



IUCN 2nd WORLD CONSERVATION CONGRESS
DEVELOPING & INVESTING IN BIODIVERSITY BUSINESS
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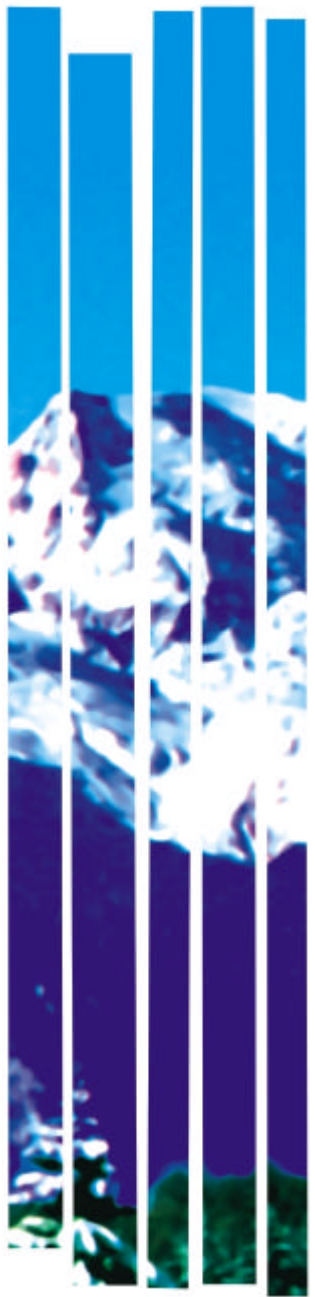
Creating Markets for Biodiversity

Presentation by

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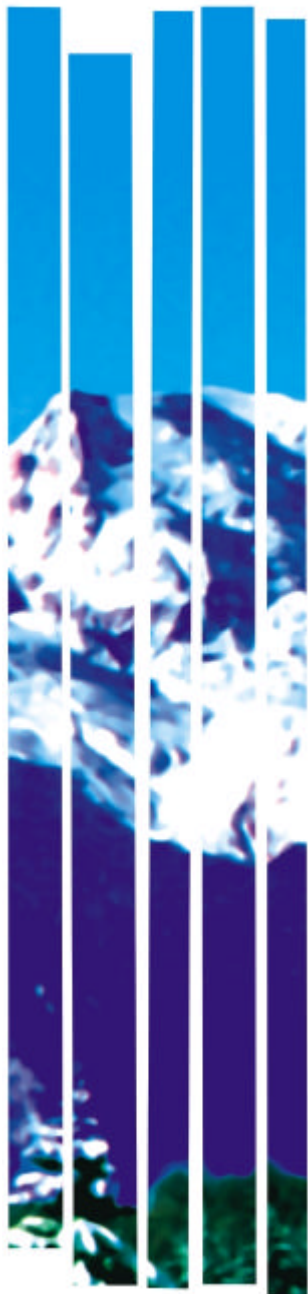
O E C D E n v i r o n m e n t D i r e c t o r a t e

