

Environment Management Group
Nexus Dialogues on Harmful Subsidies – Webinar Series
Concept Note

Webinar II: Revitalizing Economies: The Path to Repurposing and Reforming Harmful Subsidies

Date: 17/09/2024 | **Time:** 15:00 – 16.30 CEST | **Format:** virtual | **Language:** English
Organized by: UN Environment Management Group (EMG), in collaboration with UNEP

Background

The impact of subsidies on our ecological and economic landscapes is profound. Yet, the detrimental environmental effects of these subsidies often remain overlooked or inadequately assessed. Environmentally harmful subsidies across fossil fuels, agriculture, and fisheries sectors significantly contribute to the degradation of the planet's vital natural resources—clean air, land, and oceans. Totalling over US\$7 trillion annually in the form of direct and indirect fiscal incentives, these subsidies exacerbate environmental degradation and impede the transition towards a sustainable and equitable economy, disproportionately impacting vulnerable communities.¹ Amidst a global biodiversity crisis threatening nearly a million species with extinction due to human activities, such subsidies—especially those in agriculture and fisheries—further intensify habitat destruction, land degradation, and the overexploitation of marine resources.² Addressing the challenge of reforming subsidies necessitates a critical reevaluation to ensure fiscal responsibility and alignment with environmental and social objectives. A strategic approach is essential to uncovering and mitigating the adverse environmental impacts of these subsidies.³ Key steps include enhancing transparency in financial markets, ensuring accountability through policy and regulatory oversight, and aligning policies with Sustainable Development Goals (SDGs). This comprehensive approach aims to

¹ <https://www.worldbank.org/en/topic/climatechange/publication/detox-development#:~:text=A%20new%20World%20Bank%20report,much%20of%20the%20global%20economy.>

² <https://www.biofin.org/news-and-media/launch-nature-s-subsidies-step-step-guide-repurpose-subsidies-harmful-biodiversity-and>

³ [ibid.](#)

mitigate the adverse environmental impacts of subsidies, promote sustainable practices, and support both ecosystem health and sustainable livelihoods.⁴

The dialogue series centers on the critical theme of repurposing subsidies. The dialogues examine the associated challenges and opportunities within these sectors through case studies from agriculture, fisheries, and fossil fuels. Opportunities are highlighted through initiatives such as the BIOFIN initiative by the United Nations Development Programme (UNDP), which offers a detailed methodology to support nations in reforming harmful subsidies and emphasizing the urgent need to reevaluate subsidies to ensure a positive environmental impact.⁵ Moreover, the United Nations Environment Programme (UNEP) has introduced a comprehensive methodology for assessing fossil fuel subsidies. Indicator 12.c.1 measures the amount of fossil-fuel subsidies relative to gross domestic product (GDP), underscoring the need to cut these subsidies to foster a green economy and lower carbon emissions. This approach provides United Nations Member States with a structured framework to accurately report and thereby initiate steps towards reducing such subsidies, which is essential for advancing an approach towards a circular economy.⁶

Further accentuating the global consensus towards environmental sustainability, the recent adoption of the Kunming-Montreal Global Biodiversity Framework by the Convention on Biodiversity (CBD) represents a landmark commitment to preserving nature by 2030. A critical aspect of this framework is the focus on modifying incentives, particularly subsidies detrimental to biodiversity. Target 18 within this framework emphasizes the need for countries to mitigate such subsidies' adverse effects and establish beneficial incentives to encourage biodiversity conservation. Specifically, it mandates the identification and alteration or elimination of biodiversity-harmful incentives by 2025, aiming to reduce at least US \$500 billion annually by 2030.⁷ This target highlights not only the critical nature of the challenges ahead but also the substantial opportunities for positive change, underscoring the webinar series' intent to explore avenues for repurposing subsidies in ways that support biodiversity conservation and SDG objectives.

⁴ <https://www.oecd.org/development/financing-sustainable-development/Framework-for-SDG-Aligned-Finance-OECD-UNDP.pdf>

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https://www.biofin.org/sites/default/files/content/knowledge_products/The%20Nature%20of%20Subsidies%20%28Web%29.pdf

⁶ <https://www.unep.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter/goal-12-9>

⁷ <https://www.cbd.int/gbf/targets/18> ;

https://www.biofin.org/sites/default/files/content/knowledge_products/The%20Nature%20of%20Subsidies%20%28Web%29.pdf

Dialogue Objective

Recognizing the complexities and widespread impact of these subsidies, the EMG proposes a series of Nexus Dialogues focused on understanding, measuring, reforming, and repurposing harmful subsidies to align with Sustainable Development Goal objectives. The primary aim of the dialogue series is to convene key organizations, including UNEP, UNDP, the World Bank, FAO, WTO, IMF, and other stakeholders, to share knowledge, challenges, and opportunities related to harmful subsidies. Building on existing scientific knowledge and reports, these dialogues aim to foster a comprehensive understanding of harmful subsidies' impact and explore effective strategies for reforming and repurposing subsidies. Topics of discussion will include the measurement and reform of subsidies, enhancing stakeholder coordination, and establishing best practices in policy-making. By addressing the complex issue of harmful subsidies through these dialogue series, the EMG aims to facilitate meaningful discussions that can lead to actionable insights and collaborative efforts toward sustainability and equity. The series represents a critical step in rethinking economic incentives to benefit the environment and society mutually.

