As part of this, BASF is in the process of establishing an experimental environment with measures to protect pollinators, such as bee fallows, showing that they can in fact help to increase crop yield.

The business perspective on the policy case study

Helped by the Grenelle's goal to create green infrastructure, BASF found that there was a strong sense of willingness and unity among local stakeholders with whom they engaged to contribute to the national debate, and to act on biodiversity conservation.

"It was so important that when we sat down with all the stakeholders, we were all of one mind, and wanted to be the first to show how this work could be done well."

- **Sandrine Leblond**, Bee and Biodiversity Expert, BASF



24 Read about REDD+ at www.un-redd.org/aboutredd/tabid/582/default.aspx.

25 *Grenelle I and II*: Orientation Law NOR: DEVX0811607L and Ordinary Law NOR: DEVX0822225L - Act No. 2010-788 of 12 July 2010 on National Commitment on the Environment.

FURTHER INFORMATION

www.symbiose-biodiversite.com

Enabling environment

Green public procurement The UK Government Timber Procurement Policy and Kingfisher UK



Enabling environment



Green Public Procurement and government support for green markets

Definition

According to the European Union “green public procurement [GPP] means that public purchasers take account of environmental factors when buying products, services or works. The goal is to reduce the impact of the procurement on human health and the environment.”

WBCSD view

Green public procurement policies can create demand and help develop a market for green products. Such policies should be designed to be both economically rational for companies to implement and allow them to gain competitive advantage and derive commercial benefits. In order to ensure this is the case it is important that government consult with industry in the initial design phases of the policy. Such policies can also often be best implemented through the provision of practical support (e.g. helplines) alongside clear information and guidance on sustainability requirements.

The policy concept

In 2002, as a result of growing recognition of the rates of deforestation and large volumes of illegal timber being produced, traded and consumed globally, the UK government introduced a timber procurement policy. Initially the policy *required* government departments to purchase only timber that was from legal sources and encouraged them to purchase timber from sustainable sources.

A Central Point of Expertise on Timber, CPET, was established in 2004/5 as a UK Department for Environment, Food and Rural Affairs funded service to “provide government procurement personnel with information and advice to support the implementation of the policy”. In 2009 the policy was updated, making

it mandatory for government departments to purchase only timber from sustainable sources, verified by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or Sustainable Forestry Initiative (SFI) certification.

The policy has been strongly linked to an increase in the import and trade of sustainably certified timber in the UK. A 2010 report stated that the timber procurement policy has had a “positive influence on timber traders and suppliers in terms of boosting the development of their own timber procurement policies”.²⁶ This is supported by the Timber Trade Federation, which reported that there has been a rising trend in the volume of certified sawn softwood products imported to the UK over the last decade, increasing from 58% in 2005 to 91% in 2009.²⁷

Case study

Kingfisher plc is Europe’s leading home improvement retail group and the third largest in the world, with nearly 970 stores in eight countries in Europe and Asia. Its main retail brands are B&Q, Castorama, Brico Dépôt, and Screwfix. Since 2008, B&Q has maintained a certified chain of custody for both FSC and PEFC for over 16,000 product lines, across all its stores and distribution centers in the UK, making it one of the largest multi-site certificates in the world. Although Kingfisher did not obtain the certificate solely to meet UK government timber procurement requirements, the 2009 policy update provided a clear signal that they needed to demonstrate compliance with UK policy in order to retain existing trade contracts and ensure they could continue to grow their sales in this sector.

“For B&Q, the decision to invest in its own certification was driven mainly by a desire to prove the environmental credentials of wood and paper products to concerned customers; however, the UK’s decision to implement a responsible procurement policy for central government contracts sent a clear signal of support for Kingfisher’s direction of travel.” – **Jamie Lawrence**, Senior Sustainability Advisor, Forests & Timber, Kingfisher Plc.

²⁶ Efeca 2011. *An assessment of the impacts of the UK Government’s timber procurement policy*. Available at www.cpet.org.uk/files/Defra%20Timber%20Impacts%20of%20TPP%20Efeca%20Final%20Report.pdf

²⁷ Ibid.

FURTHER INFORMATION

www.cpet.org.uk



Protected areas and managed areas with conservation targets

Dairying & Clean Streams Accord and Fonterra New Zealand



Protected areas and managed areas with conservation targets

Definition

The IUCN defines a protected area as: "A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values."

Governments, non-governmental organizations (NGOs) and private sector organizations are responsible for a variety of land management arrangements covering large areas of land that involve some form of protection, enhanced stewardship or sustainable use.