Presentation Outline

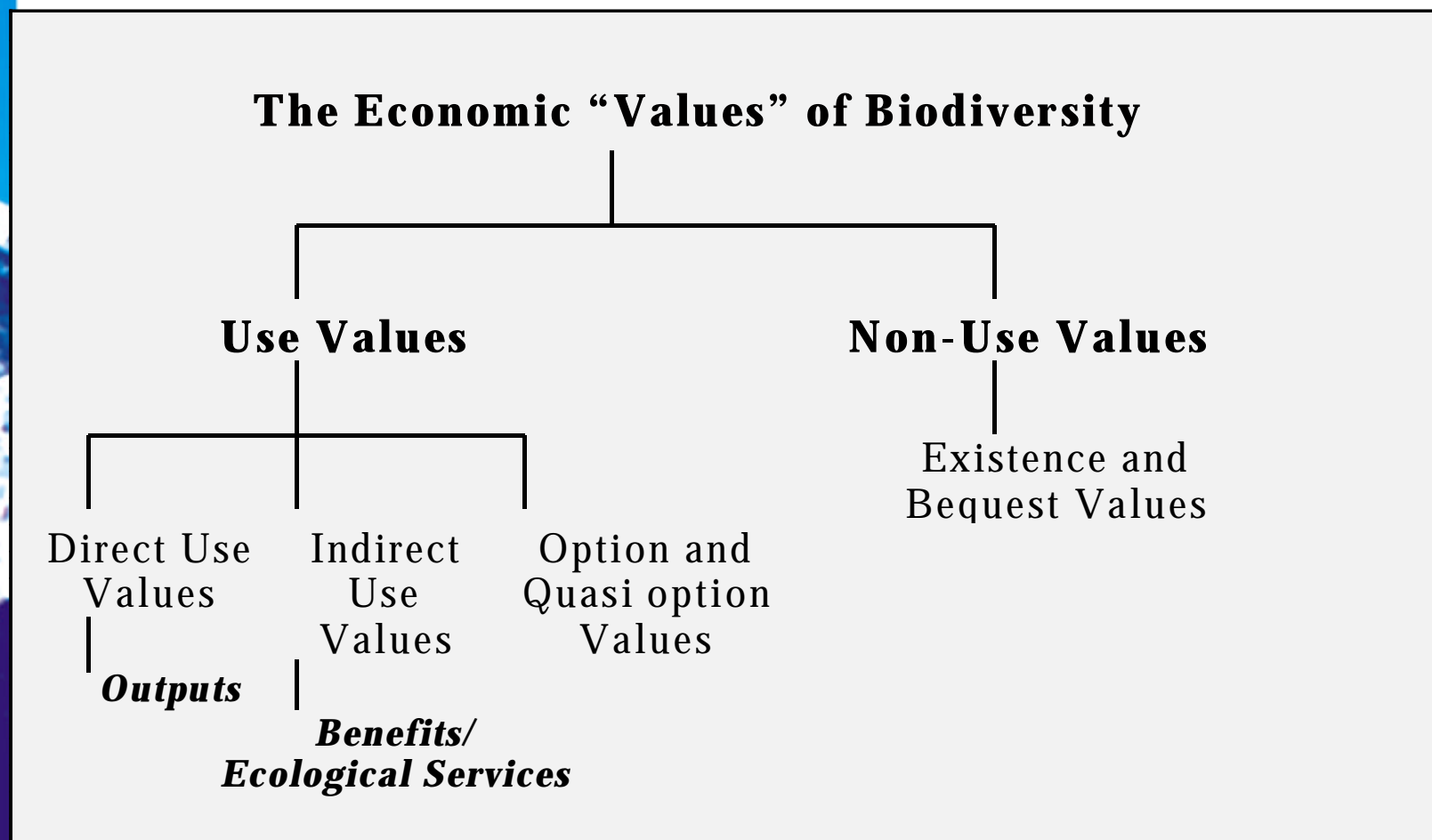
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- * Biodiversity and its marketable functions.
 - * Emerging markets for biodiversity products and services.
 - * Economic instruments creating markets to enable regulations.
 - * Financial mechanisms for biodiversity.
 - * Community-based markets and approaches.
 - * Schematic representation of biodiversity products and services.
 - * Conclusion.

