

Sustainable Agriculture and Trade : Domestic support programmes and agricultural sustainability

The Role of Public Finance Frameworks in Building Sustainability in Agriculture

TESS - Forum on Trade Environment & the SDGs

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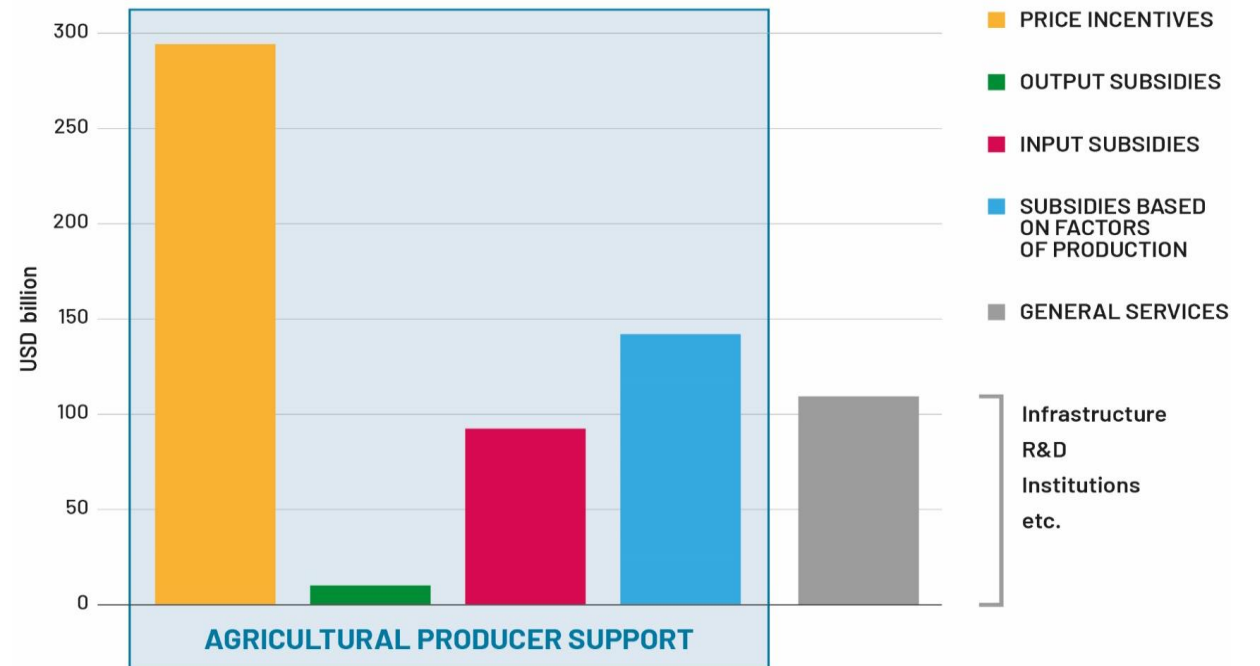
A Multi-Billion-Dollar Opportunity (2021)

