



"People and Wetlands: The Vital Link"
**7th Meeting of the Conference of the Contracting Parties
to the Convention on Wetlands (Ramsar, Iran, 1971),
San José, Costa Rica, 10-18 May 1999**

Technical Session III:

Involving people at all levels in the conservation and wise use of wetlands

Paper 3

Incentive Measures to Encourage the Application of the Ramsar Convention's Wise Use Principle

Prepared by
Andrea Bagri and Frank Vorhies
IUCN Economics Service Unit
economics@hq.iucn.org

§1. Overview

1. With the widespread acceptance of "biodiversity" not just as a scientific concept but as a policy agenda, we are witnessing an increasing global commitment to the three core biodiversity policy objectives: conservation of the integrity and diversity of nature, sustainable use of natural resources, and equitable sharing of the benefits and costs of conservation and sustainable use. These objectives are increasingly reflected in the work programmes of all the biodiversity-related conventions, including the Ramsar Convention on Wetlands.
2. Incentive measures are particularly important tools for implementing the biodiversity conventions. This paper opens with an introduction of the concept of incentive measures. It then summarises the recent development of a work programme on incentive measures under the Convention on Biological Diversity (CBD), making reference to potential work under the Convention on Trade in Endangered Species of Wild Flora and Fauna (CITES). The next section explores incentive measures in the context of the Ramsar Convention and the final section suggests elements for a Ramsar Convention work programme on incentives. This paper is also supported by a resource kit on Incentives Measures and the Ramsar Convention which is available on <http://economics.iucn.org/kits-04-00.htm>

§2. An introduction to incentive measures

3. The concept of 'incentive measures' for biodiversity conservation has been in the literature for some time. In the 1988 IUCN book, *Economics and Biological Diversity: Developing and Using Economic Incentives to Conserve Biological Resources*, Jeffrey McNeely defined incentive measure as:

any inducement which is specifically intended to incite or motivate governments, local people, and international organisations to conserve biological diversity. Incentives are used to divert resources such as land, capital, and labour towards conserving biological resources and to facilitate the participation of certain groups or agents in work which will benefit these resources.

4. Importantly, McNeely also emphasised the need to focus on ‘perverse incentives’ “which induce behaviour which depletes biodiversity”.
5. By 1992, as discussed in more detail in section §3, the concept of incentive measures is integrated into Agenda 21 and, more pertinently, into the Convention on Biological Diversity (CBD). The background paper on incentive measures for the first deliberations of the Parties to CBD on the topic, “Sharing of Experiences on Incentive Measures for Conservation and Sustainable Use” (UNEP/CBD/COP/3/24), was based on a review of the theoretical literature as well as on a large number of case studies. In keeping with the approach of the CBD, it incorporated a social dimension into its explanation of incentive measures:

Incentives are the opportunities and constraints that influence the behaviour of individuals and organisations in a society. Incentives for biodiversity management are derived from a complex interaction of a society’s laws, policies, property rights, social conventions, cultural norms, and levels of compliance. The decisions of individuals and organisations with regard to biological diversity and its components are the outcome of the multi-faceted and unique environment of each society. Incentives derive from a wide range of societal factors, not from any single measure.

An incentive measure is a specific inducement designed and implemented to influence government bodies, business, non-governmental organisations, or local people to conserve biological diversity or to use its components in a sustainable manner. Incentive measures usually take the form of a new policy, law, or economic or social programme. However, a single incentive measure functions within the broader set of incentives governing human behaviour, and its effectiveness depends upon support from the existing social and economic environment.

6. A major theme of the CBD background paper is that “incentives governing the use of biological diversity and its components are produced by a society’s institutional environment”. Such an institutional approach focuses on three interactive components:
 - “*Formal constraints* are the written instruments that provide a legally enforceable framework for the economic and social activities of a society. These constraints can be divided into laws, government policies (including economic measures) and property rights”.