The dialogue series aims to culminate in developing a policy paper providing joint messaging on harmful subsidies. This document will guide coherent action and policy reform across the UN system and beyond. Additionally, the dialogues will contribute to awareness-raising and collaborative action.

Target audience

The series will unfold through 3 webinars, each spanning 1-1.5 hours, designed to foster an inclusive environment that welcomes EMG members, non-members, and diverse stakeholders. This approach ensures a comprehensive exchange of ideas and perspectives, contributing to a more nuanced understanding of the issues. Scheduled over the coming months, the exact dates and potential speakers for each session will be established following the concept's endorsement. The webinars aim for widespread dissemination and will target a global audience that seeks to engage technical specialists, policymakers, researchers, practitioners, and the general public interested in sustainable subsidy reforms. The webinars will be conducted in English.

Agenda 1 – Aligning Public Spending for Climate and Nature Actions

The opening webinar of the Nexus Dialogue Series sets the stage for a crucial conversation on bridging the gap between existing subsidy frameworks and the pressing need for reforms aligned with environmental sustainability and economic equity. This session will delve into how subsidies, particularly those detrimental to the environment, can be restructured to effectively support climate action and biodiversity conservation. Recognizing the complexity of the subject, we have convened a diverse panel of experts to provide a comprehensive range of perspectives and insights.

Time	Topic	Speaker
5'	Welcome and opening remarks	Mr. Hossein Fadaei, UN EMG
5'	Webinar series inauguration	H.E Felix Wertli, Ambassador for the Environment, Swiss Government
15'	Setting the scene	Dr. Stone, UNEP
15'	Case #1: Aligning public spending with biodiversity objectives: Insights from OECD work	Dr. Karousakis, OECD
15'	Case #2: Aligning public spending for climate and nature actions: harmful fisheries subsidies	Mr. Vivas Eugui, UNCTAD
15'	Case #3: Examples of country-level reforms on harmful subsidies benefiting both climate and nature, including an overview of BIOFIN's assessment guidelines	Ms. Bellot, BIOFIN UNDP
15'	Case #4: Fossil fuel subsidy reform to support climate action	Mr. Gass, IISD
5'	Closing remarks	UN EMG

Moderator

Steven Stone (UNEP)

Agenda 2 - Revitalizing Economies: The Path to Repurposing and Reforming Harmful Subsidies

The Dialogue aims to deepen our understanding of measuring the impacts of subsidies to inform policymaking and promote sustainable economic growth. With presentations by WTO, World Bank, FAO, GEF, Sveriges Riksbank, and UNEP, this session will explore methodologies for measuring subsidies' economic, social, and environmental impacts, emphasizing the urgent need for reform.

Time	Topic	Speaker
5'	Welcome and opening remarks	
5'	Setting the scene presentation	Dr. Balakrishna Pisupati, Head of the Environmental Policy Unit, UNEP
15'	<u>Case #1</u> : Fiscal sustainability and environmental impact of reforming subsidies in animal agriculture and broader agricultural sector	Dr. Nicoletta Batini, Senior Adviser, Monetary Policy Department, Sveriges Riksbank
15'	<u>Case #2</u> : Addressing harmful subsidies at the WTO: fossil fuel and fisheries subsidies	Ms. Svetlana Chobanova, Trade Policy Analyst, Trade and Environment Division, WTO
15'	<u>Case #3</u> : Strategies for subsidy reforms and policy coherence aimed at achieving global environmental benefits, with a focus on the upcoming CBD COP-16	Sonja Teelucksingh, Advisor to the CEO, Front Office, GEF
15'	<u>Case #4</u> : Repurposing Agricultural Policies and Support: Transform the Food System for Healthier People, Economies and the Planet	Dr. Mansur Ahmed, Senior Economist, Agriculture and Food Global Practice, World Bank
15'	<u>Case #5</u> : Socioeconomic opportunity cost of not repurposing public support in food and agriculture: FAO policy optimization modelling tool and its future environmental extensions	Dr. Marco Sanchez, Deputy-Director of Agrifood Economics and Policy, FAO
5'	Closing remarks	

Moderator

Dr. Balakrishna Pisupati (UNEP)

Agenda 3 - Transforming Harmful Subsidies: Opportunities and Best Practices

This session will explore best practices and lessons learned from around the world in transforming harmful subsidies into beneficial incentives aligned with sustainability goals. It will highlight successful repurposing efforts and the crucial role of international cooperation, especially the role of the United Nations in contributing to these transformations. Participants will discuss how global stakeholders can collaborate to realign economic incentives with environmental and social objectives to avoid missed opportunities in realigning subsidies.

Time	Topic	Speaker
5'	Welcome and opening remarks	
15'	Setting the scene	
15'	<u>Case #1:</u>	
15'	<u>Case #2</u>	
15'	<u>Case #3:</u>	
20'	Q&A with guiding questions	All participants
5'	Closing remarks	

Moderator

TBC

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