



The role of economic incentives and perverse subsidies in biodiversity mainstreaming

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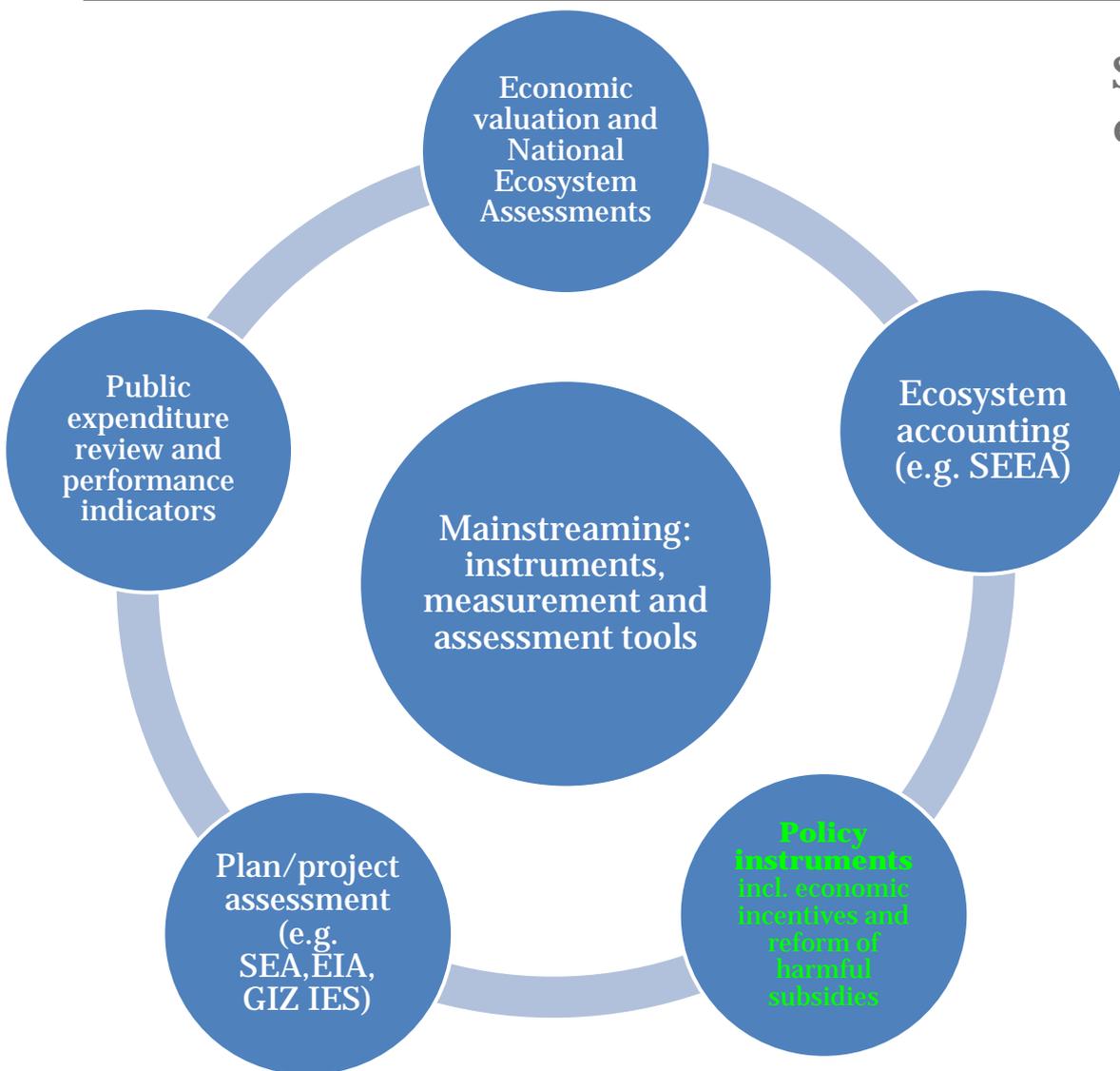


The need for more ambitious action on biodiversity...

