

Reforming Environmentally Harmful Subsidies for SDGs

G7 Meeting on Environmentally Harmful Subsidies

14-15 March 2017

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UN Environment

EHS reforms supporting SDGs



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



17 PARTNERSHIPS FOR THE GOALS

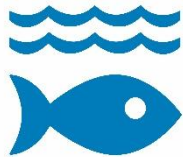


How can reforming EHS support the SDGs?

- Improve resource efficiency
- Reduce ecological footprint
- Increase health benefits
- Create fiscal space
- Mobilize domestic resources
- Redirect public investment

EHS in water and fisheries

14 LIFE
BELOW WATER



- Reform of fisheries subsidies (T14.6)

- Improve water quality by reducing pollution..(T6.3)

- **6.3.1 Proportion of wastewater safely treated**

- **6.3.2 Proportion of bodies of water with good ambient water quality**

- Increase water-use efficiency across all sectors..(T6.4)

- **6.4.1 Change in water-use efficiency over time**

- **6.4.2 Level of water stress: freshwater withdrawal as a proportion of available freshwater resources**

6 CLEAN WATER
AND SANITATION



Agriculture subsidies



- Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally (T15.2);
- **15.2.1 Progress towards sustainable forest management**
Correct and prevent trade restrictions and distortions in world agricultural markets, including ...elimination of all forms of agricultural export subsidies and all export measures with equivalent effect (T2.b)
- **2.b.1 Producer Support Estimate**
- Increase water-use efficiency (T6.4);

Brazil

Reform of agriculture subsidies on beef and soy production in 2008 prevented an additional 2,700 km² of forest loss that could be caused by beef production, increasing the rate of forest loss by around 15%. (T15.2)

Subsidies in the transport sector

3 GOOD HEALTH
AND WELL-BEING



11 SUSTAINABLE CITIES
AND COMMUNITIES



- substantially reduce the number of deaths and illnesses from... air, water and soil pollution and contamination (T3.9)
- **3.9.1 Mortality rate attributed to household and ambient air pollution**
- reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management (T11.6)
- **11.6.2 Annual mean levels of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted)**

Subsidies	Impact
Ccommuter subsidies (e.g. Netherlands) Implicit transport subsidies Subsidies to company cars	Reduction in commuter traffic by car and reduced GHG emissions promote low-carbon, fuel efficient vehicles (e.g. in Ireland, the Netherlands, Norway and Spain), helping to reduce local pollution and improve air quality

Fossil fuel subsidies

FF subsidies	OECD	IEA	IMF
Estimate (USD billion; dates)	55-90	544	Pre-tax: 492 Post-tax: 2,000 (2011)

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Fossil fuel subsidies

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- Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions (T12.c);
- ***12.c.1 Amount of fossil-fuel subsidies per unit of GDP (production and consumption) and as a proportion of total national expenditure on fossil fuels***
- Achieve sustainable management and efficient use of natural resources (T12.2)
- Improve resource efficiency in consumption and production (T8.4)
- ***12.2.1 Material footprint, material footprint per capita, and material footprint per GDP***
- ***12.2.2 Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP***

Fossil fuel subsidies

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- Support renewable energy generation (T 7.2);

7.2.1 Renewable energy share in the total final energy consumption

- Promote investment in energy infrastructure and clean energy technology (T 7.a).

7.a.1 Mobilized amount of United States dollars per year starting in 2020 accountable towards the \$100 billion commitment

Fossil fuel subsidies

3 GOOD HEALTH
AND WELL-BEING



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- Reduce the no of deaths/illnesses from hazardous chemicals and air, water and soil pollution and contamination (T 3.9)
- Increase water-use efficiency (T6.4);

Impact

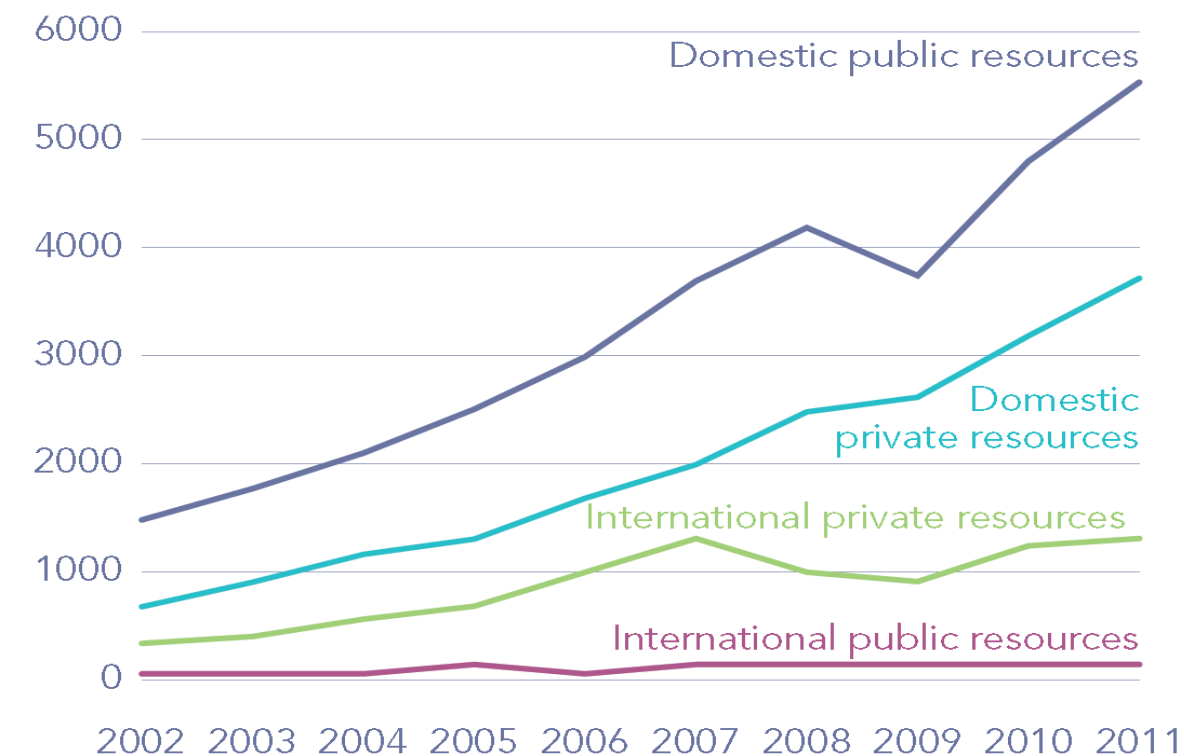
Reforming FFS would reduce global CO₂ emissions by more than 20 per cent and premature air pollution related deaths by 55 per cent (IMF).

