

Training Module

Engaging Business on Biodiversity The Role of the National Focal Point

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CONTENTS

- 1) Why is the business community an important partner in implementation of the CBD?
- 2) Why should business become involved in the implementation of the CBD?
- 3) How can National Focal Points raise awareness of biodiversity and its connection to the business community?
 - a) How can enabling frameworks be developed?
 - b) What types of action to engage the business community can be taken by Governments?
 - c) How can governments engage business in the processes of the Convention?
- 4) How can business be integrated into the National Biodiversity Strategy and Action Plan (NBSAP)?

LIST OF ACRONYMS

CBD	Convention on Biological Diversity
COP	Conference of the Parties
NBSAP	National Biodiversity Strategy and Action Plan

What you will learn in this module:

This module has been prepared as part of the effort to enhance the ability of CBD National Focal Points (NFPs) to engage more effectively the business community in the implementation of the Convention. In particular, in the context of achieving the 2010 Target to significantly reduce the rate of loss of biodiversity and achieve the Millennium Development Goals, unprecedented efforts are needed by all stakeholders, including business.

This module is intended as a guide for the National Focal Points of the Convention in areas related to business and biodiversity. It is an interactive tool providing good examples and reference materials for more in-depth study.

Please note that this is NOT intended as a general presentation on business and biodiversity, of which many references exist.

This module is part of a larger set of modules* on a variety of themes that are being developed and will be delivered as workshops held during CBD meetings. As well, they are intended as short “stand-alone” training courses that the individual can download and study at their own pace.

* <http://www.cbd.int/nbsap/guidance-tools/training-modules.shtml>

1) Why is the business community an important partner in implementation of the CBD?

Companies have, directly and indirectly, important impacts on biodiversity. These can be positive or negative. As the Convention shifts towards an “enhanced implementation phase” and because of the continued loss of biodiversity, it is increasingly important to ensure that the business community is truly involved in the implementation of the Convention.

e.g. Mining operations, owing to the scale and sensitive environments in which mining operations often take place, can have a significant impact on biodiversity. Specific management and planning throughout the mining cycle is needed to minimize biodiversity impacts.

e.g. Industrial farming – through a reliance on monoculture, excessive use of pesticides and fertilizers – can have a significant impact on biodiversity through, for instance, pollution of water courses, degradation of soil fertility and destruction of habitats. Good agricultural practice helps minimize impacts on biodiversity and ensure long term productivity of soils.

Business encompasses a broad range of actors – from small scale farmers; family, micro and medium-sized enterprises; state-owned enterprises (large and small); to large multinationals. There are multiple reasons to promote the engagement of business in implementation of the Convention, including:

- (a) The business community is arguably the least engaged of all stakeholders in the implementation of the Convention, yet its daily activities have major implications for biodiversity, some negative, some positive. Encouraging business to adopt and promote good practice could make a significant contribution towards the 2010 target and the objectives of the Convention;
- (b) Individual companies and industry associations can be highly influential on Governments and public opinion; thus, they have the potential to raise the profile of biodiversity and of the Convention itself;
- (c) The business community possesses biodiversity-relevant knowledge and technological resources, as well as more general management, research and communication skills, which, if truly mobilized, could greatly facilitate the implementation of the Convention.

The importance of engaging business has long been recognized by the Convention, as highlighted in articles 10 and 16 of the Convention Text itself. In many ways, all substantive articles of the Convention have business implications. Many decisions adopted over the years by the COP also explicitly refer to business. Likewise, some of the Programmes of Work are directly relevant to business – including Access to Genetic Resources and Benefit-sharing, Liability and Redress, and Tourism.

In 2002, Parties to the Convention adopted a Strategic Plan which includes reference to engaging business in goal 4, objective 4.4, “Key actors and stakeholders, including the private sector, are engaged in partnership to implement the Convention and are integrating biodiversity concerns into their relevant sectoral and cross-sectoral plans, programmes and policies”.

In 2006, Parties to the Convention adopted Decision VIII/17, the first decision to focus exclusively on business engagement. This decision provides a list of tools which would help align business operations with the objectives of the Convention. In addition, it looks at:

1. How governments can engage business in the drafting and implementation of NBSAPs,
2. Business participation at CBD meetings,
3. The compilation and dissemination of the “business case” for biodiversity (that is, how to explain the relevance of biodiversity to the business community),
4. The compilation and dissemination, and further development, of good practice guidance.

2) Why should business become involved in the implementation of the CBD?

