



**Practical principle 3: International, national policies, laws and regulations that distort markets which contribute to habitat degradation or otherwise generate perverse incentives that undermine conservation and sustainable use of biodiversity, should be identified and removed or mitigated.<sup>(4)</sup>**

**Rationale:**

Some policies or practices induce unsustainable behaviours that reduce biodiversity, often as unanticipated side effects as they were initially designed to attain other objectives. For example, some policies that encourage domestic over production often generate perverse incentives that undermine the conservation and sustainable use of biological diversity. Eliminating subsidies that contribute to illegal, unreported and unregulated fishing and to over-capacity, as required by the WSSD Plan of Implementation in order to achieve sustainable fisheries, is a further instance of the recognition of the need to remove perverse incentives.

**Operational guidelines:**

- Identify economic mechanisms, including incentive systems and subsidies at international, national levels that are having a negative impact on the potential sustainability of uses of biological diversity;
- Remove those systems leading to market distortions that result in unsustainable uses of biodiversity components;
- Avoid unnecessary and inadequate regulations of uses of biological diversity because they can increase costs, foreclose opportunities, and encourage unregulated uses thus decreasing the sustainability of the use.

<sup>(4)</sup>See principle 4 of the ecosystem approach.