



INCENTIVES REFORMED

By 2020, at the latest, incentives, including subsidies, harmful to biodiversity are eliminated, phased out or reformed in order to minimize or avoid negative impacts, and positive incentives for the conservation and sustainable use of biodiversity are developed and applied, consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions.

Summary of target achievement

Overall, little progress has been made over the past decade in eliminating, phasing out or reforming subsidies and other incentives potentially harmful to biodiversity, and in developing positive incentives for biodiversity conservation and sustainable use. Relatively few countries have taken steps even to identify incentives that harm biodiversity, and harmful subsidies far outweigh positive incentives in areas such as fisheries and the control of deforestation. **The target has not been achieved** (*medium confidence*).¹

In their national reports Parties commonly described efforts to revise licensing processes, including for hunting, fishing and felling, phasing out subsidies for pesticides and fossil fuels, and efforts to identify potentially harmful subsidies, but only about 20% of Parties referred to actions related to the removal of harmful subsidies. Some Parties also reported taking action to deny government support to certain types of behaviour or activities harmful to biodiversity. Reported challenges to reaching this target were limited capacity, funding and legislative action, vested interests in maintaining current incentive schemes, and difficulties in upscaling pilot projects.

Overall, little progress has been made over the past decade in eliminating, phasing out or reforming incentives potentially harmful to biodiversity. Relatively few governments have even identified such incentives, an essential starting point if this target was going to be achieved. Where information is available, the indications are that the value of subsidies that are harmful or potentially harmful to biodiversity greatly exceeds the finance that is allocated to promote conservation

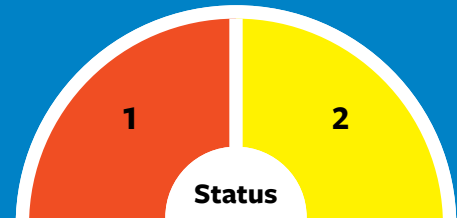
and sustainable use of biodiversity.² More specifically, whereas total finance for biodiversity (covering public, private, domestic and international finance) is estimated at about \$80-90 billion per year, government support that is potentially environmentally harmful is estimated at about \$500 billion.³ Looking at subsidies for production of commodities linked to forest destruction in Brazil and Indonesia alone, these were estimated in 2015 to exceed by a factor of 100 or more the amount spent on measures to combat deforestation.⁴

Elements of government support to agriculture that are potentially most harmful to the environment declined significantly in value in the 1990s and in the first decade of this century, but there is no evidence of progress in the past decade, with this support remaining well above \$100 billion (Figure 3.1).⁵

There has also been little progress in reducing global fisheries subsidies during this decade; and while the increase in total subsidies that occurred in earlier decades appears to have halted since 2009, the value of harmful incentives as a proportion of all fishing subsidies actually increased between 2009 and 2018. Of the more than \$35 billion

TARGET ELEMENTS

1. Harmful incentives eliminated or reformed
2. Positive incentives applied



provided as fishing subsidies in 2018, only \$10 billion promoted sustainable fisheries, while some \$22 billion was spent on subsidies linked to overfishing through expanding the capacity of fishing fleets.⁶ The World Bank estimates that lost revenues due to mismanagement of fisheries amounted to \$83 billion in 2012.⁷

Despite increased subsidies for clean energy, fossil-fuel support remains high, at \$478 billion in 2019.⁸ These estimates do not include state aid to industries provided as part of economic stimulus measures in response to the COVID-19 pandemic.⁹ When environmental costs and other externalities and lost tax revenue are included, total fossil fuel subsidies may be considered to amount to about \$5 trillion.¹⁰

