



Biodiversity

ACTIVITY REPORT

2020

The Challenges of a Nature-Positive Economy

In line with the international agenda on biodiversity and the commitments made by France, AFD's goal is to increase its biodiversity finance to €1 billion by 2025 and to devote 30% of its climate finance to operations producing biodiversity co-benefits.

This goal requires a twofold effort. First, AFD will renew its ambition our ambition in favor of projects dedicated to enhancing protected areas; conserve terrestrial, coastal and marine ecosystems; and which support overall initiatives that help protect 30% of the Planet.

Second, AFD will work towards greater mainstreaming of biodiversity into the full range of the Group's interventions. The aim is to maintain and increase contributions to actions in agroecology, the integrated management of rural areas, and improving access to water and sanitation. The goal is also to undertake strong "greening" in other sectors such as urban development, infrastructure or the financial sector.

These renewed efforts and commitments are at the heart of AFD's alignment with the Paris Agreement, the Sustainable Development Goals and the future Global Biodiversity Framework, to be negotiated at the CDB's COP15.

AFD's biodiversity strategy



Conservation and restoration of natural environments

Because healthy, well-managed ecosystems are a guarantee of shared prosperity, AFD supports the conservation and restoration of land, coastal and marine ecosystems.

We encourage the creation and reinforcement of protected areas using a territorial approach based on inclusive local governance. The preservation of species and the fight against illicit activities affecting wildlife are also among our priorities. Projects supported by AFD are carried out with and for the populations in all these areas.

Sustaining these objectives entails support for public policies and governance conducive to the protection of biodiversity.



Mainstreaming biodiversity in all sectors

For AFD, providing support for the transition towards a Nature-Positive economy entails increased investments in projects across all sectors, which prioritize both climate and biodiversity. This mainstreaming approach is based on three pillars:

- Strict exclusion of activities that cause deforestation, harm high value ecosystems or which overexploit or pollute nature
- Stricter control and management of nature impacting risks in all our projects of impact any financing may have on biodiversity
- Preference given, in terms of territorial planning, to development solutions that enhance ecosystem services and guarantee sustainable use of resources and natural spaces.

Biodiversity financial accounting

AFD uses the Rio "biodiversity" marker established by the OECD's DAC (Development Assistance Committee) to identify projects with positive impacts on biodiversity. This marker is used for all activities contributing to one or several of the three objectives of United Nations Convention on Biological Diversity (CBD): the preservation of biodiversity, the sustainable use of biodiversity and the fair, equitable sharing of profits made from the use of genetic resources. The marker can take three values:

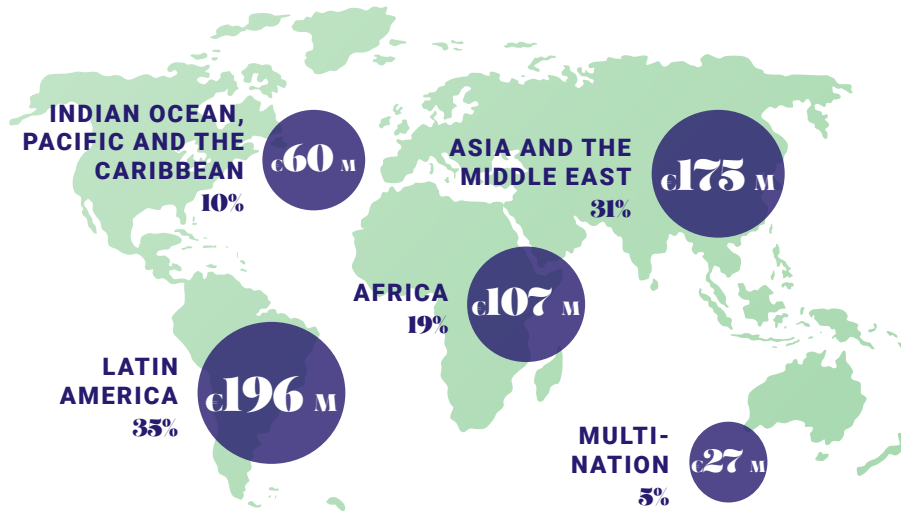
- DAC 0: the project does not target any objective of the Convention on Biological Diversity.
- DAC 1: a **significant objective** of the project is to support the Convention on Biological Diversity (this concerns DAC 1 projects in this activity report).
- DAC 2: the project's **principal objective** is to support the Convention on Biological Diversity (this concerns DAC 2 projects in this activity report).