Ultimately, all companies in all sectors depend on biodiversity and the provision of ecosystem services. Whilst that connection may be obvious for the conservationist, it is rarely the case in business. In order to engage business, the first step is often to show the relevance of biodiversity to business and to ‘frame’ the biodiversity challenge as a business challenge. This “business case” will differ from sector to sector and, in fact, from company to company.

Companies interact with biodiversity and ecosystem services in two fundamental ways: they use services and they contribute to ecosystem change. The Millennium Ecosystem Assessment (2005) highlighted that two thirds of the ecosystem services it examined are being degraded or used unsustainably. Degrading ecosystems are likely to profoundly influence the way businesses do business in a number of ways[†]:

1. Companies are likely to have to begin to pay for ecosystem services which were hitherto available “free of charge”. These costs will have implication on the economics of production throughout the supply chain.
2. The expectations of stakeholders – including customers, regulators, employees, and also business partners – are likely to change,
3. New business opportunities will emerge as demand from consumers for “green” products and expectations of “green” production rise.

In some cases, the linkage to biodiversity is straightforward. For instance, farming concerns rely directly on biodiversity for ecosystem services such as soil fertility or pollination. The fishing sector – and by extension the business that sell fish, such as supermarkets, restaurants, etc. – rely on healthy fishstock. There are also opportunities for companies to respond to increasing market demand for “green” products, including through the use of sustainability certification schemes. These companies will thus have a direct incentive to conserve biodiversity.

For companies that have a **direct** impact on biodiversity – such as the extractives industries for example – the connection with biodiversity is increasingly becoming apparent. These companies, to some extent, also depend directly on ecosystem services for their production, for instance for the supply of clean water. But the most important linkages with biodiversity generally have to do with the costs associated with disruptions (for instance due to tensions with stakeholders or the withdrawal of the ‘license to operate’), increased project costs (owing to retrofitting or project delays), and bad publicity. Conversely, there are many opportunities for imbedding biodiversity through the project cycle. Hence, these companies also have an inherent incentive to pro-actively manage biodiversity.

For companies that have an **indirect** impact on biodiversity – for instance the financial services sector – there is a growing realisation that biodiversity risks can also

[†] Adapted from MA, 2005

translate into financial risks for the borrower and hence also the lender. The financial services sector also faces direct exposure to criticism when it finances projects that have significant biodiversity impacts. Conversely, there can be many opportunities in financing projects that also have a good “biodiversity return”. As a result, companies in this sector are increasingly looking at biodiversity aspects of their investment portfolios and other operations.

The business case can be summarised by the following 8 drivers[‡]:

A generic summary of the business case

	Drivers	Main implications for business
1	Reputation	- A company’s interaction with biodiversity can have an important impact on an organization’s reputation. Good biodiversity management can help differentiate organizations and brands in competitive product and capital markets. Conversely, the exposure of a company’s mismanagement of biodiversity can significantly erode a company’s goodwill capital.
2	License to operate	- Proactive management of biodiversity and a company’s biodiversity track record are key to obtaining and maintaining the formal (from regulators) and informal (from local and other stakeholders) license to operate. Losing the license to operate can have significant cost implications in the form of disruptions, delays and/or long term constraints on business operations and opportunities
3	Security of supplies	In many sectors, in order to ensure continued access to biodiversity resources, companies need to actively manage risks and opportunities in their supply chains.
4	Markets	By demonstrating adherence to good biodiversity practice, companies can access and maintain access to markets
5	Capital	Investors are paying increasing attention to environmental, social and governance (ESG) issues.
6	Regulation	There is a competitive advantage through going beyond existing legal biodiversity requirements and thereby staying ahead of the ‘regulatory curve’
7	People	A pro-active biodiversity approach can be a significant determinant in attracting, retaining and motivating staff.
8	Costs	Mismanagement of all previously listed drivers can have negative impacts on costs. Conversely, focusing on biodiversity can also help reduce operational costs as part of a larger eco-efficient approach to production

[‡] adapted from E. Wiseman and N. Bertrand, 2007

3) **How can National Focal Points raise awareness of biodiversity and its connection to the business community?**

There are a number of common hurdles to explaining “biodiversity” to business audiences. There are also a number of approaches to mobilize business at the national level.

In order to facilitate and encourage business engagement in the implementation of the Convention, biodiversity, its relevance to business, and the Convention process and outputs must be clearly communicated. This involves “demystifying” these concepts for business by:

- Clearly **defining biodiversity**, its significance, and the threats to biodiversity in the wider context of sustainability;
- Explaining, in business terms, **the objectives, process, and work of the Convention**, including the policies, norms and guidelines emanating from the Convention and other related processes. Particular emphasis should be placed on the 2010 target and the associated goals, targets and indicators, and what these mean for business. This information would have to be updated to reflect new developments in the Convention as these arise;
- Explaining the **business case** for biodiversity. This could involve further exploring and articulating the risks to business of failing to address biodiversity-related issues and the potential business opportunities associated with engaging in the issues.