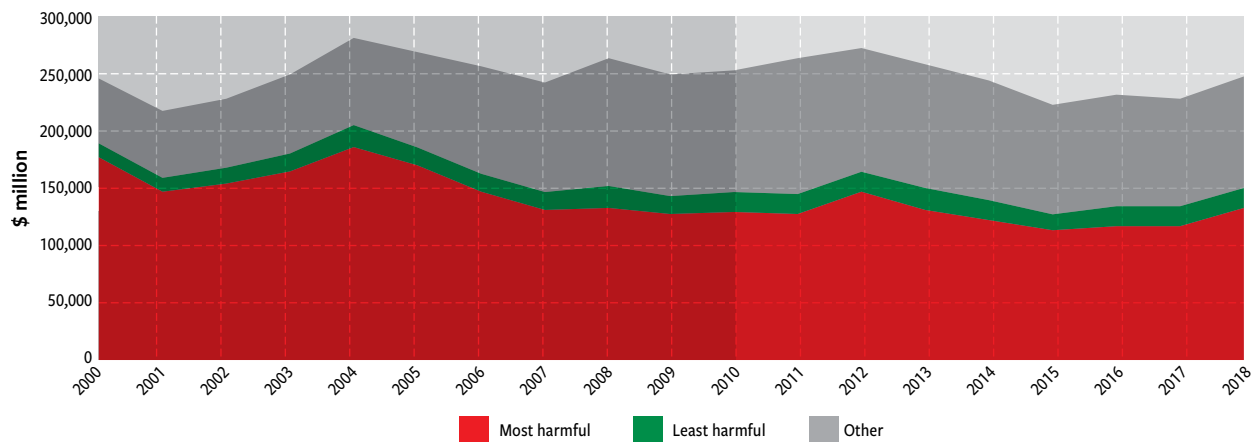
Many countries and regional blocs have introduced positive incentives to encourage conservation and sustainable use of biodiversity, for example through agri-environment schemes in which farmers receive payments to implement agricultural techniques that support biodiversity in farmed landscapes (Box 3.1).

In their national reports, Parties refer to reducing taxes on renewable energy, promoting

payment for ecosystem services and offset schemes, establishing certification and compensation schemes to incentivize activities such as sustainable ecotourism, landscape conservation, and the adoption of more efficient technologies. Some Parties also reported on efforts to encourage local land management, the provision of compensation for the reduction of harmful activities, and actions to recognize indigenous and local land use rights.

Many countries have introduced biodiversity-relevant taxes, fees and charges, and tradeable permits. These instruments are tracked through the Organisation for Economic Co-operation and Development (OECD)'s database on Policy Instruments for the Environment (PINE), to which more than 110 countries currently provide data. As of 2020, 206 biodiversity-relevant taxes are currently in force in 59 countries; 179 biodiversity-relevant fees and charges are currently in force in 48 countries; and 38 biodiversity-relevant tradeable permit schemes are currently in force in 26 countries (Figure 3.2). Biodiversity-relevant taxes include those that are applied on pesticides, fertilizers, forest products and timber harvests to reflect the negative environmental externalities

Figure 3.1. Trends in potentially environmentally harmful elements of government support to agriculture in OECD countries¹¹