- Declining biodiversity trends at global level
 - *OECD Environmental Outlook to 2050* projects a further 10% loss by 2050 under business as usual. Yet biodiversity and ecosystem service benefits are high.
- Loss will have adverse impacts to environment, health, economic growth... human well-being
- 4 overarching priorities for further action:
 - Remove or reform environmentally harmful subsidies
 - Scale up private sector engagement
 - Improve data, metrics, indicators – including economic valuation of biodiversity
 - Mainstream biodiversity conservation and sustainable use into other policy areas and sectors



Mainstreaming: Tools, instruments and approaches



Several tools and approaches exist – need to **scale up** and **improve effectiveness**





Policy instruments for biodiversity conservation and sustainable use

Regulatory approaches (command & control)	Economic instruments	Information and voluntary approaches
Restrictions or prohibitions on use	Price-based instruments - taxes, charges/fees, subsidies	Eco-labelling & certification
Access restrictions or prohibitions (e.g. protected areas)	Reform of environmentally harmful subsidies	Green public procurement
Permits & quotas (e.g. logging/fishing)	Payments for Ecosystem Services	Voluntary approaches (negotiated agreements)
Quality, quantity, and design standards	Biodiversity offsets	Corporate environmental accounting
Spatial planning	Tradable permits (e.g. ITQs for fisheries)	
	Liability instruments	



Also useful as a means to generate revenue...

Policy instrument	Finance mobilised (<i>Handle with care - complete data not available!</i>)
Environmental Fiscal Reform	Total revenue from <u>environmentally-related taxes</u> in OECD countries in 2010: slightly below USD 700 billion. <u>But</u> taxes on “other” (i.e. pollution and resources) <u>small</u> fraction of this
Payments for Ecosystem Services	5 national programmes alone channel > USD 6 billion p.a. (OECD, 2010) Payments for watershed services > USD 9 billion in 2008 (Parker and Cranford, 2010) ...More than 300 PES programmes worldwide
Biodiversity offsets	USD 2.4-4 billion in 2011 (Madsen et al, 2011) ~ 45 programmes worldwide
<i>Compared to...</i>	
BD in int’l development finance	Biodiversity-related ODA (development finance) estimated at USD 6.1 billion per year over 2010-2012 (OECD DAC, 2014)



Examples of harmful subsidy reform

Agriculture: Support estimated at USD 248 billion in 2009-2011 in terms of OECD Producer Support Estimates

Share of PSE in OECD area by category, ranked by potential environmental impact (%)

Potential environmental impact	1995-97	2009-2011
Potentially most harmful	74	50
Potentially less harmful	16	14
Potentially more beneficial	5	28
Potentially most beneficial	5	8

Source: OECD (2013). *Policy Instruments to Support Green Growth in Agriculture*. Table 4.1

Removal/reform of pesticide subsidies in Indonesia, Bangladesh, and other...

Fisheries:

Subsidy reform in Iceland and Norway



Examples of economic instruments

- Danish pesticide tax (**agriculture**)
- Cuba – Havana Bay user tax (**infrastructure, others**)
- Australia – NSW load-based licensing
- User/entrance fees for protected areas (**tourism**)
- Payments for ecosystem services (>300 programmes worldwide) (**forestry, water management, agriculture**)
- Biodiversity offsets (> 70 programmes worldwide, e.g., US, Germany, Mexico) (**mining, development infrastructure, forestry, others**)
- Tradable permits used in area of **water management** (e.g., Australia and U.S.), **agricultural nutrients** (e.g., Ontario in Canada, Netherlands), and **fisheries**



Some good practice examples

Attention to how instruments are **designed** and **implemented** is key to help ensure effective outcomes

- Clearly define **property/land tenure rights**
- Determine **baselines**
- Robust **monitoring, reporting and verification...** to evaluate programmes, assess progress, and improve over time
- Mitigate potential **leakage**, ensure **permanence**
- Identify **winners and losers** of policies ex-ante – then, build in well-targeted compensatory measures for low-income households; tax free threshold for essential use... (i.e. social safeguards)

