

Environmental fiscal measures: the work under the Convention on Biological Diversity

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Context and message

Literature:

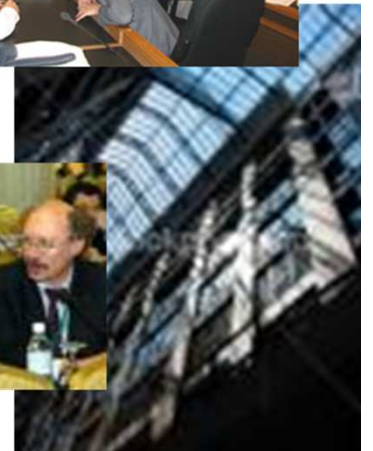
- ✓ Benefits of environmental fiscal reform (EFR) are substantial but progress is sluggish
- ✓ Current work on obstacles to EFR and ways & means to overcome them
- ✓ Useful to link GFR to wider policy commitments and processes at different levels, including international commitments
(see Withana in session B1)
- International law as a commitment device

Objective: showcase CBD as such a commitment device

- Objectives, targets, and Convention mechanics
- Formal decision-making
- Institutional and financial mechanisms to support national implementation

CBD

- One of the tree «Rio Conventions», signed in 1992
- Entered into force 29 December 1993
- 194 Parties
- Governing Body: Conference of the Parties
- Cartagena Protocol on Biosafety entered into force 11 September 2003; 169 Parties
- Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization; entered into force 12 October 2014; 55 Parties
- Three main objectives (Article 1): Conservation ; sustainable use of biodiversity components; fair and equitable sharing of benefits of genetic resources



The Strategic Plan for Biodiversity 2011-2020

- Adopted by COP-10 in Nagoya, Japan, October 2010
- Framework for all biodiversity-related conventions and partners
- 20 'Aichi Biodiversity Targets' grouped under five strategic goals
- One of its five strategic goals is to “**mainstream biodiversity across government and society**”
- Linking biodiversity to economics and human well-being

“Take effective and urgent action to halt the loss of biodiversity in order to ensure that by 2020 ecosystems are resilient and continue to provide essential services, thereby securing the planet’s variety of life, and contributing to human well-being, and poverty eradication.”

(mission of the Strategic Plan)

Entry points for EFR

- Two entry points:
 1. Correcting society's incentives
 2. Resource mobilization
 - raising (financial resources)
 - enhance effectiveness of resource use ('policy coherence')
- Convention Articles
 - Article 11 (Incentive Measures)
 - Article 20 (Financial Resources)

Aichi Target 3 of the Strategic Plan

“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.”

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Aichi Target 20 of the Strategic Plan

“By 2020, at the latest, the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all sources, and in accordance with the consolidated and agreed process in the Strategy for Resource Mobilization, should increase substantially from the current levels.”

Implementation of the SP

- COP-10:
 - ✓ review, update and revise, as appropriate, NBSAPs;
 - ✓ Develop national target(s);
 - ✓ Adopt revised NBSAPs as a policy instrument;
- Funding for NBSAP revision by developing countries provided through GEF
- UNU-IAS gap analysis of existing NBSAPs:
 - many existing NBSAPs do not adequately address the mobilization of resources necessary for their implementation

Implementation guidance

- COP-12 adopted milestones for implementing Aichi Target 3 on incentive measures (decision XII/3, para 21 and Annex I)

Timeline	Milestone
2015	National target reflecting Aichi Biodiversity Target 3 and associated action items included in revised national biodiversity strategy and action plan (NBSAP)
2016	Policy or legislative action is being developed on incentives, including subsidies, already known to have harmful effects and already identified as candidates for elimination, phase-out or reform, in form of their elimination or initiation of their phase-out or their reform
2016	Finalization of national analytical studies that identify candidates for elimination, phase-out or reform of incentives, including subsidies, harmful for biodiversity, and that identify opportunities to promote the design and implementation of positive incentive measures
2018	Finalization of policy plans that (i) identify those harmful incentives that are candidates for elimination, phase-out, or reform; (ii) provide for a prioritized list of measures leading to their eventual elimination, phase-out, or reform; (iii) provide for a prioritized list of measures leading to the introduction, or strengthening, of positive incentives for the conservation and sustainable use of biodiversity; (iv) provide for associated timelines and milestones

Implementation guidance

- COP-12 adopted targets for resource mobilization under Aichi Target 20, including a target on the mobilization of domestic financial resources from all sources (decision XII/3, paragraph 1)
- Annex IV of decision XII/3 proposes 'concrete and effective actions' for implementing Aichi Target 20 and associated financial targets

EFR as a means to implement AT 20

“Explore opportunities presented by environmental fiscal reforms including innovative taxation models and fiscal incentives for achieving the three objectives of the Convention, such as, as appropriate and in accordance with national circumstances and legislation:

- Granting tax exemptions or tax credits in national income or corporate taxation systems for biodiversity-related donations or activities;*
- Establishing ecological fiscal transfers as a means for burden sharing;*
- Establishing reduced value added tax (VAT) rates for products that have less impact on biodiversity.”*

(decision XII/3 Annex IV, para 35)

EFR as a means to implement AT 20

- Implement Aichi Biodiversity Target 3: “consider using the milestones for the effective implementation of Aichi Biodiversity Target 3, contained in annex I...”
- Actions identified as possible response to obstacles encountered in implementing options identified for removing, phasing out or reforming incentives, including subsidies, that are harmful for biodiversity: (i) increase transparency; (ii) change the terms of the policy debate by challenging misconceptions; (iii) make heard the voices of those who are disadvantaged by the status quo; (iv) recognize that a range of options is available to meet societal objectives; (v) better target existing subsidies and improve subsidy design (including possible conditional subsidies), consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions; (vi) seize and create windows of opportunity (e.g., policy reforms, legal and international obligations); (vii) accompanying or transitional measures.

(see decision XII/3 Annex IV, para 34)

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(see decision XII/3 Annex IV, para 34)

Capacity building and support

- Strengthen institutional capacities and provide technical support for effective resource mobilization and utilization, including strengthening capacities and further methodological work to: (...)
 - Undertake environmental fiscal reforms including taxation models and fiscal incentives for achieving the three objectives of the Convention;
 - Implement a wide range of biodiversity financing mechanisms in accordance with national circumstances and legislation, including relevant safeguards;
 - Apply and implement the modalities and milestones for the full implementation of Aichi Biodiversity Target 3, including options for overcoming obstacles encountered in implementing policies for addressing harmful incentives, consistent and in harmony with the Convention and other relevant international obligations, taking into account national socioeconomic conditions;

(See decision XII/3 Annex IV, para 40)
- Funding for developing countries under GEF-6 biodiversity strategy (programme 10)

Recap: another look at obstacles

- An empirical analysis on obstacles undertaken during the lead up to COP-12
 - based on Parties' ranking of 27 possible obstacles
 - See UNEP/CBD/WGRI/5/4/Add.1 for a full discussion
- 1. Lack of financial, human, technical resources;
- 2. Lack of mainstreaming and integration of biodiversity issues into other sectors;
- 3. Loss of biodiversity and the corresponding goods and services it provides not properly understood and documented;
- 4. Lack of political will and support;
- 5. Inadequate capacity to act, caused by institutional weakness.

More info:

<http://www.cbd.int>

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