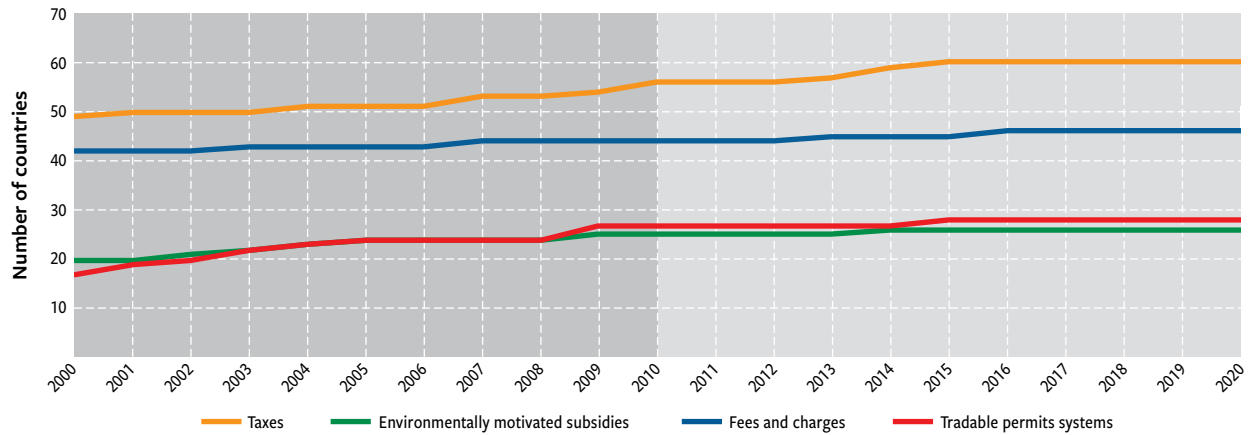


RELEVANT SDG TARGET



Target 14.6 - By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies...

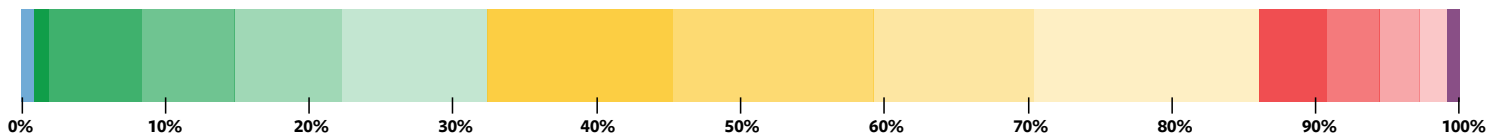
Figure 3.2. Number of countries with biodiversity-relevant economic instruments¹²



Box 3.1. Examples of national experiences progress

- Denmark:** Following reform of the Danish pesticide tax in 2013, the country succeeded in meeting its targets to reduce pesticide load by 40 per cent, as measured by sales. Stockpiling of pesticides has diminished significantly since the new tax was introduced. 100% of revenue from the pesticides tax has been earmarked for environmental schemes and compensation for farmers (\$78.1 million in 2016.)¹³
- Guatemala:** The PROBOSQUE programme, initiated in 2015, extended a previous forestry incentive programme that has rewarded landowners and smallholders who have undertaken reforestation and natural forest management activities. The new programme includes more forest types and provides incentives to restore forests with native species. More than 350,000 hectares of natural forest have been brought under sustainable management through the programme.¹⁴
- Italy:** Under a law passed in 2016, the Italian Ministry for the Environment published its first catalogue of environmentally friendly and harmful subsidies as part of an effort to design ambitious and efficient environmental and economic policies. Italy has placed restrictions on its subsidies for solar energy to ensure that photovoltaic cells in rural areas are placed in a way that safeguards local agro-food traditions, biodiversity, cultural heritage and landscapes. Italy's budget law of 2018 introduced a 'green bonus' providing tax deductions for properties that include significant green cover in urban environments.¹⁵

Assessment of progress towards national targets



The colour bars show the percentage of Parties reporting a given level of progress towards their national targets. (Blue: exceeds target; Green: on track; Yellow: some progress; Red: no change; Purple: moving away from target). The intensity of the colour indicates alignment of national targets with the Aichi Target (Darker colours indicate close alignment).

generated by the use of the natural resource or by pollutants. There is potential to scale up the use of all these incentives. The revenue generated from biodiversity-relevant taxes is approximately \$ 7.4 billion per year, a little over one per cent of total revenue generated from all environmentally-relevant taxes in OECD countries.

Only just over a half (59%) of NBSAPs contain targets related to Aichi Biodiversity Target 3. Of the Parties which have assessed progress towards their national targets, only about a third are on track to reach (31%) or exceed (1%) them. Another half (54%) have made progress but not at a rate that will allow them to meet their targets. Several Parties

(13%) report that they are making no progress towards their targets and a small number (1%) are moving away from reaching them. Moreover, only about a fifth of national targets are similar to (20%) or exceed (1%) the scope and level of ambition of the Aichi Target. Many of the targets in the NBSAPs are general in nature and refer to incentives and subsidies broadly, without specifying the removal of harmful incentives or the development of positive ones. Of the Parties which have assessed progress, only 7% have national targets similar to Aichi Biodiversity Target 3 and are on track to meet them (see bar chart).