Repurposing agricultural support to transform food systems: a few key findings



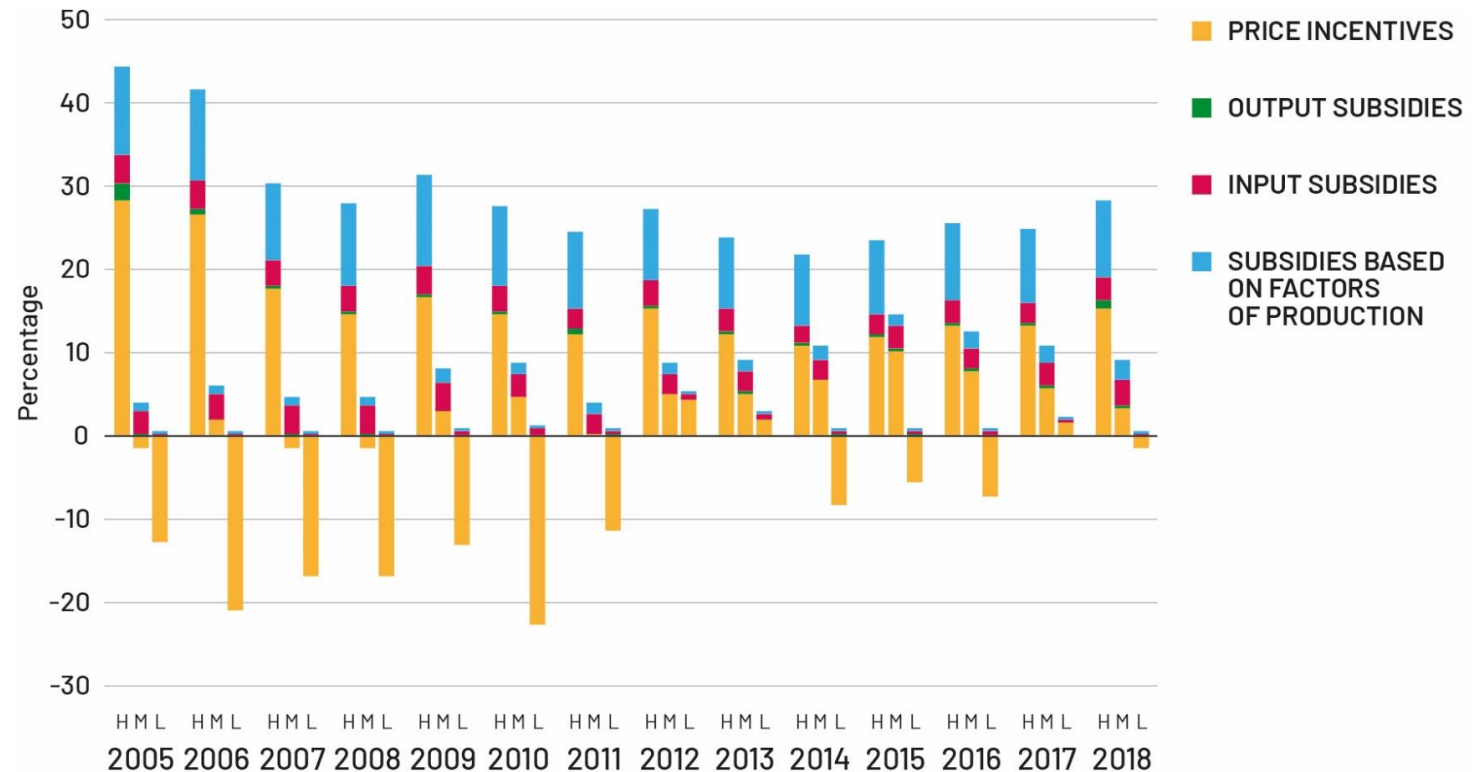
- Focuses on public policy measures targeting agricultural producers, both in the form of price incentives and fiscal subsidies
- Farmers individually receive USD 540 billion yearly on average (or 15% of total agricultural production value).
- Mostly in the form of price distortions or subsidies that can be harmful to the environment, health, equity and efficiency

Level and breakdown of global agricultural sector support (average 2013–2018)