Based on this initial qualification, the biodiversity experts at AFD then qualify the project's cobenefits with regard to a set of Biodiversity Goals which reflect AFD's contribution to a higher ambition and the Global Framework for Biodiversity, and, depending on the sector and the level of ambition set by the project, a discount rate will be applied to the total financial commitment in order to establish the financial value of the biodiversity cobenefits (a percentage ranging from five to 100).

Biodiversity commitments for 2020

DAC 1 and DAC 2 Projects

Distribution by geographical departments



€565 M

towards biodiversity in 2020
(target: €500 M in 2020)

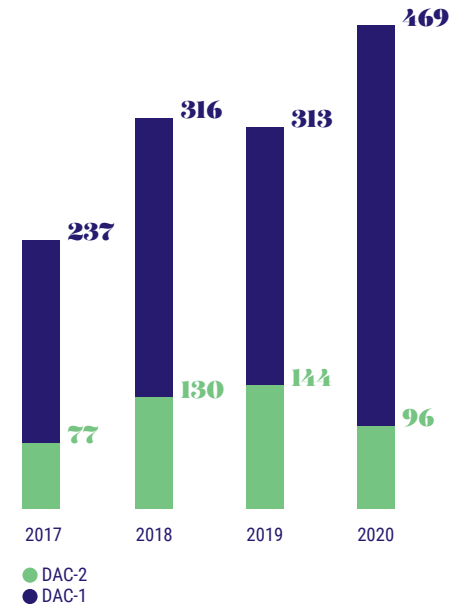
or **4.4%**

of the AFD Group's total commitments, in line with a target of at least 4% on average for the 2020-22 period.

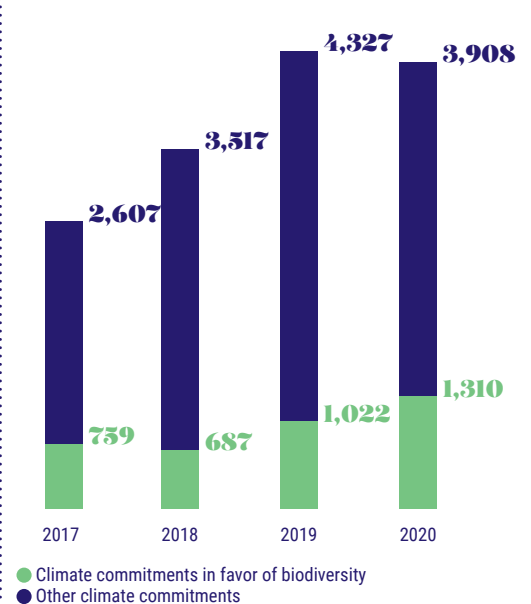
In 2020, commitments in favor of biodiversity are high in Latin America and East Asia (66% of the total) and represent a smaller share of our activity in Africa and the Three Oceans.

Commitments dedicated to biodiversity (DAC 2) amounted to €96 M, or 17% of the Group's overall effort for biodiversity in 2020 (vs €144 M and 32% in 2019). Sectoral projects including the explicit goal of preserving biodiversity (DAC 1) have clearly grown, with a total of €469 M in 2020, but the credibility of AFD Group's commitment to biodiversity depends on a balance between this mainstreaming effort and maintaining dedicated investments.