Biodiversity and its Marketable Functions

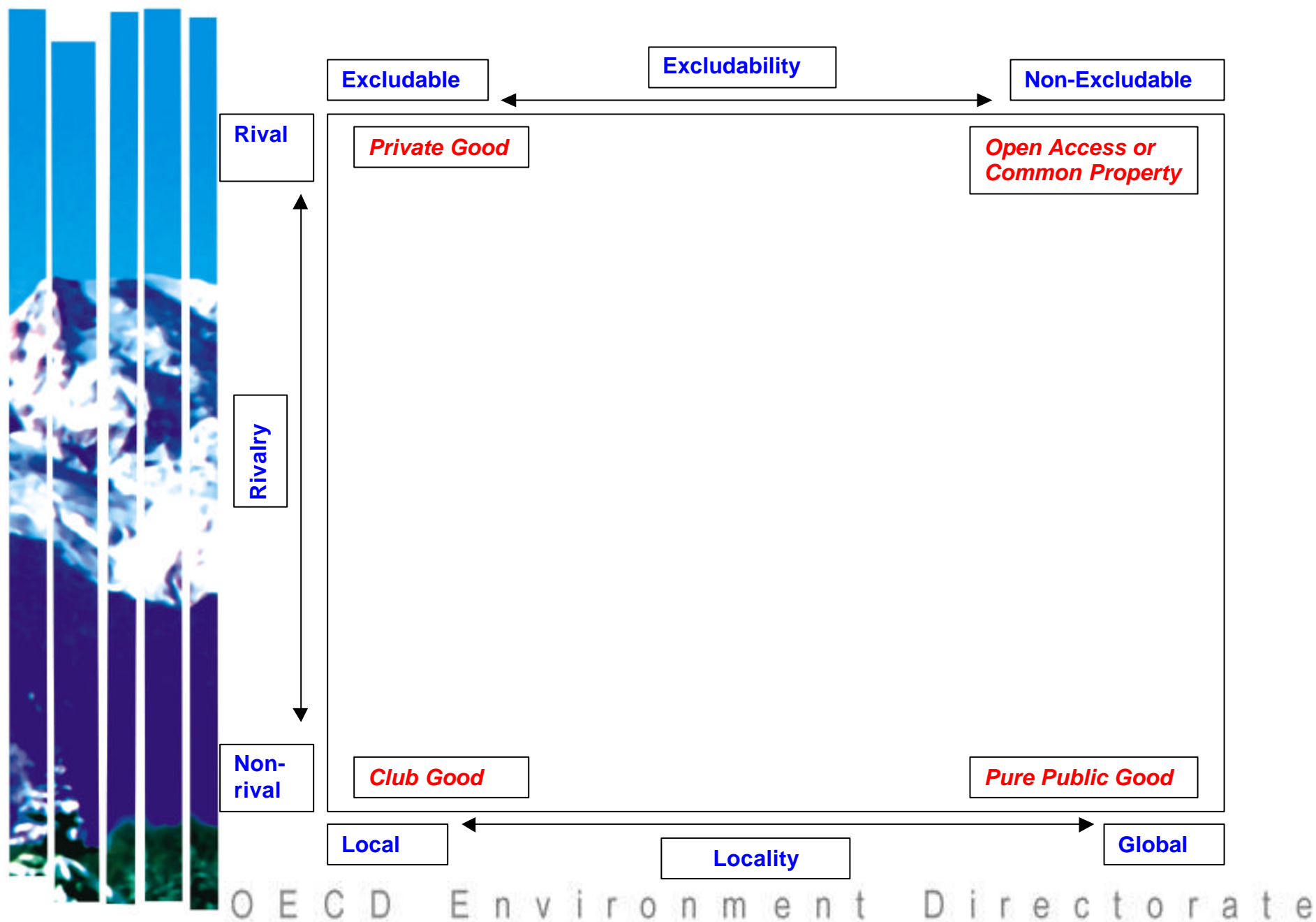
- ★ A number of goods and services related to biodiversity have been studied in the literature and are identified in laws and regulations.
- ★ The different types of values associated to biodiversity are also known.
- ★ Yet, overlapping these with economic characteristics is key to finding the potential marketability.
- ★ Identifying factors that enable markets in general is also important. Ultimately, one can design a “marketability index.”