This information could be communicated through: brochures, guides, internet discussion forums, workshops, campaigns and other awareness raising tools.

The profile of, and awareness about, biodiversity could also be raised within the business community and more broadly through the development of industry led campaigns. Companies and industry associations could lead or partner with relevant non-governmental organizations or government agencies to develop a unifying campaign to generate momentum for biodiversity issues within the business community and raise awareness about them more broadly. An industry led “No Net Loss” campaign in which companies committed themselves to no net biodiversity loss as a result of their practices, for example, could be developed to define and focus the business community’s contribution to the 2010 biodiversity target and could include a statement of support for, and commitment to, the target.

Specific tools could also help raise awareness, these include:

Corporate policies - Few companies have specific strategies and policies in place to deal with biodiversity in their operations. Sector specific guidance on developing biodiversity policies would assist companies to define sound and progressive biodiversity policies or to fully integrate biodiversity related-issues into their broader environmental or sustainability policies.

Good practice guidance - Sector-specific good practice guidance can help to implement corporate biodiversity policies. Several international initiatives in a range of sectors, such

as mining, oil & gas, or agriculture, exist where companies are coming together (typically with environmental groups and/or government agencies) to solve common biodiversity challenges and thereby help raise the 'level playing field'. In turn, this good practice can be adapted – by governments, companies, industry associations, and others – to fit national circumstances.

Business and biodiversity partnerships - Civil-society organizations that specialize in biodiversity-related issues can help companies to define and operationalize biodiversity policies. In return, companies can offer management expertise and a range of other potentially relevant skills and resources.

a) How can enabling frameworks be developed?

Whilst most companies are unaware of linkages with biodiversity most will be willing to move if they see a competitive advantage and if they see that government is serious about biodiversity. In many cases, engagement on biodiversity can be greatly facilitated, or even created, by ensuring that the right frameworks are in place. Business listens to government. Government needs to create the certainty that biodiversity is an issue to stay.

Governments can create enabling frameworks through:

- (i) Actively promoting the importance of biodiversity to the business community
- (ii) Developing and implementing National Biodiversity Strategies and Action Plans (NBSAPs) in consultation with business (and other stakeholders)
- (iii) Working across government ministries and agencies (also referred to as “mainstreaming”). Biodiversity should also be seen as a strategic issue for other ministries – including agriculture, finance, tourism, transport, planning, enterprise development etc. These ministries typically carry significantly more weight than ministries of the environment, so it is importance to obtain their buy-in
- (iv) Encouraging the development/use of tools which help companies better align their policies and practices with the objectives of the Convention. Likewise, many existing tools can be adapted to fit national circumstances
- (v) Ensuring that incentive measures are in place. These include enforceable regulation, as well as more flexible measures, such as trading schemes or taxes that encourage market creation. These issues are being addressed under the programme of work on incentive measures (decision V/15), which was developed in response to Article 11 of the Convention.
- (vi) Helping create markets, e.g. Payments for Ecosystem Services, (see chapter 5).

b) What types of action to engage the business community can be taken by governments?

Government can take an active stance by creating the right enabling frameworks (see previous chapter). It can also have an influence on commercial entities it owns or by strengthening its procurement policies. It can lead by example, send the right signals on biodiversity, and thereby create whole new expectations and even reshape or in some cases create whole new markets.

Government and government agencies can directly encourage the uptake of biodiversity in the business community. There is also important leverage potential in areas where state owned entities are the only buyers or only sellers (monopsonist and monopolistic markets). Examples of action include[§]:

- **Procurement** – By committing to buying only from “biodiversity-friendly” sources (e.g. education, health system, ministries)
- **Fines** – revising the fine structure so that it becomes relevant for larger companies. In many cases, existing environmental fine structures remain ‘immaterial’ to a company’s financial performance
- **Developing markets for ecosystem services**
- **Shareholder responsibility** -- States often own significant stakes in commercial assets. There are in a wide range of sectors, including agriculture, tobacco, oil and gas, defense, utilities, transport, infrastructure, etc. Governments could take the lead in making these companies biodiversity champions. There are also opportunities for embedding biodiversity into financial assets overseen by government agencies, e.g. pension funds. Likewise, state-owned entities, for example in the energy sector can serve as important relays to the general public and can help communicate the importance of biodiversity
- **Remove environmentally harmful subsidies** – Many subsidies have a double negative impact: first on public finances (as they increase the burden of public finances) and on the environment (as they often encourage wasteful behaviour, for instance over production/consumption).

