



# Ensuring a Post-COVID Economic Agenda Tackles Global Biodiversity Loss

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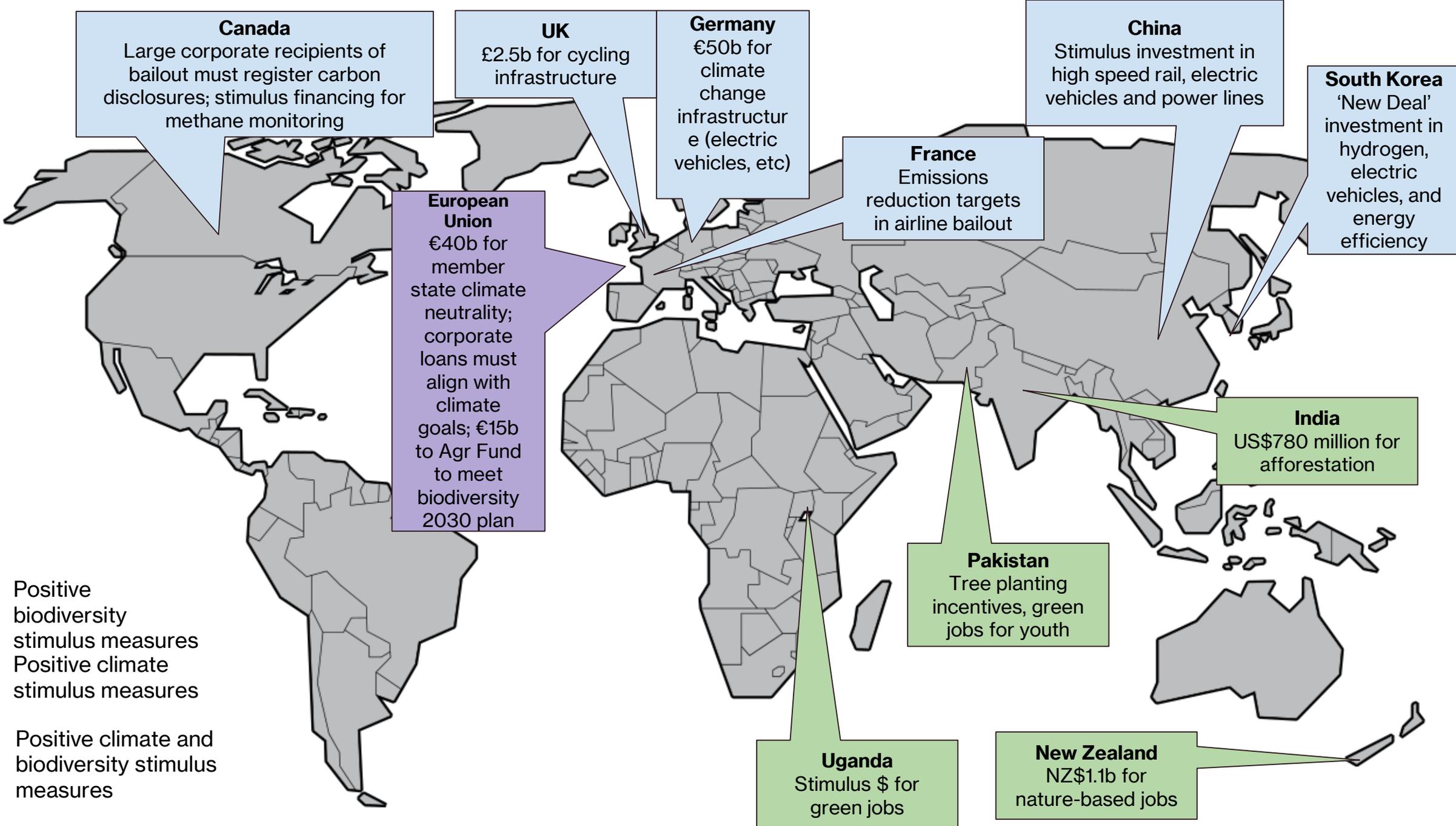
Material for presentation from: P. McElwee, E. Turnout, M. Chiroleu-Assouline, J. Clapp, C. Isenhour, T. Jackson, E. Kelemen, D. Miller, G. Rusch, J. Spangenberg, A. Waldron, R. Baumgartner, B. Bleys, M. Howard, E. Mungatana, H. Ngo, I. Ring, R. dos Santos. 2020. *One Earth* 3: 448-461.