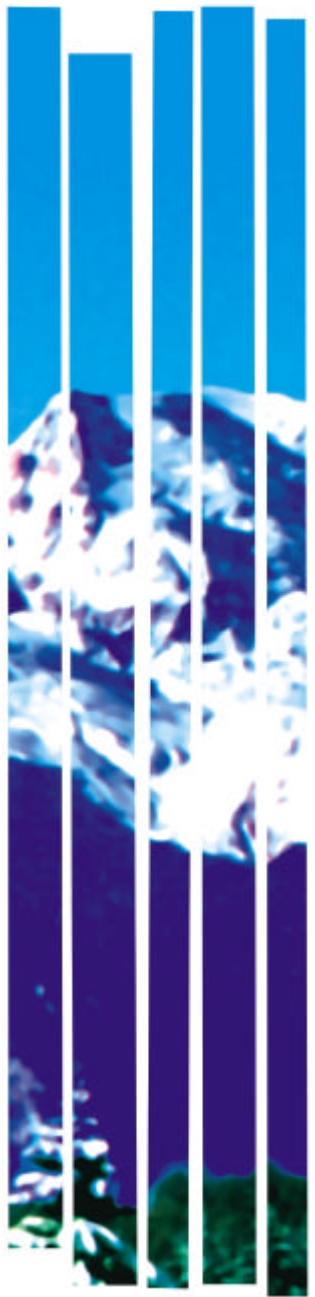
Biodiversity and its Marketable Functions



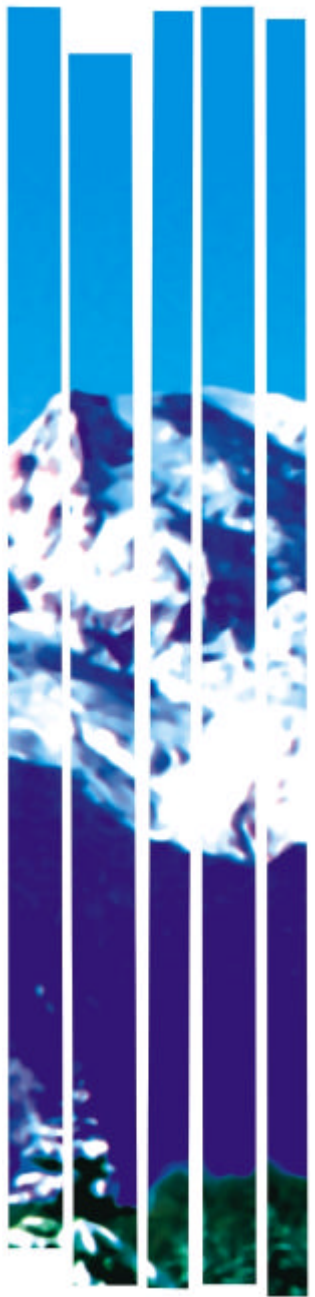
Biodiversity and its Marketable Functions



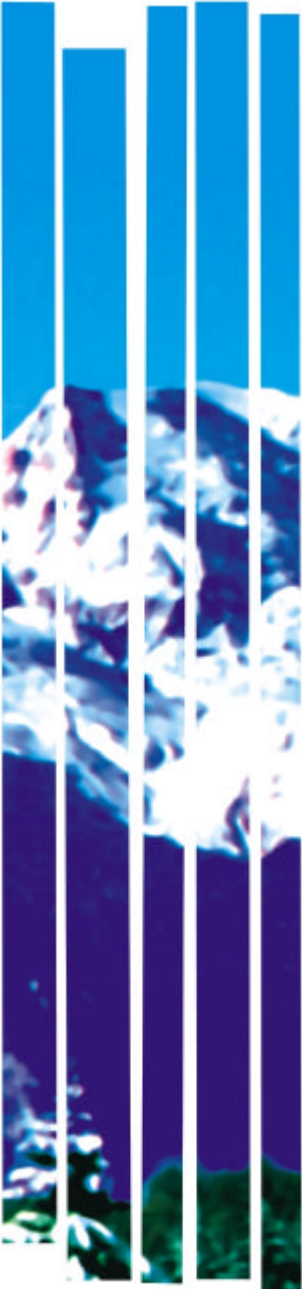
Emerging Markets

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- * Emerging markets include: organic agriculture, sustainable forestry, ecotourism, non-timber forest products, and information mechanisms.
 - ✓ Organic agriculture is appearing as one of the most important in the OECD, including with growth potential in some developing countries (e.g. growth potential 25 %/year compared to 2%/year for conventional).
 - ✓ Sustainable forestry due to FSC probably has the best developed information mechanisms.
 - ✓ Ecotourism, while very important is not well regulated. We “may be loving our nature to death”.
 - * We are engaging in case studies to better illustrate the conceptual framework. Possibilities include: OECD organic agriculture, private conservation efforts, etc .