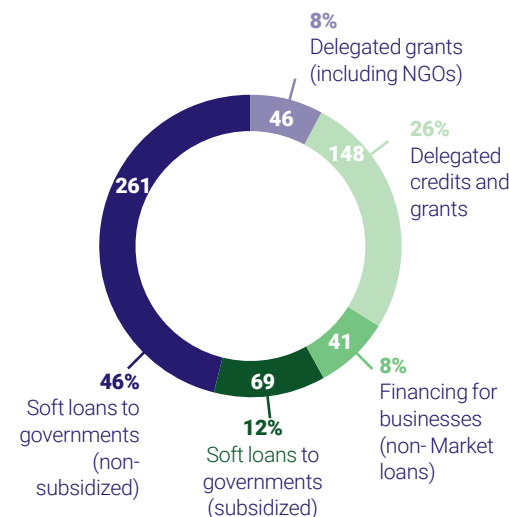
Evolution in commitments (in CM)



Evolution in climate commitments in favor of biodiversity (in CBN)



Distribution by financial tool (in CM and % of the total)



Biodiversity activities today

657 projects currently being executed, including:

571 sectoral projects with biodiversity co-benefits (DAC 1, average amount €16.6 M)

and **86 dedicated projects** (DAC 2, average amount €7.3 M)

amounting to a total volume of commitments of

€10.2 billion

since 2013 (€9 billion in projects with co-benefits and €632 million in dedicated projects).

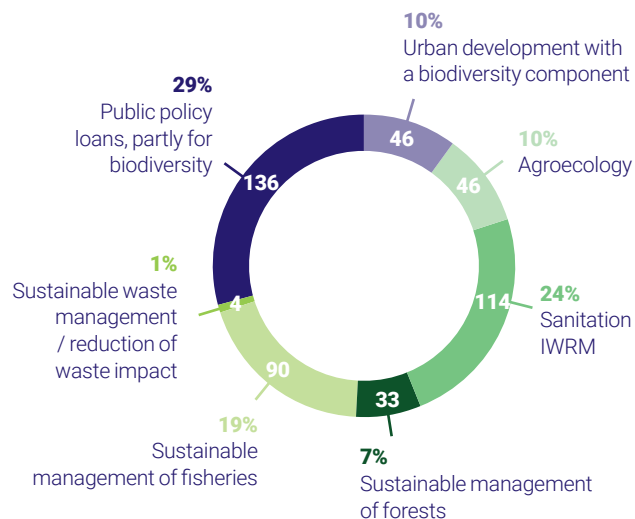
Projects with biodiversity co-benefits (DAC 1)

These are sectoral projects with biodiversity cobenefits i.e., they are projects that have mainstreamed biodiversity in their activities. Depending on the sectors and the discount rates used by AFD, between 5% and 80% of their amounts are counted as contributing to biodiversity.



€469 M
Committed to co-biodiversity co-benefits in 2020

↘ Distribution by sector



Effective results

Projects financed by AFD under implementation or concluded in 2020 have allowed for:

The conversion to agroecological systems of **30,000 hectares**
Increased wastewater treatment capacity to manage water pollution for **738,500 people**



Drinking water saved: **27 million m³ per year**

Reinforcement of **700 local development and territorial management organizations**



Projects Focus



Burkina Faso
Improving and securing agricultural production

€20 M | PMA sovereign loan

€7 M | AFD Minka Peace and Resilience Grant

This project's goal is to improve food and nutrition security for rural households in the Boucle du Mouhoun and eastern regions, reinforcing their resilience to climate change and economic and safety uncertainties, while promoting agroecological practices.



Djibouti
Expanding and reinforcing the sanitation network

€12 M | AFD grant

This project will allow expanding the sanitation network, connecting households, preserving coastal environments or restoring them by doubling the wastewater treatment plant capacity and reusing treated wastewater, which will benefit the Douda nature reserve.



Indonesia
Support for oceanographic research

SI08 M | Non-concessional sovereign loan

This project's aim is to equip Indonesian institutions with oceanographic research capacities and resources through rejuvenation, team building and equipping two research vessels. Purpose: to better understand the challenges of climate change and the sustainable management of biological and non-biological marine resources.