- “*Social constraints* are the unwritten rules that govern everyday human behaviour in economic and social exchange. Cultural norms, social conventions, mores, etiquette, traditions, and taboos are all social constraints which stem from belief systems. Compliance with social constraints is by convention and not through legal channels. The purpose of social constraints is to reduce uncertainty for people by making human behaviour more predictable”.
 - “*Compliance* is the degree to which individuals and organisations respect and adhere to the existing constraints, both formal and social. The extent to which the individuals and organisations in a society comply with the formal and social constraints is determined by their relative levels of enforcement. Each type of constraint has a separate monitoring and compliance mechanism”.
7. Successful design and implementation of incentive measures requires an institutional approach which considers the complex interaction of formal constraints, social constraints and compliance. In other words, if an incentive measure is to be effective and efficient it must make economic sense, social sense, cultural sense, legal sense, enforcement sense, and, of course, biological sense. This implies that the appropriate measure or package of measures may well differ in many instances. Hence, “the diagnosis of opportunities for designing and implementing economically and socially sound incentive measures involves an assessment of a country’s entire institutional environment, due to the interactive nature of the three components”.
8. The paper also makes several recommendations for action which have subsequently been incorporated into the decisions of the CBD Parties on incentive measures:
- Consider adopting an institutional approach;
 - Undertake a review of existing institutional incentives;
 - Develop biodiversity impact assessments;
 - Share information and case studies; and
 - Develop domestic capacity for the use of economics and incentive measures as tools for biological diversity management.
9. In a 1996 OECD paper, “Mixing Instruments and Institutional Arrangements for Optimal Biodiversity Conservation,” Mike Young makes an important point:
- In the large majority of circumstances, and recognising multiple objectives, biodiversity conservation will be achieved most effectively via a mix of instruments and mechanisms.
10. This means that policy makers should adopt a portfolio approach to the use of incentive measures for biodiversity which is tailored to the particular circumstances of a country.
11. The paper also presents a useful table of categories of instruments or measures available for the conservation and sustainable use of biological resources:

Tax Policy	Enforcement	Institutional Mechanisms
Charges	Bonds and Deposits	Information
Financial Programmes	Regulations	Leverage Mechanisms
Property Rights	Accreditation Schemes	Awards
Leases & Quotas	Empowerment	

12. Within each of these categories, several instruments are available. For example, under Charges, there are tourist levies, entry charges, royalties, and user fees. Under Property Rights are tradable quotas, tradable fishing shares, development rights, easements and covenants. Under Empowerment are third party rights to challenge decisions, rights of access to information, and co-management. For more information on the types and uses of incentive measures, please refer to the documents available on <http://economics.iucn.org/kits-04-00.htm>.

§3. Incentives on the biodiversity agenda

13. This section provides a short introduction to progress under the CBD on incentive measures. It highlights the Articles which make reference to incentive measures. Further, it reviews some of the major CBD recommendations and decisions leading up to and including the latest decisions on incentive measures at the 4th Conference of the Parties (COP4). This section is not intended to provide a comprehensive review, but rather to demonstrate the increasing prominence of incentive measures as a tool for biodiversity policy and to outline the key decisions which are of relevance to the Ramsar Convention

§3.1 The CBD and incentive measures

14. At the United Nations Conference on Environment and Development (UNCED) in 1992, the global community adopted Agenda 21, of which Chapter 15 addresses biological diversity and the CBD. This chapter stresses the need to “take effective economic, social and other appropriate incentive measures to encourage the conservation of biological diversity and the sustainable use of biological resources”. Also at UNCED, 150 States signed the Convention on Biological Diversity. There are now more than 170 ratified Parties to the CBD.
15. Of special importance to Ramsar is Article 11 of the CBD which calls on Contracting Parties to “as far as possible and as appropriate, adopt economically and socially sound measures that act as incentives for the conservation and sustainable use of components of biological diversity”.
16. Two other Articles focus on incentive measures. Article 20 calls on Parties to provide “financial support and incentives in respect of those national activities which are intended to achieve the objectives of this Convention”. Article 7 calls on Parties to “identify processes and categories which have or are likely to have significant adverse impacts” on biodiversity, which includes “perverse” incentives, as previously discussed.
17. Incentive measures are also pivotal to the implementation of most of the commitments under the CBD such as Article 6 on general measures for conservation and sustainable use, Article 8

on in-situ conservation, Article 10 on sustainable use, Article 14 on impact assessment and minimising adverse impacts, Article 15 on access to genetic resources, and Article 16 on access to and transfer of technology. Many of these commitments – notably in-situ conservation, sustainable use, and impact assessment – and their associated work programmes at the COP and national levels are particularly relevant to the Ramsar Convention.

§3.2 Incentive measures in the CBD process

18. As incentive measures are a cross-cutting policy tool, they are explicitly or implicitly a predominant theme in most CBD deliberations. This section, limits itself to a review of the key decisions of CBD COPs on incentives.