In India and Mexico subsidized electricity for farmers to pump groundwater has led to serious groundwater depletion.

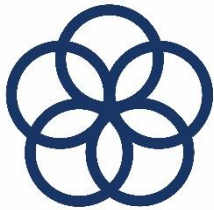
Financing SDGs

- Significant investment is needed to achieve the **SDGs** and the **Paris Climate Agreement**
 - **USD 2.4 trillion (incremental investment) to USD 5-7 trillion per year (total).**
- Mobilisation of domestic resources and effective use
 - Core area of action in the Addis Ababa Action Agenda

Trends in Development finance for Developing countries (USD bn, 2011 prices)



Source: European Report on Development, 2015



- Strengthen domestic resource mobilization (T17.1);

- ***17.1.1 Total government revenue as a proportion of GDP, by source***

- ***17.1.2 Proportion of domestic budget funded by domestic taxes***

- Help mobilize other sources of financing (T17.3);

- ***17.3.1 Foreign direct investments (FDI), official development assistance and South-South Cooperation as a proportion of total domestic budget***

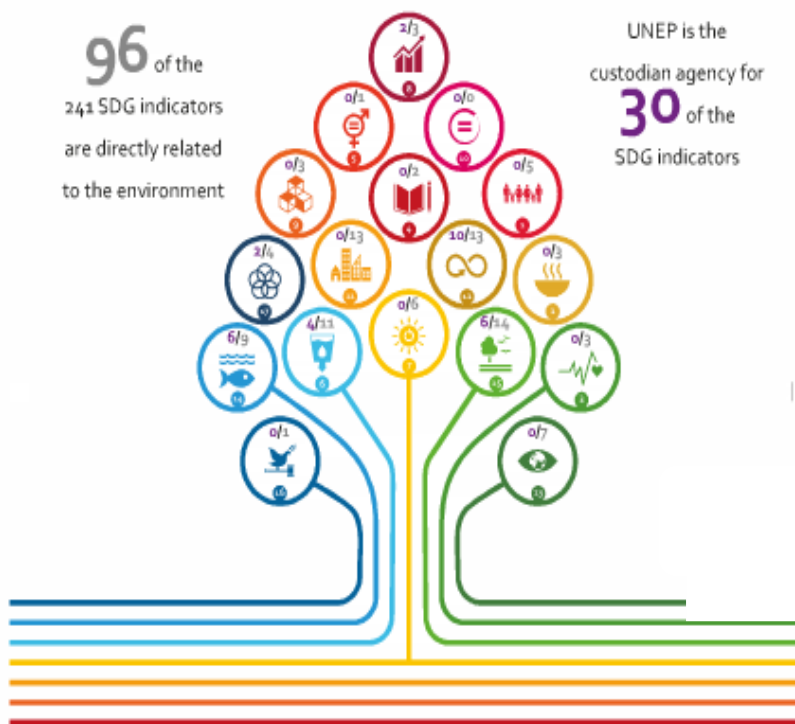
Indonesia/Brazil

domestic agriculture subsidies potentially drive deforestation are over 120 times higher than international funding for forestry conservation through the Reducing Emissions from Deforestation and forest degradation (REDD+) initiative

Measuring & reporting SDGs

- UN Environment: custodian of 26 SDG indicators
- Methodology development and data collection
- Reporting to UN Statistics every year
- SG's report on SDGs

UNEP and the SDGs



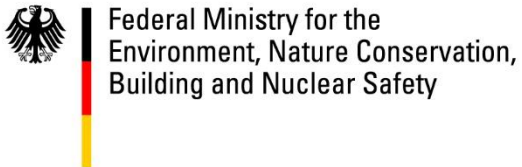
Paris Agreement: INDCs

- Fiscal instruments in 45 INDC (including the EU which covers 28 member states)
- 13 references to FFSR; 13 references to carbon pricing



<http://www.greenfiscalspolicy.org/>
<http://www.unep.org/greeneconomy>

Supported by:



based on a decision of the German Bundestag

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