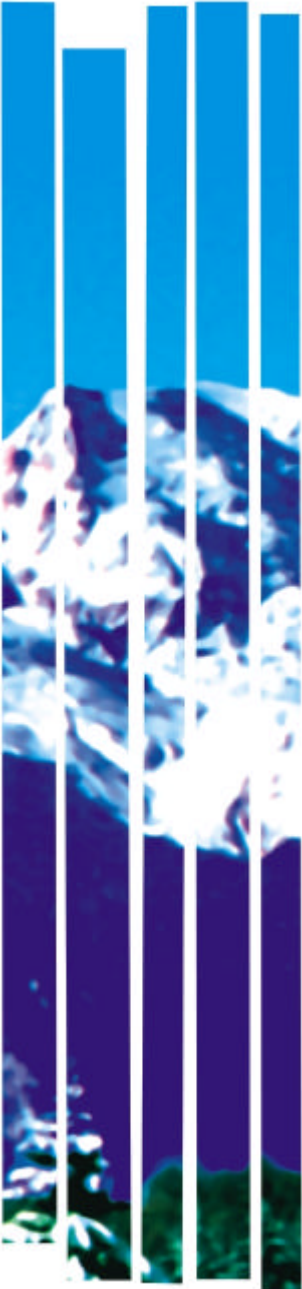
Economic Instruments

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- * Tools that create and use markets for the application of regulations.
 - ✓ Examples include: limiting open access regimes, limiting negative impacts, defining property rights.
 - ✓ The third item is primarily bio-prospecting. Related to future work on access and benefit sharing of genetic resources. It may be better placed in emerging markets.
 - * Case studies include: Wetland banking, Tradable development rights, INBio and Merck in Costa Rica.