§3.2.1 Incentive measures in early COPs and SBSTTAs

19. COP1 placed incentive measures on the agenda for COP3. The first meeting of the Subsidiary Body for Scientific, Technical, and Technological Advice (SBSTTA1) addressed the issue of perverse incentives for the first time. It noted concern about subsidies which lead to fishing over-capacity. At COP2, Article 11 was mentioned in the decision on marine and coastal biodiversity, which is also known as the Jakarta Mandate. It states that: “it would be most appropriate to examine the various existing subsidies in the light of Article 11, which refers to economically- and socially-sound incentive measures”.
20. Serious consideration of incentive measures began at SBSTTA2 in September 1996. In the context of a recommendation on economic valuation, SBSTTA2 advised the COP:

that, while more information on economic value is needed, the lack of information need not delay the implementation of economically- and socially-sound incentive measures to sustainably manage biodiversity. In this regard, consideration of incentives having a perverse impact on biological diversity and its components should be regarded as a high priority.
21. Importantly, this recommendation recognises the link between valuation and incentives. SBSTTA2 also recommended that the COP “in its consideration of incentive measures at its third meeting, emphasise the importance of developing well-targeted local level incentives, participatory approaches to the design of new measures, and capacity-building”.

§3.2.2 Incentive measures at COP3 and SBSTTA3

22. Incentive measures appeared as a separate agenda item for the first time at COP3 in November 1996. They were also addressed in several other agenda items. Decision III/18 provides the first elements of a work programme on incentive measures. Particularly relevant to the Ramsar Convention are the following components of this decision:

Noting that local and indigenous people and the private sector have an important role in the design and implementation of incentive measures,

Encourages Parties to review their existing legislation and economic policies, to identify and promote incentive for the conservation and sustainable use of components of biological diversity, stressing the importance of taking appropriate action on incentives that threaten biological diversity;

Encourages Parties to ensure adequate incorporation of the market and non-market values of biological diversity into plans, policies and programmes;

Encourages Parties to develop training and capacity-building programmes to implement incentive measures;

Encourages Parties to incorporate biological diversity considerations into impact assessments, consistent with Article 14 of the Convention, as a step in the design and implementation of incentive measures;

Invites Parties to share experiences on incentive measures and make relevant case studies available to the Secretariat, and requests the Executive Secretary to facilitate the exchange of information on incentive measures.

23. Additionally, COP3 confirmed “the importance of the Global Environment Facility’s support for incentive measures”. Regarding in-situ conservation, emphasis was placed on “ways to suppress or mitigate perverse or negative incentives having a deleterious effect on biological diversity”. And regarding biodiversity assessment, COP3 recommended identification of “the processes and categories of activities which have or are likely to have significant adverse impacts on biological diversity”.
24. Incentive measures featured in the decisions on agricultural biodiversity and forest biodiversity indicating an interest in integrating incentive measures into the CBD’s ecosystem approach. Additionally, COP3 linked Article 8(j) on local and indigenous communities with incentive measures. Incentive measures were also relevant to COP3 decisions on access to genetic resources, intellectual property rights and biosafety.
25. Consideration of freshwater biodiversity, and thus eventually of the synergies between the CBD and the Ramsar Convention, began at SBSTTA3 in September 1997. Incentive measures were integrated into the recommendations to COP4 regarding this ecosystem type. For example, recommendation III/1 on inland water ecosystems called for “the development of methods and techniques for the valuation of goods and services of inland water ecosystems, incentives and policy reform”. Further, it advised that Parties should “review the range and effectiveness of national incentives, subsidies, regulations, and other relevant financial mechanisms which have the ability to affect inland water ecosystem”. And Parties should also “redirect financial support which run counter to the objective of the Convention; and implement targeted incentive and regulatory measures that have positive impacts on the biological diversity of inland waters”.

§3.2.4 Incentive measures at COP4

26. Incentive measures again featured prominently at CBD COP4 in May 1998. Decision IV/10 on measures for implementing the Convention includes a detailed section on incentive measures (10a) as well as a detailed section on impact assessment (10c). This decision clearly places incentive measures as a key tool for biodiversity policy and provides a solid basis for developing future programmes of work on incentive measures under the biodiversity-related conventions, including Ramsar. Decision IV/10a reads:

The Conference of the Parties,

Reaffirming the importance for the implementation of the Convention of the design and implementation by Parties and Governments of economically and socially sound measures that act as incentives for the conservation and sustainable use of biological diversity,

Recalling decision III/18 on incentive measures,

Recognising that incentive measures should be designed using an ecosystem approach and with the targeted resource management audience in mind,

