



# Financing Our Survival: Building a Nature-Positive Economy through Subsidy Reform

## September 2024 Addendum

This is an addendum by Business for Nature based on [the initial brief](#) produced in 2022 on the scale and impacts of environmentally harmful subsidies (EHS) and the urgent need to reform them to create a nature-positive economy for all by 2030, based on a study from Doug Koplou and Ronald Steenblik.

This 2024 addendum reflects important updates over the last few years, mainly: the adoption of the Global Biodiversity Framework (also called the Biodiversity Plan) that commits governments to reform EHS, and in parallel; an increase in EHS globally.



**UPDATE:** The world is spending at least \$2.6 trillion a year on harmful subsidies, equivalent to 2.5% of global GDP. This is an increase of \$800 billion a year in EHS compared with the 2022 estimate, a combination of improved data, inflation, and rising subsidies particularly to fossil fuels. EHS continue to overshadow efforts towards achieving global climate and biodiversity goals.

Combined, these subsidies contribute to air and water pollution, climate change, biodiversity loss and land degradation and are ultimately driving the destruction of ecosystems and species extinction.

[Read the comprehensive 2024 update](#)  
written by [Doug Koplow](#) and [Ronald Steenblike](#).

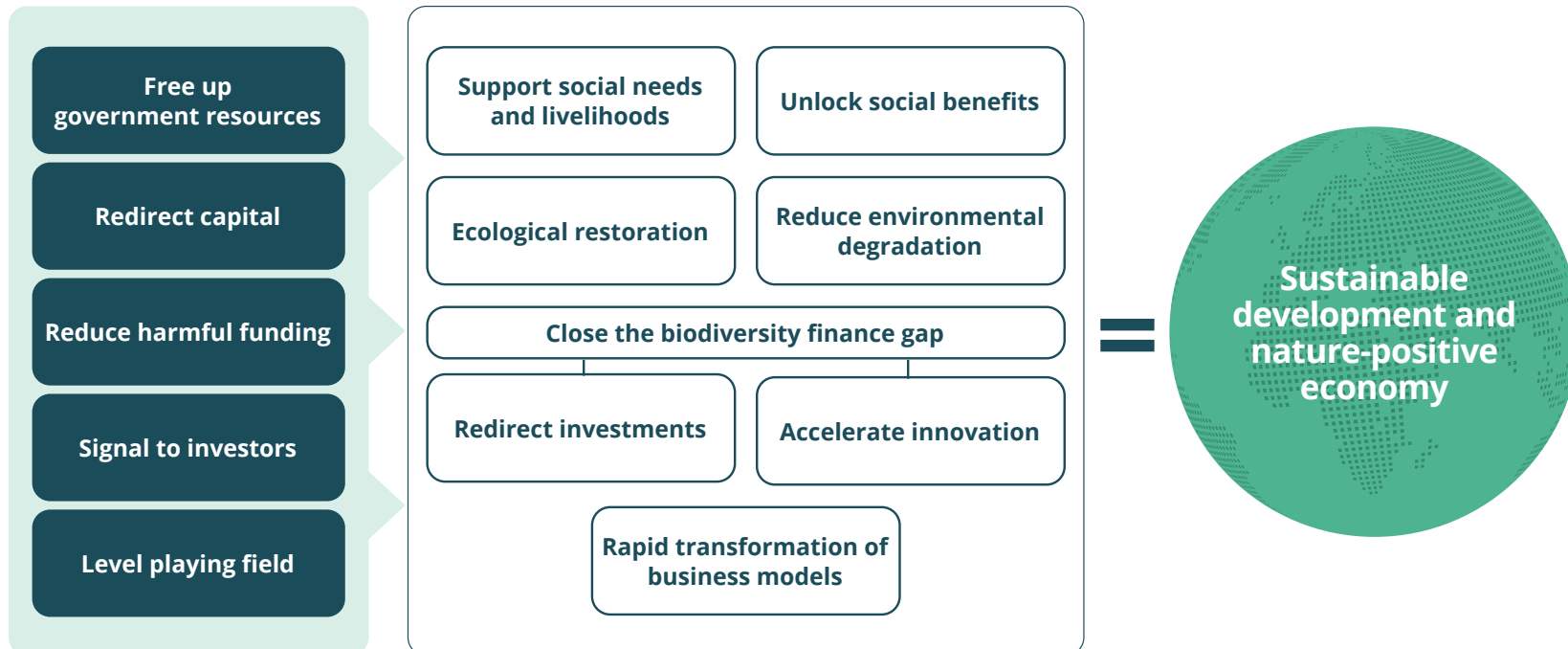


Since the publication of the 2022 brief, we have witnessed increased commitments to address EHS, but a lack of action from governments and other stakeholders.

