

Climate and Biodiversity: an ambition for the planet

Climate and biodiversity are interlinked

In 2015, the Paris Agreement recognized the role of forests, oceans, agricultural soils, wetlands and other ecosystems in the absorption of CO₂ as well as for the resilience of societies to the impacts of climate change.

All over the planet, the degradation of biodiversity is rapidly reducing the contribution of nature to the well-being of populations, to human development and to the resolution of the climate and social crisis. According to the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), more than two-thirds of the planet's ecosystems - however vital to humanity - are degraded, and some are collapsing.

Recent scientific studies estimate that nature-based solutions could provide more than 30% of the mitigation measures needed by 2030 to stabilize warming below 2°C, by limiting greenhouse gas emissions and optimizing the absorption of carbon sinks.

Conversely, limiting the rise in average temperatures by 2°C or even 1.5°C by 2100 is essential for the preservation of the biosphere.

Mobilizing climate finance for biodiversity

Currently, the share of international climate finance in favor of biodiversity and ecosystems, is estimated at only 2%, far short of the 30% share of mitigation solutions that biodiversity and ecosystems represent.

AFD, the French international bank for the financing of sustainable development, is no exception.

AFD is implementing France's commitment to reach 5 billion euros per year in climate finance (including 1.5 for adaptation) by 2020. This double target was exceeded in 2019 with 6.1 billion euros of climate finance, including 2 billion euros for adaptation.

Though these targets for the planet have been reached, only 15% of AFD's climate finance is invested in projects that have favorable impacts on biodiversity, a proportion which drops to less than 10% of the total financial commitments of AFD.

In this context, AFD will henceforth include biodiversity in achieving the objectives of the Paris Agreement by embarking on a trajectory of ramping-up climate finance in favor of biodiversity".

AFD has decided to set a target of 30% of its climate finance in favor of biodiversity by 2025.

Achieving this objective will require changing the portfolio of "climate" projects to encourage greater purposefulness towards biodiversity, particularly in the water, sanitation, agriculture, livestock and "Oceans" sectors, where the potential is greatest. The urban, mobility and energy sectors, as well as the financial sector, will also have to mobilize part of their climate finance in favor of biodiversity.

In the interest of aligning AFD funding with the protection of biodiversity, **AFD is also strengthening its level of scrutiny vis-à-vis projects with a strong negative impact on biodiversity**. This could result in excluding projects particularly harmful to biodiversity.

A new coalition of financial stakeholders in favor of Climate and Biodiversity

In 2020 and 2021, AFD promotes a convergence initiative for climate and biodiversity finance, which could be joined by the financiers of sustainable development, by taking advantage of the dynamics of the international agenda of 2020 and 2021: the UNSG Biodiversity Summit in New York, the Summit of Development Banks in Paris in November 2020, the IUCN congress in Marseille early 2021, the COP15 Biodiversity in Kunming in the second quarter of 2021 (TBC) and the COP26 Climate in Glasgow, in November 2021.

A call for the mobilization of funding for Biodiversity and Climate could be launched by France during the IUCN Congress in Marseille, in line with France's positioning within the coalition for the High Ambition for nature and its official commitment to protect 30% of its territory by 2030: "30 by 2030".

AFD, as a French institution, but also in its role as President of the IDFC - bringing together 26 of the largest national and regional development banks - **could also encourage a coalition of financial players to follow its example around Biodiversity and Climate convergence.**

Thus, a collective target of 30% climate finance favorable to biodiversity by 2030 - linked to the countries' "30 by 2030" agenda could be adopted. For development financiers, who already measure climate finance, the exercise will require, on the one hand, the identification of climate projects that also promote biodiversity, by using a "marker". It will also entail building analytical, design and impact-measurement capacities, within the financial institutions, to reach a greater level of mainstreaming of Nature Based Solutions and, more generally, ecosystem services, in their business.

These ideas could be expressed at the occasion of the first "Finance in Common Summit", mid-November in Paris, gathering the community of Public Development Banks.