WBCSD view

Governments often have difficulty in funding protected and managed areas with conservation targets, and consequently ensuring effective management and enhanced stewardship. The Dairy and Clean Stream Accord demonstrates how governments can work directly with the private sector on very specific local issues to manage areas effectively and achieve concerted spatial planning. In order to scale up such an accord, policy-makers should communicate and actively collaborate with private companies on areas where there may be a useful division of responsibilities and labor.

The policy concept

Historically, the dairy industry in New Zealand has had an impact on local watersheds, biodiversity and ecosystem services. However, some impacts can be avoided if cattle are managed according to industry best practices. The Dairying and Clean Streams Accord, signed in 2003, is a non-legally binding initiative to improve the dairy industry's environmental performance.²⁸

Specifically, the Accord is an agreement between Fonterra Co-operative Group, regional councils, the Ministry for the

Environment and the Ministry of Agriculture and Forestry. The parties seek to work together to achieve clean, healthy watersheds in dairying areas. Targets include the exclusion of cattle from waterways, compliant effluent management, and the fencing off of regionally significant wetland.

Motivations behind engaging in the Accord were borne from Fonterra's pride in New Zealand's nature, and from a desire to produce products that upheld New Zealand's proudly green legacy.

Case study

Processing 3% of the world's milk, the New Zealand based, multinational dairy cooperative Fonterra is the world's largest milk processing company, followed by Dairy Farmers of America and Nestlé.²⁹ As part of the Accord, Fonterra has delineated responsibilities, including collaborating with local councils to develop Regional Action Plans (RAPs) and promoting best practice through farm management programs.

The Accord has been making good progress, despite not having met all the initial targets. In the latest progress report (2011) the parties concluded they were on target for two of the five targets. The implementation of stock exclusion has been especially fundamental in the reduction of the dairy industry's environmental impacts. The latest progress report shows that there has been exclusion of dairy cattle from 78% of streams by length and that 89% of dairy effluent discharge practices are not causing risk of environmental harm.³⁰

"My view is that it has been the single most important instrument we have used to entrench the importance of environmental management into the mindset of our dairy farmer shareholders." - **John Hutchings**, General Manager for Sustainability Policy and Carbon, Fonterra

²⁸ Fonterra Co-operative Group, Regional Councils, Ministry for the Environment, Ministry of Agriculture & Forestry (2003). *Dairying and Clean Streams Accord*. Available at: www.mfe.govt.nz/issues/land/rural/dairying-accord-may03.pdf

²⁹ Key findings of the 12th IFCN Dairy Conference 2011 in Kiel. Available at: www.ifcnnetwork.org/media/bilder/inhalt/News/Press-release-DC-2011-14-06-2.pdf

³⁰ Ministry of Agriculture & Forestry (2011). *Stock Exclusion Survey*. Available at: www.mpi.govt.nz/Default.aspx?TabId=126&id=1244

FURTHER INFORMATION

www.fonterra.com

National green accounting Ecosystem impact valuation and Komatsu Japan



National green accounting

Definition

Green accounting incorporates environmental or ecological assets and their source and sink functions into national and corporate accounts.



WBCSD view

The case study on national green accounting shows that in order to enable businesses to work towards a net-positive impact on the environment, policy-makers have more tools at their disposal than more traditional command-and-control models would suggest. To benefit from these, policy-makers could engage with the private sector to discover which best practices might be exemplified initially by the government and what forms of methodological guidance are most useful to companies.

- Quarterly ecosystem health and biodiversity assessments on one of their sites; for further sites Komatsu has started quarterly checks of flora and fauna.
- Economic assessments of environmental impacts at a test field area, enabling decisions to be made on the basis of minimizing the cost to the environment, for example by using forestry agency issued methodologies.

As a result, Komatsu has taken the value of ecological damage into account in site planning decisions. For example, Komatsu applied ecosystem valuation in the planning phase of new test field areas. They learned that while there would be ecosystem services loss, it could be recovered through various activities that reduce or offset impacts

The concept

In 2009, the Japanese Ministry of the Environment issued Guidelines for Private Sector Engagement in Biodiversity, ecosystem and biodiversity reporting guidelines for businesses³¹ Later, the Ministry of the Environment published its detailed *Report of Comprehensive Assessment of Biodiversity in Japan*, which assesses “the current status regarding the loss of [Japan’s] biodiversity by comprehensively analyzing existing scientific and subjective information relating to the current and changing situation.”³² The report provides biodiversity baseline analysis, which makes it possible for actors to begin to engage in valuing natural capital, which will in turn allow for that value to be integrated into national and corporate accounts.