## A global EHS target

The Global Biodiversity Framework (GBF), also known as the Biodiversity Plan, was adopted at the UN Convention on Biological Diversity COP15 in December 2022. It includes a global target (Target 18), committing all signatory governments to identify, and then eliminate, phase out or reform incentives and subsidies harmful for biodiversity by at least \$500 billion a year by 2030.

### Benefits of EHS reform



## Implementation off to a slow start

Since 2022, global work has focused on definitions and integration. There have been additional efforts to track relevant metrics and develop approaches to EHS data collection sharing, though progress has been too slow.

This has been complemented by assessments beginning to emerge at the country and regional level.

- In February 2024, the Netherlands published [a report](#) on national policy incentives and subsidies on food and nature and their impacts on biodiversity.
- The Brazilian Federal Court of Audit is conducting an audit of Brazil's preparedness to identify and reform EHS, including a stock-take of best practices abroad.
- The EU has formulated an [EHS working group](#) and produced a draft [EU methodology for EHS Reform](#) to aid in the identification of EHS by 2025.



## New guidance to support EHS reforms

To support governments, **Business for Nature** published [recommendations for governments on how to implement Target 18](#) as well as the actions businesses and financial institutions can and should take to support EHS reform.

The report outlines the steps governments should take to reform harmful subsidies:

- Conduct a national assessment to identify and assess the types and scale of EHS across all policy areas and all subsidy mechanisms
- Engage stakeholders and raise awareness of the need for EHS reform
- Co-develop and publish a robust EHS reform roadmap
- Reform EHS while ensuring a just transition and retaining or strengthening original social purposes
- Enhance accountability and governance for EHS reform
- Enhance international cooperation and trade agreements

**It is essential that governments place social considerations at the heart of reform, supporting the poorest households and most vulnerable communities to sensitively manage the impacts.**

To accelerate global action, studies are underway in 27 Global Biodiversity Finance Initiative (BIOFIN) countries to examine the harmful impacts of subsidies on biodiversity and create action plans to redesign them.

A report by UNDP and BIOFIN called [‘The Nature of Subsidies’](#) provides additional insight and examples from developing countries of successful subsidy reform.

A [review of sectors and approaches](#) was released by the OECD in 2022.

## A growing call from the private sector in favor of EHS reform

Investors and businesses have also started to take a stance and support the reform of EHS: Financial institutions representing total assets under management of \$7.2 trillion [called on G20 ministers](#) to repurpose their agricultural subsidies in line with the goals of the Paris climate change commitments and the Global Biodiversity Framework on nature. In parallel, over 260 companies, representing over \$1.6 trillion in global annual revenue, urged governments to [ramp up clean energy and phase out fossil fuels](#). There is a significant opportunity to incentivize businesses to restore nature, tackle the climate crisis and prioritize initiatives that enable communities to thrive.



## An increase in EHS globally

The 2022 review estimated the world is spending at least at least \$1.8 trillion a year on environmentally harmful subsidies. **Updated research in 2024** by Doug Koplow and Ronald Steenblik finds this number to be now significantly higher, exceeding \$2.6 trillion, equivalent to 2.5% of global GDP. This is \$800 billion higher than in 2022, or \$570 billion net of inflation.

In the fossil fuel sector, subsidies increased by an average of \$340 billion/year net of inflation as surging energy prices, owing to the war in Ukraine, led to a large increase in consumer subsidy programs. New data available for the transport sector and the construction sector led to an increase of the estimated EHS of respectively \$85 billion and \$50 billion, net of inflation. This update includes subsidies to non-energy mining (i.e. excluding fossil fuels) and to producers of primary plastic polymers for the first time, estimated at \$40 billion and \$30 billion respectively. The agricultural estimate also increased by \$25 billion, net of inflation. This is largely due the inclusion in the estimate of energy-sector subsidies for biofuels for the first time, albeit only at the federal level of the United States. Other EHS in the agricultural sector remained the same, net of inflation. Estimates of subsidies for the fisheries, forestry, and water sectors remain broadly the same net of inflation, owing to the absence of new data.

The residual increase, more than \$200 billion, is due to high inflation over the past two years. Data and transparency gaps in tracking the global flow of environmentally harmful subsidies remain huge, affecting both aggregate estimates and even more severely the attribution to specific recipients. As a result, the real EHS totals are likely to be much higher than estimated here.

Updated research shows that the world is spending

# \$2.6 trillion

per year, equivalent to 2.5% of global GDP, on environmentally harmful subsidies.

Sectors in order of amount of subsidies received (in USD/year):



**Fossil fuels:**  
**\$1,050 billion**



**Agriculture:**  
**\$610 billion**



**Water:**  
**\$390 billion**



**Transport:**  
**\$180 billion**



**Forestry:**  
**\$175 billion**



**Construction:**  
**\$150 billion**



**Fisheries:**  
**\$55 billion**



**Non-energy mining:**  
**\$40 billion**



**Plastics:**  
**\$30 billion**

Combined these subsidies contribute to air and water pollution, climate change, biodiversity loss and land degradation.