# Key ideas

- Finance and economics ministries have a number of tools for COVID recovery that would at a minimum ‘do no harm’ to biodiversity, and at best, could build a green recovery and tackle drivers of nature loss
- Given existing size of COVID packages in the trillions of US dollars, this represents an important opportunity to align with post-2020 global biodiversity framework
- Yet we don’t yet see much emphasis on biodiversity and nature in recovery plans (slightly better for climate change)

# Current COVID recovery packages

- Central bank measures (interest rate reductions, emergency bond purchases (QE), other liquidity actions)
- National measures (VAT and other tax reductions, stimulus spending in health and infrastructure sectors, investment in key industries)
- Business support (loans and bailouts, tax incentives or reductions, rent relief, procurement or purchasing)
- Safety net support (unemployment insurance, food subsidies, basic income or cash transfers, education support)
- **BUT few of these measures have taken account of biodiversity explicitly, and some even have negative effects** (e.g. reduction of consumption or resource use taxes, relaxation of environmental regulations)
- **Our assessment:** All recovery steps should ‘**no do harm**’ and many can be **retooled to be biodiversity-positive**, with similarly positive impacts on economic growth and employment



# Short term actions

Government monetary & fiscal policies

- Eliminate harmful subsidies and shift to positive ones
- Public procurement of sustainable goods
- Increase public support for sustainable agriculture
- Increase environmental taxation, including bonus-malus schemes and offshore accounts
- Stimulus relief funds criteria



Private sector

- Meet bailout conditionality
- Increase standards for greener private investment
- Shorter & sustainable supply chains



Employment policies

- Green work programs and payments for environmental services
- Universal Basic Income



# Longer term measures

Government monetary & fiscal policies

- Central bank risk measures & sustainable finance guidelines
- Ecological fiscal transfers
- New institutions to encourage private financing
- Reduce inequality through tax and wage policy, ensure just transitions

Private sector

- Rethink production models and create more resilient supply chains
- Improve circular economies
- Incentivize greener private investment
- Disclosure standards, reporting & liability

Consumers

- Rethink excess consumption through nudges, caps and taxes

Trade & aid

- Fairer trade rules
- Ensure international aid & funding

Metrics

- Alternative measures of social welfare
- New metrics for environmental goods and bads in accounting

# One example: Green employment stimulus

- Government-supported work programs can reduce widespread unemployment & bring biodiversity and climate benefits
- Conservation jobs are often 'shovel-ready' and among the most economically-effective measures.
- A study submitted to Australia's government estimates that AUS \$4 billion in conservation-oriented post-COVID stimulus would create over 50,000 jobs working on nature-related activities
- In US after 2008 crash, stimulus in the marine restoration sector generated more jobs per million US dollars invested than most other sectors, such as fossil fuels
- **However, currently only a handful of countries have green employment in their COVID packages.**

# Conclusions

- There is an urgent need to push biodiversity into economic recovery packages to **enable needed transitions to the 2050 Vision**
- Arguments are strong for economic efficiency, employment gains, and equity benefits of biodiversity-focused measures.
- There is great risk for **biodiversity harm** in some packages and approaches
- Key areas ripe for immediate attention: **sustainable agriculture, production & supply chains, greener investment, restoration jobs, climate/biodiversity nexus approaches (Nature-based solutions, etc)**
- Environment ministries should work hand in hand with finance ministries to design appropriate packages with both short-term stimulus and long-term recovery options.
- Follow-up and monitoring should be a priority (e.g. asking for stimulus tracking reports at COP15)

Thank you for the opportunity to speak to you today about a recent paper we have published on Ensuring a post-COVID economic recovery tackles global biodiversity loss". I am happy to share some of the findings of this study on behalf of my coauthors.

Slide 2. Our paper was aimed to understand how the post-COVID economic agenda could achieve both the important aims of stimulating economies and dealing with unemployment, but also potentially tackle the key drivers of biodiversity loss, particularly those identified in 2019 IPBES Global Assessment. This include land use change, direct exploitation, climate change, pollution and invasive species as direct drivers, which are underpinned by indirect drivers, such as economic growth. So, my coauthors and I, who were all contributors to the Global Assessment, went back through that report to pull out specific actions to target to economic drivers that could be particularly inserted into post-COVID recovery plans. Note that we evaluated and discussed ideas that were aimed at fixing the economy as their primary goals, and thus might be implemented by economic or finance ministries, rather than ministries of the environment. For example, we all know that increased protected areas funding would likely have economic benefits, but that is a goal for biodiversity first and economics second. We wanted to highlight actions that would have primarily economic aims and figure out how to make them strong tools for positive impacts on biodiversity, or at the very minimum, structure these options so that they did no harm to nature. However, when we looked at existing and proposed recovery plans , we found that in fact very few of our best measures were being taken in existing packages.