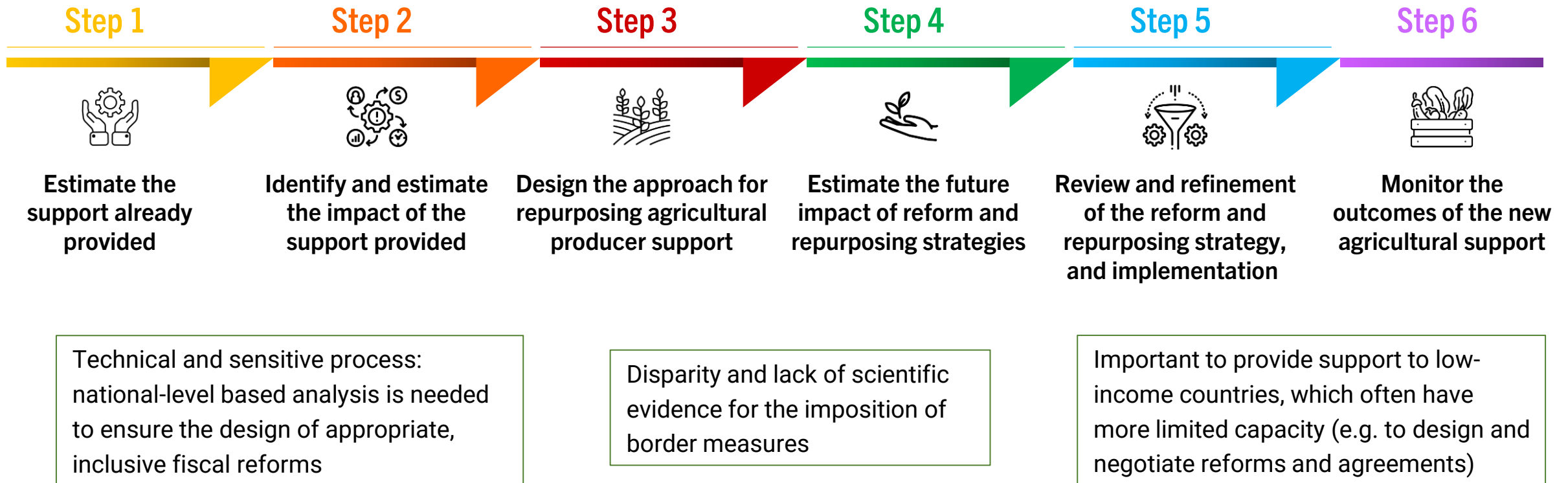


Agricultural support : the role of trade measures

- Distorting support measures still common in high- and middle-income countries, while low-income countries have often penalized producers.
- Price measures (import tariffs, quotas, subsidies and standards. Etc.) are largely used by Governments in their national agricultural policies, including as part of crisis response.
- Consequently: **key role of trade community** in pursuing further reform of border measures and coupled subsidies



Steps for the design of a successful reform at national level

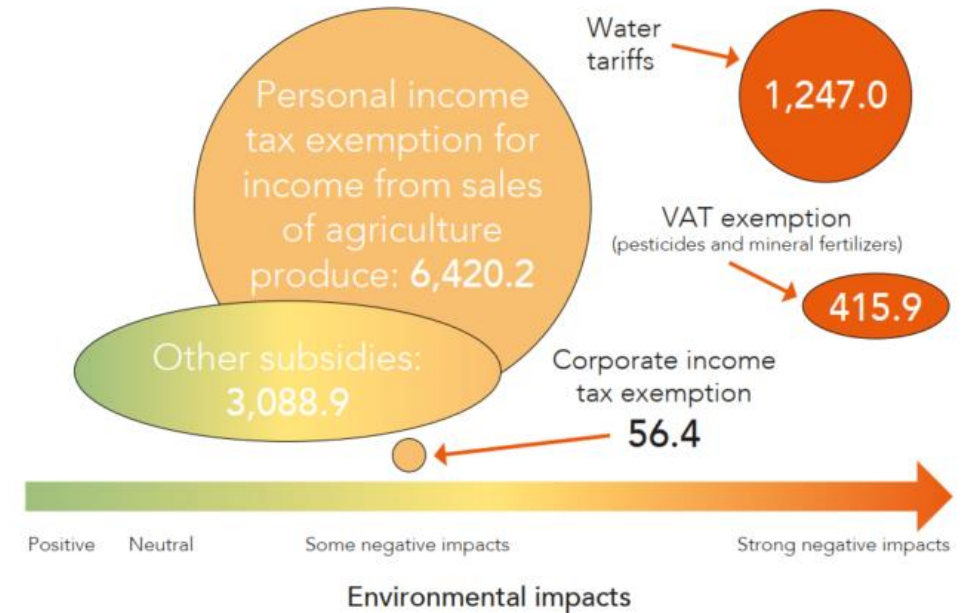


Kyrgyz Republic PIT exemption

Reforming PIT exemption in agriculture to support a shift towards sustainable agriculture

All three reform scenarios show that a reform can generate additional revenues to be redirected to increase government support for more sustainable agriculture. The reform **could create an estimated net 3.9 billion Soms** of annual revenue.

- Even under the most pessimistic estimates net revenues exceed 1 billion som.
- Current regime is not targeted and benefits wealthy farmers more than those who are poor.
- Could support programmes that would reduce food loss and waste, and measures to support organic farming.



Forthcoming paper

Mauritius subsidies to imported fertilizers

Financing nature-based Solutions and Climate-Smart Agriculture in Mauritius

Only 2.7% of the total budget of the Ministry of Agro Industry and 21% of agricultural subsidies are used to support measures promoting NbS and CSA, while 44% of subsidies support the use of inorganic fertilizers.

The government could reap significant benefits by repurposing subsidies for costly imported inorganic fertilisers to invest in locally produced bio-inputs and support uptake of existing biofarming schemes.





Thank you



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