

Target 18: Perverse Incentives

Elements to be replaced

- 500 billion USD should be replaced by 1 trillion USD per year of additional reduction, reaching an overall reduction of at least 4-6 trillion USD per year

The Dasgupta review shows that 4-6- trillion USD is a more probable estimate of perverse incentives, though probably still an underestimate. Incentives need to be reduced by 1 trillion USD annually because: a) not all have been identified, and 4-6 trillion is an underestimate and b) it is urgent to address this problem. The objective should be to eliminate all incentives that directly and indirectly damage biodiversity by 2030.

Elements that should be part of the target

- Eliminate, phase out, reform or repurpose all perverse incentives as soon as possible

Perverse incentives support measures that undermine biodiversity, human rights, and the finance given for biodiversity. They have the potential to undermine all other biodiversity policies. The failure to comply with Aichi Target 3 thus played a key role in the overall failure to implement the Strategic Plan 2010-2020 of the CBD. It is of utmost importance that there is no regression from Aichi Target 3.

There should be no exceptions; ALL incentives harmful to biodiversity need to be identified and eliminated or repurposed by 2030.

- Identify perverse incentives and analyse what drives them

Not all perverse incentives have been identified yet. There is a clear need for a systematic in-depth process of identifying and analysing different types of perverse incentives, including potential novel perverse incentives. Continuous evaluation is necessary, including a profound analysis of the institutional arrangements and structures that might drive the creation of perverse incentives and obstacles to perverse incentive reform, including the corporate capture of policy-making.

- In a just and equitable way

The elimination, phasing out and reforming of perverse incentives should be part of a broader process of just transition, including by ensuring that subsidies – to the extent that they benefit marginalised rightsholder groups– are reformed and coupled with alternatives that also benefit those rightsholder groups.

- Redirection of financial savings from reforms to IPLCs and other vulnerable groups

When financial savings are generated from subsidy reform, the resources should be used for activities that support biodiversity, human rights and social equity. Savings not repurposed for the same groups should be redistributed in an equitable and gender-just manner, especially to the Indigenous Peoples, local communities and women conserving and sustainably using biodiversity.

- Prioritising the stewardship of indigenous peoples and local communities

They understand and interact with local ecosystems most closely and positively and are therefore vital to defending biodiversity as well as their related knowledge and cultures.

Elements that should NOT be part of the target

- Payments for environmental services

Payments for environmental services lead to the commodification and financialisation of biodiversity, undermine cultural value systems that support biodiversity conservation and reinforce the disadvantageous economic position of politically and economically marginalised groups such as women, Indigenous Peoples and small farmers who often have insecure or unrecognised land governance rights.

- In a manner consistent with WTO rules

Making the CBD subordinate to WTO decisions that may cause biodiversity loss is unacceptable. The WTO must adapt to align with the CBD and the GBF.

- In harmony [...] with other relevant international obligations

This is ambiguous and could make CBD subordinate to other international agreements unless they are harmonious with and aligned with CBD objectives

- Redirect and repurpose to nature-positive activities

'Nature-positive activities' is not defined language in the CBD and could be used to allow offsets.

Further reading on target

Analysis and proposals for Targets 18 and 19 of the First Draft of the post-2020 Global Biodiversity Framework, Third World Network

https://www.twn.my/announcement/Target%2018%2019%20GBF_TWN%20Briefing%20Note.pdf

Incentivising deforestation for livestock products, Global Forest Coalition,

<https://globalforestcoalition.org/perverse-incentives-deforestation-for-livestock/>

Circular economy or vicious cycle? How corporate capture of policy-making and perverse incentives are driving deforestation, Global Forest Coalition,

<https://globalforestcoalition.org/forest-cover-63/>