Recognising that economic valuation of biodiversity and biological resources is an important tool for well-targeted and calibrated economic incentive measures,

1. *Encourages* Parties, Governments and relevant organisations:

- To promote the design and implementation of appropriate incentive measures, taking fully into account the ecosystem approach and the various conditions of the Parties and employing the precautionary approach of Principle 15 of the Rio Declaration on Environment and Development, in order to facilitate achieving the implementation of the objectives of the Convention and to integrate biological diversity concerns in sectoral policies, instruments and projects;
- As a first step towards formulating incentive measures, to identify threats to biological diversity and underlying causes of reduction or loss of biological diversity and relevant actors;
- To take into account economic, social, cultural and ethical valuation in the development of relevant incentive measures;
- To develop supportive legal and policy frameworks for the design and implementation of incentive measures;
- To carry out participatory consultative processes at the relevant level to define the clear and target-oriented incentive measures to address the

identified underlying causes of biodiversity reduction or loss and unsustainable use;

- To identify perverse incentives and consider the removal or mitigation of their negative effects on biological diversity in order to encourage positive, rather than negative, effects on the conservation and sustainable use of biological diversity;
- To prepare case studies on incentive measures in the thematic focus of the fifth meeting of the Conference of the Parties, utilising the indicative outline prepared by the Secretariat as far as possible, and to make them available to the Secretariat;
- To undertake value addition and enhancement of naturally occurring genetic resources, based on the participatory approach, where appropriate, to work as incentives for their conservation and sustainable use;

2. *Requests* Parties to include information on the design and implementation of incentive measures in their second national reports;

3. *Requests* the financial mechanism to provide to eligible Parties adequate and timely support for the design and approaches relevant to the implementation of incentive measures including, where necessary, assessment of biological diversity of the relevant ecosystems, capacity-building necessary for the design and implementation of incentive measures and the development of appropriate legal and policy frameworks, and projects with components that provide for these incentives;

4. *Invites* all relevant organisations:

- To support efforts by Parties to design and implement appropriate incentive measures;
- To assist Parties and Governments to identify gaps in national capacity for policy research and analysis relevant to the design of incentive measures and to develop the necessary capacity to conduct such research and analysis;

5. *Requests* the Executive Secretary:

- To compile the information received from Parties, Governments and relevant organisations and to facilitate the exchange of information through appropriate means, such as the clearing-house mechanism, taking full advantage of existing and ongoing work of Parties and relevant organisations in this area;

- To prepare in collaboration with the Organisation for Economic Development and Cooperation (OECD), the World Conservation Union (IUCN) and other relevant organisations, a background paper containing further analysis of the design and implementation of incentive measures for the conservation and sustainable use of biodiversity, as it is related to the incentive measures in the thematic focus of the fifth meeting of the Conference of the Parties, with the aim of developing guidance to Parties;
- To describe, in this document, ways and means to identify perverse incentives and possibilities to remove or mitigate their negative effects on biological diversity.

27. COP4 also addressed incentive measures in its inland water ecosystems calling on Parties to:

review the range and effectiveness of national incentives, subsidies, regulations, and other relevant financial mechanisms which have the ability to affect inland water ecosystems, whether adversely or beneficially; redirect financial support measures which run counter to the objectives of the Convention regarding the biological diversity of inland waters; implement targeted incentive and regulatory measures that have positive impacts on the biological diversity of inland waters; develop the policy research capacity needed to inform the decision-making process in a multi-disciplinary and sectorally integrated manner.

§4. The Ramsar Convention and incentive measures

28. The use of incentive measures falls under Article 3.1 of the Ramsar Convention on Wetlands which states that: “The Contracting Parties shall formulate and implement their planning so as to promote the conservation of the wetlands included in the List, and as far as possible the wise use of wetlands in their territory.”
29. Additionally, incentives measures are prominent in the Annex to Resolution 5.6 on “Additional Guidance for the Implementation of the Wise Use Concept” which notes that “social and economic factors are the main reasons for wetland loss and therefore need to be of central concern in wise use programmes”. The Annex explains that the “wise use of wetlands requires a coordinated approach on a national scale; this necessitates planning, which can be in the framework of wetland policies, conservation policies or policies with a broader scope (environment, application of water laws, or resource planning).”
30. The use of incentive measures is also supported by the 1997-2002 Strategic Plan of the Convention. In particular, work on incentive measures is important to General Objective 4, which is “to reinforce the capacity of institutions in each Contracting Party to achieve conservation and wise use of wetlands”. Action 4.1.1 calls for Parties to “review existing national institutions responsible for the conservation and wise use of wetlands”. As indicated in section 2 of this paper, an institutional approach to the identification, design and implementation of incentive measures is fully consistent with this activity.