Case study

Komatsu is a multinational manufacturer of construction, mining and industrial equipment. Initially in reaction to the government guidelines on reporting, and then later to the comprehensive ecosystem assessments, Komatsu embarked on the evaluation of its impacts on ecosystems and biodiversity through:

³¹ Guidelines for Private Sector Engagement in Biodiversity (2009). Available at: www.env.go.jp/nature/biodic/gl_participation/english/index.html

³² *Report of Comprehensive Assessment of Biodiversity in Japan*. Available at: www.biodic.go.jp/biodiversity/shiraberu/policy/jbo/jbo/files/Japan_Biodiversity_Outlook_EN.pdf

FURTHER INFORMATION

www.komatsu.com

Conclusion

Policy-making process can be designed in a way that facilitates business engagement in the creation and delivery of policy aimed at the protection of biodiversity and ecosystems.³³ The case studies illustrate how policy-makers and regulators have already been able to create enabling environments to mobilize private sector action to address the loss of biodiversity.

Importantly, the case studies also illustrate that under the right policy conditions, business is already acting as an agent of change, providing innovation, finance and resources. Yet in order to accelerate and scale-up business actions on biodiversity loss, the WBCSD believes it is necessary for policy-makers to consider new coordination and partnership frameworks. The proposed policy process framework (figure 1) and the accompanying key messages illustrate at a procedural level how policy-makers may manage the process policy design and implementation in order to engage and provide incentives for private sector action.

In summary, the WBCSD believes that the challenge of achieving effective spatial planning innovatively and quickly can best be achieved by governments and businesses working together on policy areas where their objectives are aligned. Policy-makers should consider how they can best communicate and create partnerships that leverage private sector knowledge and resources. Many businesses also want to engage with policy-makers to develop efficient and effective policies, but do not always have the access and information needed to do so.

A number of active global stakeholder platforms and processes are looking at policy and regulatory change to address biodiversity loss and ecosystem degradation, including some linked to the CBD Aichi Biodiversity Targets. Stakeholders – be they government regulators or business implementers – can find out more about these processes and become more directly involved in addressing biodiversity related challenges and opportunities.

- WBCSD Ecosystems Focus Area – for more information go to www.wbcsd.org/work-program/ecosystems.aspx
- WBCSD Regional Network - www.wbcsd.org/regional-network.aspx
- TEEB for Business – www.teebweb.org/
- CBD Global Platform for Business and Biodiversity – www.cbd.int/en/business/home
- IUCN Business and Biodiversity Program – www.iucn.org/about/work/programmes/business/
- World Economic Forum – www.weforum.org/
- The UNEP-WCMC Business, Biodiversity and Ecosystem Services (BBES) program – www.unep-wcmc.org/business-biodiversity-and-ecosystem-services_46.html

Enabling factors highlighted by the eight case studies

Policy area	Case study	Enabling factors
Financial reform		
Making subsidies work for the environment	Fisheries subsidies, New Zealand	Reform of subsidies was complemented by alternative policy and fiscal incentives (Quota Management System), which made sustainable fisheries management more commercially attractive
Taxes and fiscal incentives	The Carbon Tax, the Carbon Farming Initiative and R.M. Williams Agricultural Holdings, Australia	<p>The law recognized land based carbon credits as a mechanism to offset a company's obligations under the Carbon Tax</p> <p>The government overcame the high initial costs of project development by providing financial and technical support to project developers</p> <p>Standards for projects explicitly recognized the co-benefits (e.g. biodiversity conservation) associated with carbon sequestration projects</p>
Creating markets		
PES; environmental markets and compensation for loss of ecosystem services	The EC Single Payment Scheme, the UK Environmental Stewardship scheme and the United Utilities Sustainable Catchment Management Programme, United Kingdom	<p>The payment mechanism created by government regulators (environmental stewardship payment) rewards ecosystem stewardship and ensures that payments are made directly to resource managers</p> <p>Payment scheme for ecosystem conservation and restoration to improve water quality was a more cost-effective mechanism than hard engineering</p>
The mitigation hierarchy, biodiversity offsets and no net loss	Brazil's National System of Conservation Units (SNUC) and Anglo American, Brazil	<p>Willingness of government to be transparent about how National System of Conservation Units funds were spent allowed for more effective engagement with private sector</p> <p>Positive discussions held with private sector to establish how best to allocate funds</p>
Investments in natural capital	Symbiose, BASF, France	<p>Willingness of local government to commit funds to support the initiative</p> <p>High general awareness generated through nationwide political debate of environmental issues</p>