[§] Adapted from Robert Barrington, 2007. “Convincing financial markets to value Biodiversity”, Business.2010, 2(4).

c) How can governments engage business in the processes of the Convention?

Facilitating the participation of business in Convention processes will help keep business informed of, and engaged in, biodiversity policy issues. It will also draw upon the skills, technologies and capacity of business and industry to share best practices, and to help ensure that products from the Convention processes (tools, guidelines, etc.) are realistic and practical.

Parties could prioritize engaging companies and industry associations operating under their jurisdiction in the national implementation of the Convention. This would help ensure that companies were aware of and complying with biodiversity-related national legislation and contributing to the objectives of the Convention. Engagement by Parties could occur through involving business in the development and implementation of national biodiversity strategies and action plans and other biodiversity-related policies and regulations, such as resource supply acts, product certification mechanisms and planning regulations. Including business representatives in preparations and national delegations for meetings under the Convention and, where appropriate, nominating them to participate in technical expert groups, would also help to facilitate such engagement, as might meetings to improve communication between government and business representatives.

Engagement could include:

(a) Encouraging, through existing mechanisms, business input into meetings of the Conference of the Parties, the Subsidiary Body on Scientific, Technical, and Technological Advice and other relevant open-ended meetings of the Convention;

(b) Facilitating business input into the thematic programmes of work and cross-cutting issues of the Convention, the clearing-house mechanism and other related Convention processes. This could be done through consultation and by inviting business to participate in relevant expert panels and liaison group meetings;

(c) Encouraging participation of business on National delegations (as mentioned in decision VIII/17);

(d) Organizing preparatory meetings to explain the relevance of the agenda items to the business community

(e) Providing debriefing on CBD meetings to business community explaining the implications of COP decisions for business and, more generally, presenting how the business community can effectively participate in the implementation of COP decisions.

4) How can business be integrated into the National Biodiversity Strategy and Action Plan (NBSAP)?

NBSAPs are the key instrument for facilitating the implementation of the Convention. Governments can strengthen the drafting and implementation by better involving the business community.

As the cornerstone of a Government's plan to implement the Convention, the NBSAP is a crucial tool in this process. As such, the preparation and periodic updating of the plan are important undertakings that require careful consideration and stakeholder consultation.

The business community has a significant role to play in this process as an important stakeholder in the biodiversity process. Therefore, it is vital to involve the business community in any attempts to mainstream biodiversity into the business sector. This can be done by involving representatives from the business community in both the planning, preparation and monitoring processes as well as through the stakeholder consultations.

For companies, it is also an opportunity to align biodiversity management priorities – as expressed in a corporate biodiversity action plan with biodiversity priorities set at the regional and/or national level.

Decision VIII/17 gives Governments a very strong mandate to engage the business community on NBSAP preparation and update of the NBSAP.

Example

Some ideas for inviting the business community to participate in the development and/or updating of the National Biodiversity Strategy and Action Plan (NBSAP)

1. Establish a dialogue on Biodiversity with other relevant departments such as Finance, Industry, Development, to name a few, to discuss emerging biodiversity issues and impacts;
2. Create a link for the business community through the national Clearing House Mechanism site to discuss key issues;
3. Invite prominent members of the business community to be part of the consultative process involved in the preparation and update of the NBSAP – this would include the final revisions to the NBSAP before it is presented to government for adoption;
4. Include members of the business community on delegations to CBD meetings
5. Showcase these efforts in the CBD business newsletter

CONCLUSION

The business community, a major biodiversity stakeholder, has the potential to make a significant contribution to the objectives of the Convention by integrating biodiversity into its policies and practices.

To date, this potential has remained largely untapped. The 2010 target and objective 4.4 of the Strategic Plan, however, have brought renewed emphasis on business engagement in the implementation of the Convention. At the same time, leading companies have started acknowledging the strategic importance of biodiversity for their operations and long-term survival.

In order to harness the potential contribution of business to the 2010 target, ways and means of encouraging and facilitating business engagement of biodiversity-related issues need to be further explored and developed. This involves building on the outcomes of the 'Business and the 2010 Biodiversity Challenge' meetings or on existing initiatives, or developing new initiatives, programmes, partnerships and policies to ensure that, by 2010, business engagement in the implementation of the Convention has been strengthened significantly.