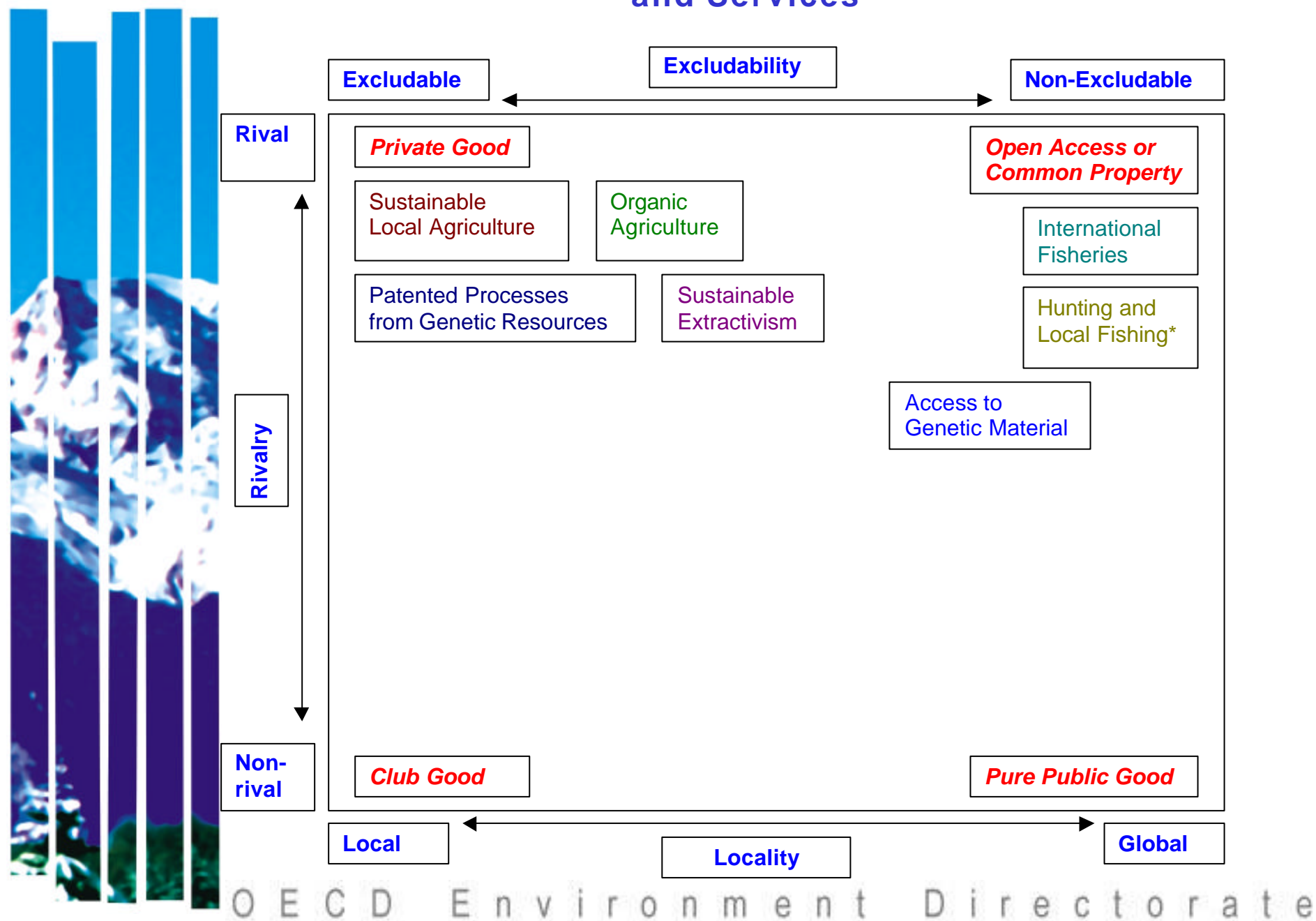
Financial Mechanisms

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- * Financial mechanisms include: non-market transfer payments, financial institutions, investment funds.
 - ✓ Non-market transfer payment: Grants (GEF) - Not market related but often important as seed money and to cover incremental costs, debt-for-nature swaps could be provided by markets.
 - ✓ Financial and other industries responsiveness to ecological concerns which may translate into changes in share prices among others.
 - ✓ Closed and open-end funds refer to mutual funds that claim to be investing in ecologically sound investments and firms.
 - ✓ Other investments including carbon sequestration overlays with biodiversity (CDM and tradable mechanisms).
 - * Case studies include: examples of open funds (banks with ecological mutual funds), examples of closed funds (Terra Capital Fund), ecosystem conservation importance for the insurance industry.

