



Turning harm into opportunity: A Look at Brazil and Malawi

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An aerial photograph showing a dirt road that runs vertically through the center of the frame. To the left of the road is a dense, dark green forest. To the right is a large, flat agricultural field, divided into sections of brown soil and vibrant green crops. The sky is clear and blue in the background.

US\$470 billion/yr

Spent on agricultural subsidies that have harmful environmental and social effects.¹

2.2 million ha/yr

Global forest loss associated with agricultural subsidies.²

¹ UNEP et al., 2021, ² Damania et al., 2023

Turning harm into opportunity: a framework for repurposing subsidies

Identify

Subsidies that harm forests and non-forest natural ecosystems

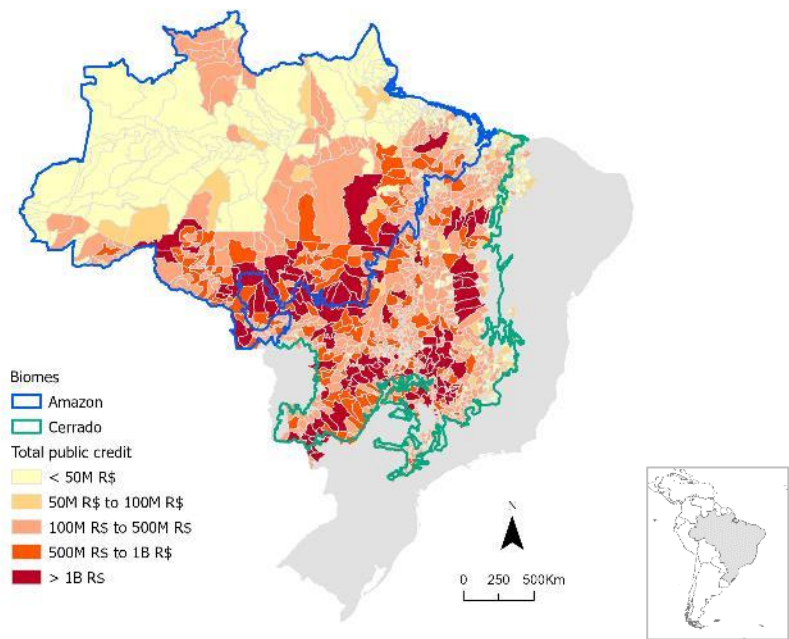
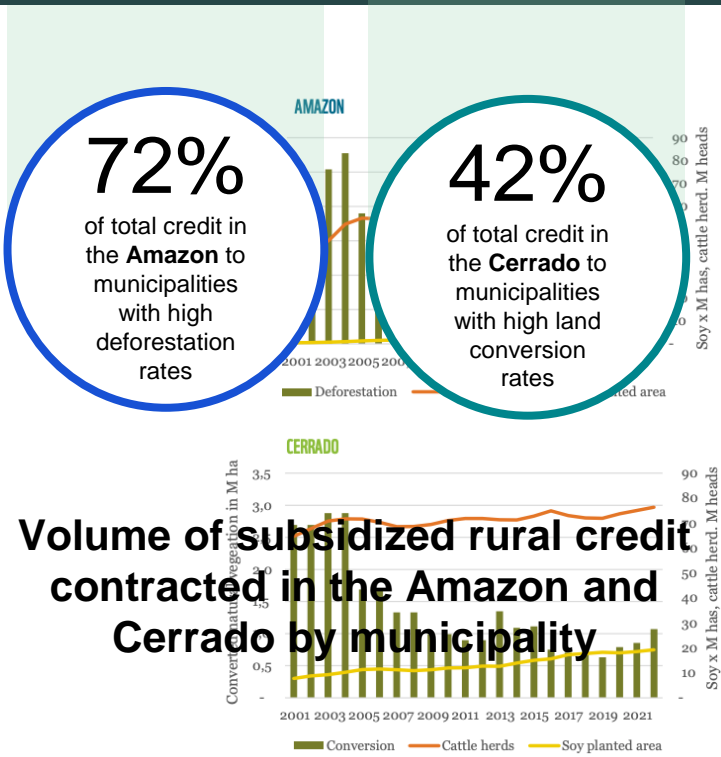
Assess

conditions and barriers for repurposing

Anticipate

outcomes and trade-offs

Example: Brazil



Source: Based on SICOR data for the period from July 2013 to June 2023.

