IDDRI

BLOG POST March 3rd 2022

Scaling up the European financial package and leadership on biodiversity for development

Authors

Élise Dufief
Senior Research Fellow, Financing Sustainable Development

Damien Barchiche
Director, Sustainable Development Governance programme

Matthieu Wemaëre
Associate Researcher

Juliette Landry
Senior Research Fellow, International Biodiversity Governance

Julien Rochette
Director, Ocean programme

Reading time: 6 min

On March 7, European ministers in charge of development cooperation issues will gather in Montpellier for an informal meeting of the Foreign Affairs Council (FAC) to discuss biodiversity financing in the framework of overseas development assistance. This discussion, ahead of the 15th Conference of Parties to the Convention on Biological Diversity, which is to be held in Kunming later this year and lead to the adoption of a post-2020 global biodiversity framework, is a key opportunity to establish a European leadership on biodiversity.

A call for European Member States to increase their ODA biodiversity funding

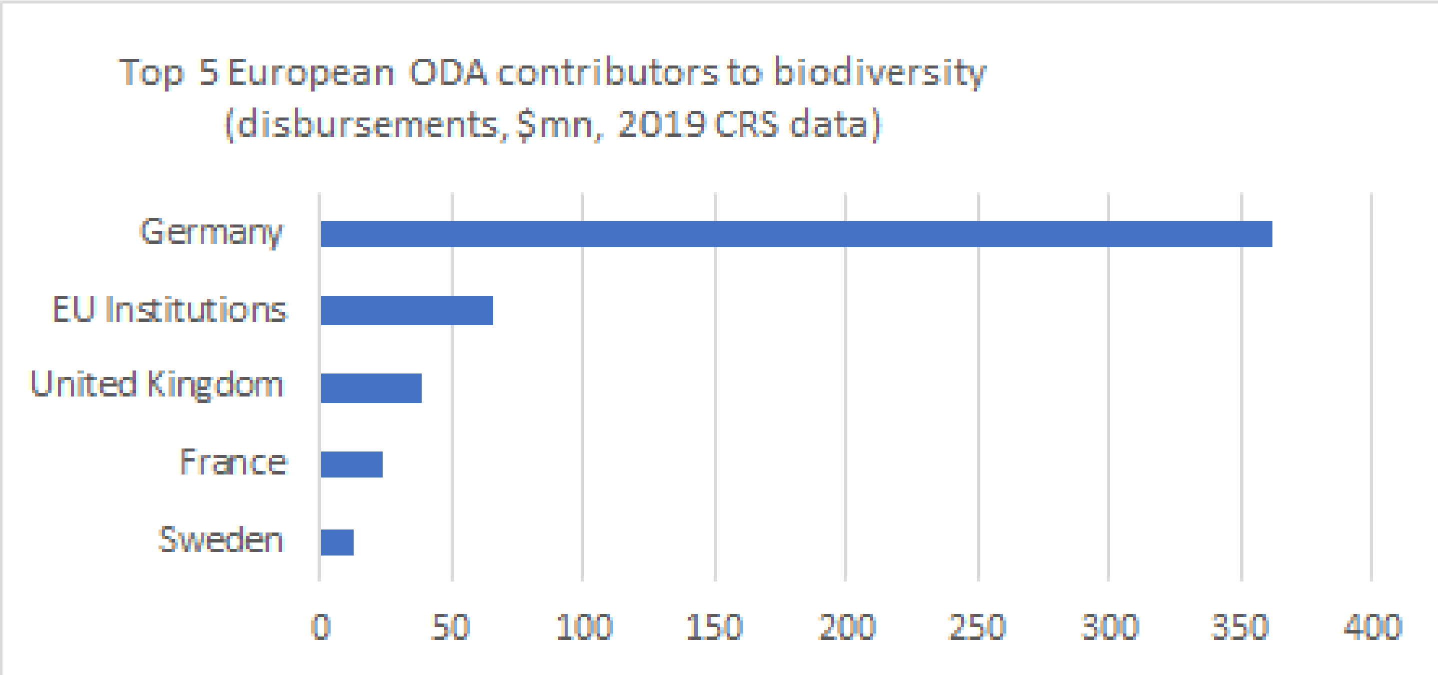
Despite progress to protect the environment, biodiversity continues to be lost, at unprecedented rates and with an increasing number of species threatened with extinction. More than ten years after the adoption of the 2010-2020 Aichi targets on biodiversity, none have fully been achieved, notably Target 20 calling for a substantial increase in the mobilisation of financial resources.

Today, at the global level, it is estimated that the financial gap between what is spent on biodiversity conservation and what is needed lies somewhere between US$ 598 billion and US$ 824 billion per year. Within this global picture, Official Development Aid (ODA) funding represents between $4 and $10 billion per year. This is a relatively small portion highlighting the fact that the protection of biodiversity in development cooperation activities remains insufficiently considered. Many areas with high levels of biodiversity are found in partner countries where domestic budget is often insufficient to protect these zones. In these contexts, ODA remains an essential source of funding.