31. Incentive measures are also relevant to other parts of the Strategic Plan. For example, Action 2.2.2 is to “promote the inclusion of wetlands in national, provincial and local land use planning documents and activities, and in all relevant sectoral and budgetary provisions”. And Action 2.7.3 calls on Contracting Parties and partners to “involve local communities in the management of wetlands by establishing wetland management committees, especially at Ramsar sites, on which local stakeholders, landowners, managers, developers and community interest groups, in particular women’s groups, are represented”. Incentive measures are critical to the site-specific management of wetlands and to the involvement of local stakeholders.
32. Incentive measures are essentially wise use policies and obstacles to the development of such policies include existing “policies that discourage conservation and wise use objectives”. This leads to a concern about perverse incentives, and the Annex identifies several instruments to promote positive incentives and address perverse incentives. These include legislative tools such as:

periodical review of existing legislation to ensure that it is generally compatible with the wise use obligation, and make adjustments if necessary; this applies to particular legislation regarding mandatory wetland destruction or to that which encourages such destruction through tax benefits and subsidies; [and]

execution of an environmental impact assessment in order to determine if a proposed project is compatible with the general requirements of wise use and the maintenance of the ecological character of the wetlands concerned.
33. Furthermore, in terms of general wise use legislation, the Guidelines say the following should at least be considered.
 - “monitoring of the effects of authorised actions and carrying out unbiased environmental audits of these actions when they have been completed;
 - institution of a system of management agreements between relevant government agencies, landowners and land-users to provide for positive management measures by the latter when this is required for the maintenance of the ecosystem;
 - provision of financial incentives including taxes and subsidies to encourage activities which are compatible with the maintenance of wetlands, and which promote and contribute to their conservation. Financial tax incentives should not permit activities which have detrimental effects upon wetlands;”.
34. At COP7, incentive measures are also relevant to several other briefing papers, in particular “Technical Guidelines for Reviewing Laws and Institutions to Promote the Conservation and Wise Use of Wetlands”. The laws and institutions paper suggests that a legal and institutional review should have two main objectives:
 - to identify legal and institutional measures which constrain conservation and wise use; and
 - to support the development of positive legal and institutional measures for conservation and wise use.

35. In other words, the Parties should identify and reform laws and institutions which generate perverse incentives and develop and implement laws and institutions which generate positive incentives for the conservation and wise use of wetlands.
36. The 'Guidelines for establishing participatory processes to involve local communities and indigenous people in the management of wetlands' (Ramsar COP7 Document 15.8) also addresses a number of issues relating to incentive measures. They emphasise the importance of creating appropriate incentives for involving local and indigenous communities both in the decision-making processes relating to wetlands of importance to them and in the management of these wetlands. Additionally, as mentioned in COP7 Document 15.8, it is critical that these incentives focus on ensuring that these communities derive benefits from such participatory processes.

§5. **Towards a Ramsar decision on incentive measures**

37. CBD decisions III/18 and IV/10c provide a global mandate and clear guidance for the development of programmes of work on the design and implementation of incentive measures for the conservation and sustainable use of components of biological diversity. As these decisions are applicable to freshwater ecosystems and coastal ecosystems, they also provide guidance to the development of a decision on incentive measures under the Ramsar Convention on Wetlands. This is recognised in the fact that incentive measures are included in the CBD-Ramsar Joint Work Plan, which has been endorsed by the CBD in Decision IV/15 and is to be considered by Ramsar COP7 Document 15.3.
38. Also, Decision IV/10 asked the CBD Secretariat to work with OECD and IUCN on developing further guidance on incentive measures and to work with the Ramsar Bureau, the Secretariat of the Convention on Migratory Species, IUCN and the International Association of Impact Assessment (IAIA) on developing further guidance on impact assessment. Technical representatives of these six institutions met in December 1998 to explore opportunities for developing a partnership on tools for the Biodiversity Conventions. A report of the meeting is available on <http://economics.iucn.org>.
39. Elements of a global programme of work on incentive measures for the conservation and sustainable use of wetlands which could be incorporated into a Ramsar decision on incentive measures include the following nine activities:
 - Collect, produce and disseminate case studies.
 - Share experiences.
 - Distil lessons.
 - Provide guidance and develop guidelines.
 - Build capacity.
 - Review, design and implement incentive measures.
 - Involve stakeholders.
 - Monitor and audit incentive measures.