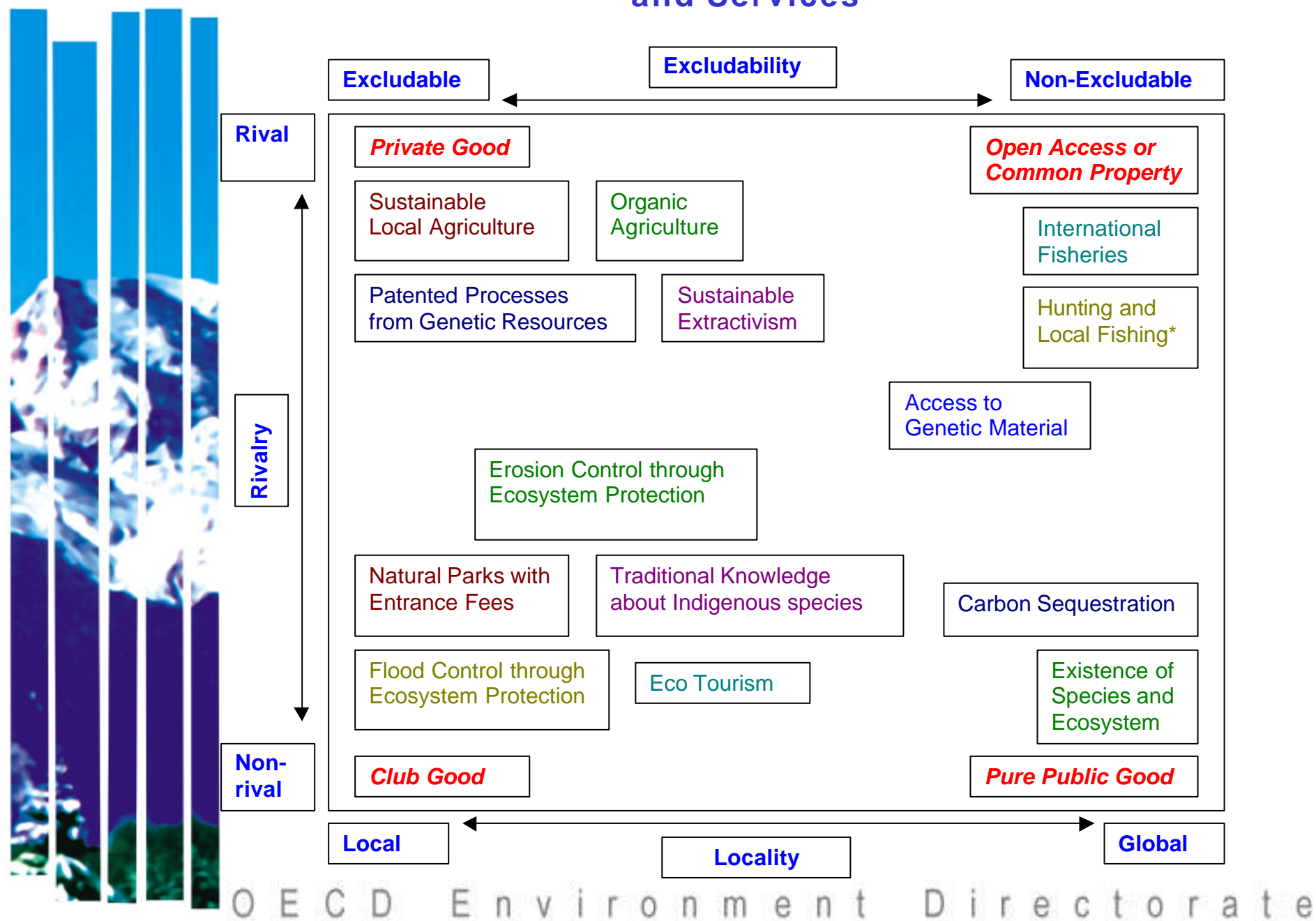
Community-based markets

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- ✳ Synergies among local communities, different levels of governments, transnational companies, and international organisations.
 - ✓ These type of examples are particularly important in the association of biodiversity and poverty.
 - ✓ Actual case studies may include shade coffee in Mexico (examples involving GOM, GEF, CI, World Bank), CAMPFIRE in Africa, conservation of crocodilian species (by IUCN and others).
 - ✓ Possible linkages with other international institutions such as UNCTAD.