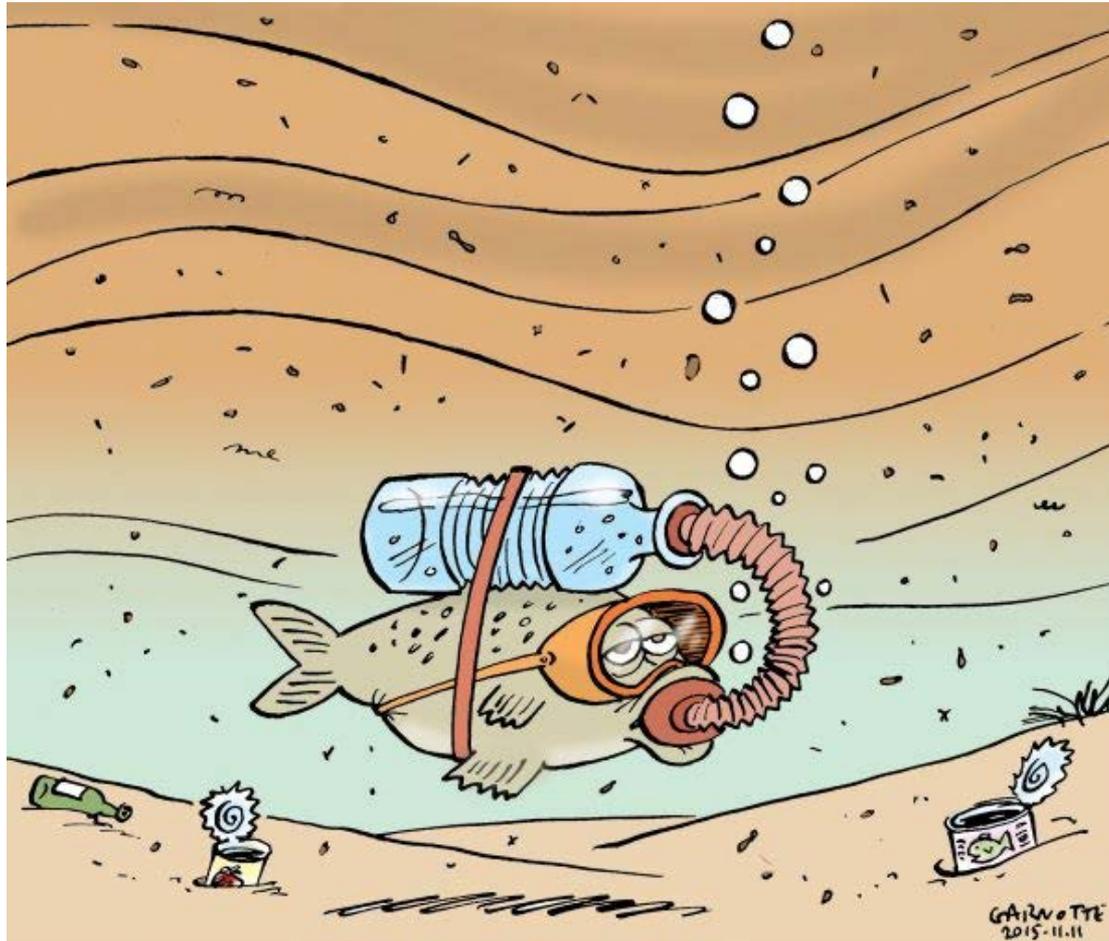


Mainstreaming biodiversity and development including development co-operation (current OECD work)

- A joint OECD project between the Environment Directorate and Development Co-operation Directorate
- Workshop on **Biodiversity and Development: Mainstreaming and Managing for Results** (17 February 2015)
 - <http://www.oecd.org/env/resources/workshop-biodiversity-development-2015.htm> including PPTs, co-chairs summary, etc.
- Examining 3 themes:
 - Mainstreaming at **national** level
 - Mainstreaming at **sector** level
 - **Monitoring and evaluation** of mainstreaming



What we don't want...





Gracias!

- Van Winkle et al (2015) “[Biodiversity Policy Response Indicators](#)” [for Aichi Biodiversity Targets 3 and 20]. OECD ENV WP 90
- Drutschinin and Ockenden (2015) “[Financing for Development in Support of Biodiversity and Ecosystem Services](#)” OECD DCD WP23
- Wilson et al (2014). “[The Role of National Ecosystem Assessments in Influencing Policy Making](#)”. OECD ENV WP 60
- OECD (2013) *Scaling Up Finance Mechanisms for Biodiversity*
- OECD (2013) *Policy Instruments to Support Green Growth in Agriculture*
- OECD (2012) *Environmental Outlook to 2050: The Consequences of Inaction*. Chapter on Biodiversity.
- OECD (2010) *Paying for Biodiversity: Enhancing the Cost-Effectiveness of Payments for Ecosystem Services*
- OECD (forthcoming) *Biodiversity Offsets: Effective Design and Implementation*
- OECD (forthcoming) “[Insights from Mainstreaming Biodiversity in South Africa](#)”

For more information, visit: www.oecd.org/env/biodiversity

www.oecd.org/greengrowth www.oecd.org/dac/environment-development