Slide 3. These existing recovery packages have used a number of approaches and economic tools. For example, central banks have played important roles in asset purchasing, and there have been critiques that this funding has gone to fossil fuels or other negative sectors, and many banks have imposed no conditionality on recipients. Thus, having 'do no harm' safeguards for both climate and biodiversity in place for central banks would help guide these cash infusions, loans and investments to greener options. There are other national measures, including those targeted at business and individuals, ranging from strengthened safety nets to emergency bailouts to changes in tax structure and rates. We suggest that many of these can be made more biodiversity-friendly, or at least do no harm, and this is important because some of these measures may have inadvertent negative impacts, particularly since there has been a rush to get money out the door. An example of this is reduction in VAT taxes – which might increase unsustainable consumption, in which case, more targeted reductions in VAT on certain green goods, like electric vehicles or sustainably-grown food, would be a more appropriate approach.

Slide 4. Right now, in examining existing and proposed country-level strategies, we do see a range of potentially positive actions, but overall, there is much more attention to climate than nature. Only the EU has what we might consider a combined approach, but even there, biodiversity support is less in terms of overall funding than climate investments. Some countries have particularly targeted biodiversity in their approaches, and the most common way is through restoration/afforestation funding and green jobs, which I'll speak about a bit more in a moment.

Slide 5. In our assessment of what biodiversity-positive economic actions might look like, we have both short- and longer-term measures, and ones that can be taken across a range of actors. In our longer paper, which is available for anyone who would like it, we go through the evidence in more detail for each of these actions, but here I will just say that the important message is how many possible tools there are: for central banks, disclosures and risk assessments in order to receive purchase support, or subnational governments that can't run budget deficits could benefit from ecological fiscal transfers. New initiatives might include green bonds for biodiversity, universal basic income, or measures to nudge more sustainable consumption through increased resource use caps. We give examples of all these in our paper.

Slide 6. One particular area where you can see the multiple benefits to both biodiversity and to economic recovery is in green jobs. Government-supported work programs can be essential in reducing widespread unemployment, and jobs in ecological restoration obviously bring biodiversity and climate benefits as well. These conservation jobs are 'shovel-ready' and can be scaled up rapidly as they do not rely on technology or expanded production (the case for investments in many green climate jobs). A recent survey of economists noted that stimulus measures focused on green sectors (biodiversity & climate) were rated as the most economically effective measures, while airline bailouts (something found in many countries' approaches) were rated as the worst option for creating jobs and economic growth. The number of jobs and costs are highly context dependent, but for a couple of examples, a recent report to Australia's government estimates that AUS \$4billion would create over 50,000 jobs working on nature-related activities. In the American Recovery and Reinvestment Act of 2009, the marine restoration sector generated more jobs per million US dollars invested than many others, such as fossil fuels. However, currently only a handful of countries have green employment in their COVID packages. Notably, of those that do (India, New Zealand, Pakistan, Uganda) several countries already had priorities for green jobs in existing National Biodiversity Strategic Action Plans or Green Growth Strategies, so that turned out to be excellent preparation for dealing with an unexpected crisis like COVID.

Slide 7. So, to sum up, there is an urgent need to push biodiversity into economic recovery packages. Such investments would enable needed transitions to the 2050 Vision, and the arguments are strong for economic efficiency, employment gains, and equity benefits of these biodiversity-focused measures as well. There is also great risk for biodiversity harm in some current recovery packages and approaches: these include reduced regulatory standards, reduced resource taxes, and fossil fuel subsidies that will make it impossible to meet Paris Agreement goals. Some key areas are ripe for immediate attention: sustainable agriculture, greener production & supply chains, improved ESG investment standards and rules, restoration and other jobs, and a range of climate/biodiversity nexus approaches like nature-based solutions. Environment ministries should work hand in hand with finance ministries to design appropriate packages with both short-term stimulus and long-term recovery options. Follow-up is also key, and some have suggested that part of next year's COPs for both biodiversity and climate should report back on post-COVID investments to see what was prioritized and what worked and what did not.