Policy area	Case study	Enabling factors
Enabling environment		
Green public procurement / green markets	The UK Government Timber Procurement Policy and Kingfisher, United Kingdom	<p>Policy created a clear demand signal for sustainable timber products</p> <p>Compliance with the policy was not financially onerous for companies and in some cases they were able to derive a competitive advantage; policy leveraged existing voluntary initiatives (FSC, PEFC, SFI)</p> <p>Government provided practical support (e.g. helpline) and clear information and guidance on the requirements of the policy</p>
Protected areas and managed areas with conservation targets	Dairying & Clean Streams Accord and Fonterra, New Zealand	<p>Government was willing to engage with private sector in an innovative manner – through an accord between a single company and local authorities</p> <p>Government ensures transparency of impacts of the accord through public reporting</p>
National green accounting	Ecosystem impact valuation and Komatsu, Japan	<p>Government leading by example by publishing detailed national ecosystem assessment guidance, with methodological help, which can be used by companies to evaluate ecosystem loss</p>

Appendix

Relevant WBCSD publications on business, biodiversity and ecosystems – for more information go to www.wbcd.org

Reports

- Biodiversity and Ecosystem Services: Scaling up Business Solutions (2012)
- Facts & Trends: Forests, Forest Products, Carbon and Energy (2012)
- Effective Biodiversity and Ecosystem Policy and Regulation (2010)
- Corporate Ecosystem Valuation: Building the Business Case (2009)
- The Energy Mix: Low-Carbon Pathways to 2050 (2012)
- Facts and Trends: Agricultural Ecosystems (2009)
- Water Energy and Climate Change (2009)
- Water for Business: Initiatives Guiding Sustainable Water Management in the Private Sector (2012)
- WBCSD Changing Pace (2011)
- WBCSD Vision 2050 (2010)

Implementation tools

- The Corporate Ecosystem Services Review (ESR) (2008, updated 2012)
- The Guide to Corporate Ecosystem Valuation (CEV) (2011)
- PwC & WBCSD Sustainable Forest Finance Toolkit (2010)
- WRI & WBCSD Sustainable Procurement of Wood and Paper-Based Products (2008, latest update 2012)
- Global Water Tool (2007, latest update 2011)
- Ceres Agua Gauge: A Framework for 21st Century Water Risk Management (2011)
- Guidelines on Quarry Rehabilitation (2011)
- Product Life Cycle Accounting and Reporting Standard (2011)
- The GHG Protocol for project accounting (2005)
- The GHG Protocol: A corporate reporting and accounting standard (2004)

Ecosystems training

- The Business Ecosystems Training (BET) program (2012)
BET Module 1,2,3 & 4
Facilitation Tips
Implementation Guide

About the World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD) is a CEO-led organization of forward-thinking companies that galvanizes the global business community to create a sustainable future for business, society and the environment. Together with its members, the council applies its respected thought leadership and effective advocacy to generate constructive solutions and take shared action. Leveraging its strong relationships with stakeholders as the leading advocate for business, the council helps drive debate and policy change in favor of sustainable development solutions.

The WBCSD provides a forum for its 200 member companies – who represent all business sectors, all continents and a combined revenue of more than \$7 trillion – to share best practices on sustainable development issues and to develop innovative tools that change the status quo. The Council also benefits from a network of 60 national and regional business councils and partner organizations, a majority of which are based in developing countries.

www.wbcsd.org

Focus Area Core Team

Hiroaki Nakanishi	Hitachi Ltd (co-chair)
Antonio Mexia	EDP – Energia de Portugal
Bernard Fontana	Holcim Ltd
David Hathorn	Mondi
Alessandro Carlucci	Natura Cosméticos S.A.
Tom Albanese	Rio Tinto plc
Christopher Kirk	SGS S.A.
Michael Mack	Syngenta International AG

Ecosystems Focus Area

James Griffiths
Eva Zabey
Violaine Berger

Authors and acknowledgements

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John Hutchings	- Fonterra Co-operative Group
Jamie Lawrence	- Kingfisher Plc
Sandrine Leblond	- BASF SE
Alastair Macfarlane	- The New Zealand Seafood Industry Council Ltd
Chris Matthews	- United Utilities Group Plc
Nanako Mizuno	- Komatsu Ltd
Rebecca Pearse	- R.M. Williams Proprietary Limited PTY. Ltd
Juliana Rehfeld	- Anglo American Plc

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World Business Council for Sustainable Development

www.wbcd.org

4, chemin de Conches, CH-1231 Conches-Geneva, Switzerland, Tel: +41 (0)22 839 31 00, E-mail: info@wbcd.org
1500 K Street, NW, Suite 850, Washington, D.C. 20005, United States, Tel: +1 202 383 95 05, E-mail: washington@wbcd.org