Schematic Representation of Biodiversity Products and Services

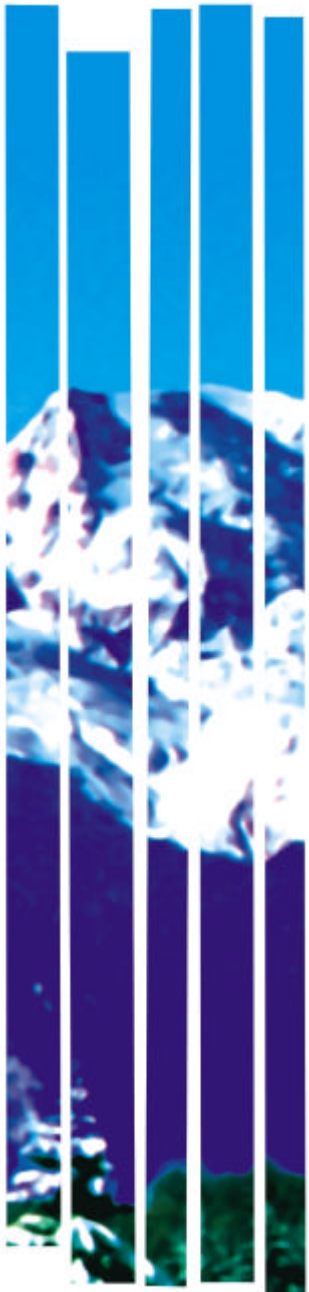


Schematic Representation of Biodiversity Products and Services



Conclusion

- * This is a novel topic with little information available. Further there is a lack of indicators that can signal success.
- * There is a strong component of economics of information in this issue: information on quality of products and services for consumer is highly influential. This may cause problems as the market develops, if transparency and regulation protecting consumers is missing.
- * Most cases involve an integrated approach. For example, organic agriculture does not only provide “healthy” foods. Community-markets may offer another excellent example of integration.



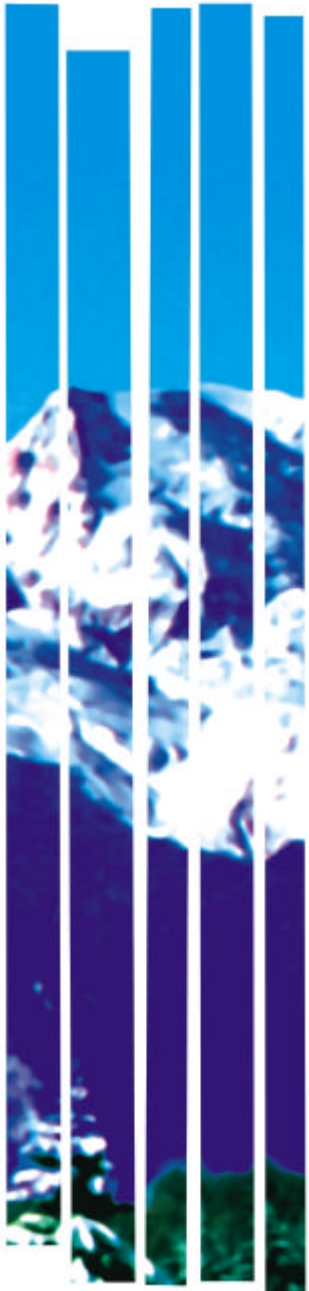
Conclusion

* Next steps:

- ✓ International Workshop with the World Bank on the topic to be held 23-24 January 2001 in Paris.
- ✓ Report will be finalized in the middle of 2001.

* Study on the Creation of Markets for Biodiversity Products and Services:

- ✓ It analyses where markets are assisting or have the potential to assist in the conservation and sustainable use.
- ✓ It covers traditional regulatory instruments using markets (tradable schemes in general).
- ✓ And also innovative instruments for influencing consumer demand (e.g. certification), financial instruments (e.g. investment funds) and community based markets (examples of partnerships among locals, private sector and governments).
- ✓ Examples from cases to illustrate policy implications.



Conclusion

IMPORTANT WEBSITES:

Environment Directorate: [*www.oecd.org/env/*](http://www.oecd.org/env/)

Economics of Biodiversity:
[*www.oecd.org/env/efficiency/bio.htm*](http://www.oecd.org/env/efficiency/bio.htm)

Biotrack Online:
[*www.oecd.org/ehs/service.htm*](http://www.oecd.org/ehs/service.htm)

Agriculture Directorate:
[*www.oecd.org/agr/*](http://www.oecd.org/agr/)

Development Cooperation:
[*www.oecd.org/dev.htm*](http://www.oecd.org/dev.htm)