- Mainstream incentives.
40. These activities could be based on the approach developed by OECD and could include support for both international collaboration and national action. Further they should be developed with an ecosystem approach thereby identifying and addressing the cumulative effects of multi-sectoral policies implemented simultaneously in a single ecosystem. They should also focus on ways and means to identify perverse incentives and possibilities for removing or mitigating their negative effects on biodiversity.

§5.1 Collect, produce and disseminate case studies

41. Though a number of relevant and useful case studies on incentive measures have been documented, there are gaps in our knowledge. Therefore it will likely be necessary to conduct additional case studies. Linked to the need for additional case studies is a need to collect and disseminate the hundreds of existing relevant case studies which now sit as “grey literature” reports in conservation and development agencies.

§5.2 Share experiences

42. The Internet as a widely accessible global electronic filing cabinet is the ideal place for sharing experiences on incentive measures. Capacity could be strengthened within the Contracting Parties, partners and the Ramsar Bureau to create a clearinghouse of information on incentive measures. One existing site which may be relevant either as a prototype or as a foundation for such a clearinghouse of information is IUCN’s site on the economics of biodiversity. This site houses a wide collection of information on incentive measures for biodiversity conservation and sustainable use.

§5.3 Distil lessons

43. As case studies are produced, collected and shared, there will be a continual need to distil lessons from these experiences. Thus a component of any programme of work should focus on synthesis and analysis. This can be accomplished by expert meetings, electronic discussion lists, synthesis papers, edited compilations, and journal articles. Such dialogue and open discussions will be critical at this stage and should be fostered by wide dissemination of case study materials and open fora for focused discussions.

§5.4 Provide guidance and develop guidelines

44. Several sets of guidelines or procedures relating to incentive measures will be required to ensure the adequate design and implementation of incentive measures. These could include guidelines and guidance on “incentive measures assessment” which would develop impact assessment tools to review decisions at three levels – policy, programme and project. Additionally more explicit guidelines may be needed to review existing legislation and economic policies.

§5.5 Build capacity

45. Vitally important to the successful review, design and implementation of incentive measures will be the capacity of policy-makers and assessors. This capacity needs to be built through targeted training exercises, and the sharing of knowledge and experiences (see §5.2 above).

§5.6 Review, design and implement incentive measures

46. All of the above components should facilitate the efforts of Parties to actually review, design and implement incentive measures which promote the conservation and sustainable use of biodiversity and identify and mitigate measures threatening biodiversity. The process for conducting such an exercise should follow accepted guidelines and be enhanced by targeted audiences. Further, the Internet can be used, where appropriate, to share these reviews among interested Parties and stakeholders.

§5.7 Involve stakeholders

47. When conducting the actual review, design and implementation of incentive measures it is critical to involve relevant stakeholders in the process. The fundamental assumption behind incentive measures is that they influence decision-making processes. To ensure that this influence is accurate and effective requires input from relevant stakeholders throughout the review, design and implementation process. The structure of the proposed National Ramsar Committees as multi-sectoral or ministerial bodies lends itself to such stakeholder involvement, and thus these Committees might be the appropriate structures for undertaking the incentive reviews. Additionally, the stakeholder involvement in the design of the National Wetland Policies (Ramsar COP7 Document 15.6), as well as the policy analysis and design undertaken in this process, provides an opportunity for reviewing and designing incentive measures which work for the conservation and sustainable use of wetlands.

§5.8 Monitor and audit incentive measures

48. The ever changing nature of social, economic and ecological structures means that incentive measures will inevitably become out of date. Also it is unlikely that those designing incentive measures will be able to foresee all of the consequences of those measures. Therefore it is necessary to establish a clear and open auditing process which allows for necessary adjustments in the incentive measures design. Linked to this audit process should be a monitoring system which triggers audits, in case the incentive measures perform in unexpected or undesirable ways. For incentive measure systems to be effective in the long term, it is imperative to have a designed-in monitoring and auditing process.

§5.9 Mainstream incentives

49. Finally, the cross-cutting nature of incentive measures indicates the need to mainstream biodiversity incentives across economic sectors. Also, in addressing incentives as a component of sectoral discussions, the GEF and other funding agencies should, where appropriate, incorporate incentive measures throughout their programmes and activities. Thus, a

component of any programme of work should be to build awareness of the importance of incentive measures for all biodiversity-related activities.