Faced with this situation, in January 2021, France announced it would double its bilateral ODA funding for biodiversity to reach €1 billion per year by 2025.

In September 2021, the EU Commission President, Ursula Von der Leyen, promised that “the EU will double its external funding for biodiversity, in particular for the most vulnerable countries”, compared to 2014-2020, when it reached €3.5 billion.

Germany and Sweden also count among the top EU contributors to biodiversity for development but additional contributions are needed. The European Union (EU) institutions and Member States collectively remain one of the major donors on biodiversity. According to OECD data, they disbursed a total of US$ 743.1 Mn in biodiversity ODA in 2019. However, these activities are currently funded by a handful of European donors only.



In fact, China, while a smaller contributor overall, has also already positioned itself and pledged an additional $230 Mn for the creation of an international fund for biodiversity to support developing countries.

This informal FAC dev meeting offers the opportunity for other European Member States to step up and dedicate additional resources for biodiversity support.

Mainstreaming biodiversity priorities throughout development cooperation work

Beyond the environment, the risks posed by biodiversity loss have become a central topic in the global fight against inequality. The IPBES report showed that biodiversity loss hampered progress on 80% of the SDGs, at the same time that the UN stated that extreme poverty was rising again, for the first time in twenty years. Biodiversity loss translates into economic and social issues when it leads to loss of habitat, loss of economic opportunities and even deepens vulnerability in some cases when it is threatening food or water security. Transformative change can therefore only be achieved through a better coherence between development, economic, social and environmental policies which require involvement from various stakeholders.

With a new and unique external aid instrument in place for 2021-2027, the Neighbourhood, Development and International Cooperation Instrument (NDICI), together with the Green Deal, the EU has concrete means to lead on the integration of biodiversity priorities across its development and cooperation instruments.

With a global allocation of €79.5 billion, the Commission already established that 7.5% of the NDICI annual spending should be dedicated to biodiversity objectives in 2024, and 10% in 2026 and 2027. In addition, 30% should also be dedicated to climate-related actions.

In parallel, while the use of EU financial instruments such as guarantees and blending is growing, further clarity could be provided on how the European Fund for Sustainable Development + (EFSD+, which can finance development operations up to €53.4 bn) will integrate biodiversity priorities, targeting countries that need it the most.

In the European aid landscape, the European Investment Bank (EIB) also occupies a central role with a €30 billion global mandate for 2021-2027. It is set to become the EU climate bank with a mandate to “halt biodiversity loss”. As the EIB global branch is set up and its development focus further defined, now seems to be a good time to specify the bank’s biodiversity objectives.

Taken together, the EU’s new development instruments (NDICI, EFSD+, EAG) and combined efforts across institutions (Commission, EIB, Member States) offer concrete means of implementation for a comprehensive European leadership on biodiversity for development.

Putting “a Team Europe approach” forward to enhance cooperation and effectiveness

Beyond the EU institutions, Europe is a collective force which gathers European Member States, their implementing agencies and development finance institutions. But such a collective can also be a challenge to manage effectively. As stated by the OECD, several opportunities exist in practice to enhance the effectiveness of development cooperation for biodiversity. The “Team Europe approach” promoted by the Commission since the COVID-19 crisis and which gathers the EU institutions, Member States, development agencies, banks and the European private sector, could play a role to deepen EU cooperation on the ground. But it needs to do so with a true focus on “policy first”, defined by the strategic objectives of the EU development strategy, and supported by programmative collective action.

Beyond numbers and volume of funding, alignment with the 2030 Agenda for Sustainable Development could be particularly useful to address biodiversity integration in development policy and further deepen cooperation between all European actors and across sectors. As majority shareholders in most cases, the EU institutions and Member States should take up their role of enablers and leverage the operations of development banks. They can further drive the recent initiatives taken by some of these banks to mainstream biodiversity in their activities and seek long-term positive development impact.

Aligning with the 2030 Agenda is not only about how much is invested in projects that support the targets. Rather, it is to ensure that all activities are designed to complete the needs and objectives set out in the first place. It should help identifying activities which are harmful to biodiversity, and redirecting them to nature positive investments. Biodiversity support can come along with positive effects for other sectors such as water, agriculture, forestry and trade, by fostering more sustainable and climate-compatible activities. In this regard, SDG alignment could also contribute to increasing the impact of climate financing in developing countries that also benefits biodiversity and the environment. Such a framework offers the potential for enhanced cooperation with a clearer division of labour and monitoring mechanisms in place to regularly review progress.

The EU, its Member Sates, associated European development banks and agencies should not miss the opportunity this week to pave the way and give themselves the means of their ambition to deliver on the high expectations set out for the Kunming Summit.

BIODIVERSITÉ PACTE VERT EUROPÉEN GOUVERNANCE
FINANCEMENT DES ÉCONOMIES EN DÉVELOPPEMENT UE COP15 BIODIVERSITY
FINANCEMENT BIODIVERSITÉ EUROPEAN DEVELOPMENT POLICIES BIODIVERSITY EUROPE