Example: Brazil

Subsidized credit targeting large-scale and medium-size landholders

62%
in the Amazon

85%
in the Cerrado

Total volume of credit originated from public subsidized sources

54%
in the Amazon

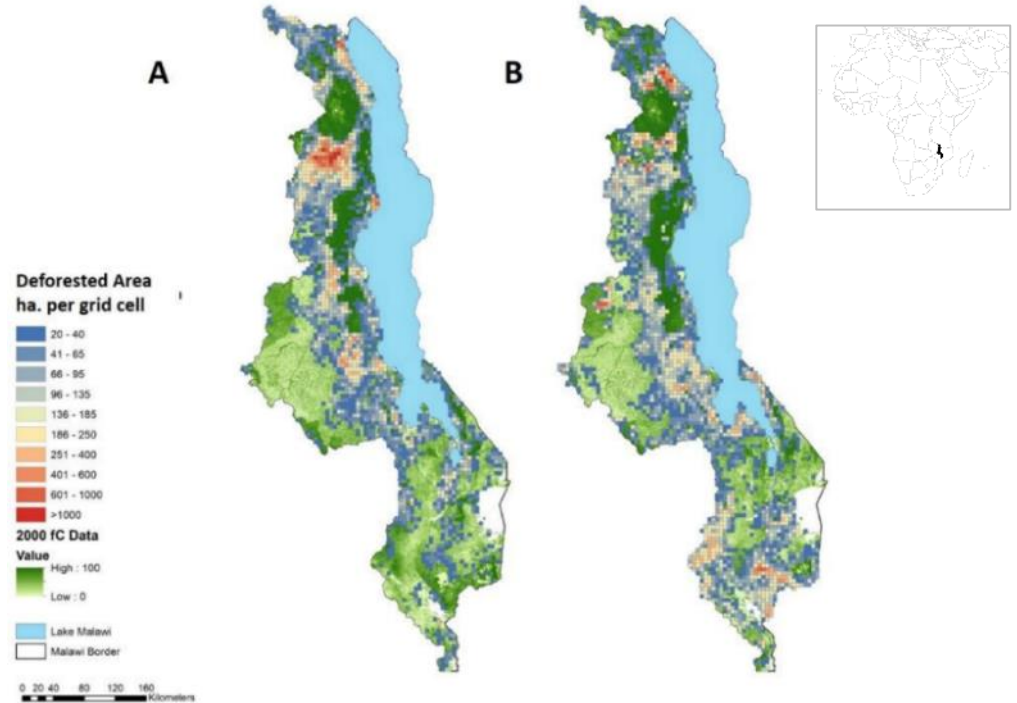
40%
in the Cerrado

Source: Based on SICOR data for the period from July 2013 to June 2023.

Example: Malawi

- The main subsidy is the Affordable Inputs Program (AIP).
- The AIP constitutes 64% of the agriculture ministry's budget and 9% of national spending.
- AIP leads to land clearing, soil fertility loss, and field expansion

Mapped areas of deforestation, 2000 to 2009 (A) and 2010 to 2015 (B). Source: Skole et al, 2021



Example: Malawi

- The targeting system of the AIP has not been able to reach the right beneficiaries.
- Logistical problems prevent fertilizers from being delivered on time or in sufficient quantities
- The productivity of many farmers who benefit from the program remains low, as does their income.



Brazil: repurposing options



Sustainable agriculture



- Restoring pastures under sustainable cattle ranching
- Expanding a regenerative low carbon-agriculture



Bioeconomy options



- Scaling agroforestry systems
- Strengthening bioeconomy value chains



Land and forest restoration



- Financing land and forest restoration measures
- Compensations to farmers for ecosystem services



Fiscal support to productive farms



- De-risking instruments
- Improving the risk coverage in agricultural insurance



Complementary measures

- Land regularization and securing public lands
- Institutional support
- Technical assistance
- Monitoring and accountability
- Indirect financial transfers through taxation

Malawi: repurposing options



Diversification of AIP



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- Diversification of crop production
- Support of agroforestry systems



Strengthening of agricultural value chains



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- Strengthen non-maize value chains



Forest landscape restoration



© WWF-US/Abel Valdivia

- Financing of landscape restoration measures



Enhancing domestic input supply



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- Support of organic fertilizer production
- Improvement of fertilizer storage capacity

Complementary measures

- Agricultural research and extension services
- Farmer's organization to support local agro-processing and mechanization
- Strengthening the forest management framework
- Support commercial tree plantations



Recommendations

- Channel **international finance** to support enabling conditions for efficient repurposing of harmful subsidies through multilateral reform programs.
- Establish effective channels for **collaboration across the UNFCCC and the CBD** and adopt a joint program on repurposing harmful agricultural subsidies.
- Promote inter-ministerial working groups to **identify and reform harmful agricultural subsidies** and scale up adequate policies.





Thank you!