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<i>Session</i>	5
<i>Title of presentation</i>	Providing incentives for farmers to increase biodiversity and climate resilience of agricultural exports
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Abstract

Increased trade and specialization in agricultural products is associated with a decline in relative biodiversity of agricultural systems. Climate change is also reducing the capacity of farmers to maintain productive and resilient systems. Policies need to be designed to address these complex challenges. Two cases studies from ITC's Aid for Trade programming in Peru's agricultural sector illustrate the relationship between trade, climate change, biodiversity and livelihoods and how policy design and setting new economic incentives can improve sustainability and livelihood outcomes.

Key considerations

- ITC research shows that the growth in demand for *quinoa* has driven a reduction in the relative biodiversity. Whilst policy makers can establish markets for ecosystem services to increase the production of biodiverse varieties and diversify income sources for smallholders, the markets remain thin.
- A second ITC study shows that climate change is one of the three most important competitiveness challenges facing exporters of *coffee and cacao* in Peru. A wide range of policy responses and investments are needed to enable Peru's agriculture to increase its climate resilience and competitiveness.

Key discussion points and conclusions

- What is the trade-off between increasing agricultural production to the benefit of rural communities and maintaining agricultural biodiversity?
- How can policy makers increase the environmental public goods from agriculture in the face of growing demand for food.
- The increasing level of observed climate risks are reducing productivity and increasing the difficulty of maintaining biodiversity. What contribution can trade make to addressing these challenges?

Key question/s that you would pose at the roundtable discussions

- How can markets provide incentives for farmers in developing countries to produce greater levels of biodiversity? What are the key elements of success in their establishment? How important is international trade to incentivize farmers in the developing world to produce biodiverse agricultural products?