Colombia
Support for the city of Barranquilla's development plan

€120 M | Non-concessional sovereign loan

Barranquilla is faced with major environmental problems accentuated by climate change. This project will allow restoring a lagoon ecosystem, the creation of an urban forest and an increase in green spaces, flood reduction, increased recycling, improved air quality and catastrophic risk management. It also emphasizes participation by vulnerable populations and providing support for the peace and reconciliation process.



Indian Ocean
The fight against plastic pollution

€5 M | AFD grant

By increasing scientific knowledge, regional support will be provided to change consumer behavior as regards the environment and get businesses involved. This initiative will include raising awareness and development support for innovations to reduce the use of plastics and encourage the use of alternative products.

Projects dedicated to biodiversity (DAC 2)

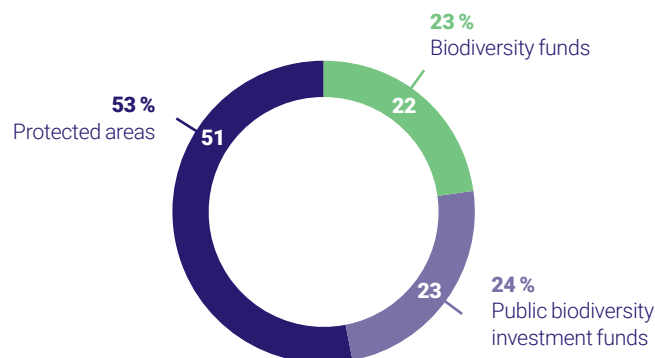
These are projects with biodiversity conservation as a principal objective. The full amount committed for these projects are related to biodiversity bo-benefits and contribute to the Group's biodiversity finance.



€96 M

committed to projects dedicated entirely to biodiversity in 2020

Distribution by type of project



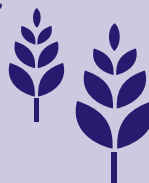
Effective results

Projects financed by AFD under implementation or concluded in 2020 have allowed:

153,000 people to benefit from conservation or biodiversity restoration actions



13.6 M hectares of land, coastal and marine environments to benefit from conservation or biodiversity restoration programs



Projects Focus



€7 M | AFD grant

€15 M | CAFI grant

This territorial management project involves spatial planning for land management, definition of the permanent forest domain and zones dedicated to agricultural development, securing property rights for local communities and indigenous populations, and reducing the impact of extractive activities on forests.



€4 M | AFD grant

€1.7 M | FGEF grant beneficiary: GAIA Amazonas (Colombian NGO)

The TerrIndigena project will contribute to preserving the Amazon forest, its biodiversity and its indigenous peoples, reinforcing protection for 21 million hectares of indigenous lands in Colombia, Brazil and Ecuador. It will provide support for 22 indigenous communities in managing and exercising their rights, preserving biodiversity and development planning for their territories, developing sustainable, equitable activities that produce income respectful of their living environment, their culture and the forest.



US\$38 M | Delegation by the Green Climate Fund Beneficiary: Critical Ecosystem Partnership Fund

This project seeks to strengthen resilience among populations that are vulnerable to climate change in four Indian Ocean countries (Madagascar, Comoros, Seychelles and Mauritius) by implementing nature-based solutions. These will be used to restore and manage 1.9 million hectares of coastal and land ecosystems and to strengthen the capacities of at least 25 civil society organizations.



€2 M | AFD grants

+ **€2 M** | FGEF grants

Haiti Biodiversity Fund (FHB)

€11 M | AFD grant

Over the long term, the purpose of the CBF's development is to provide support for maintaining and restoring biodiversity and natural resources in the Caribbean. The allocations contributed to the FHB and support for its operational reinforcement will help to consolidate the governance and management of protected areas in Haiti through long-term financing.



Research

AFD is pursuing a research program for the development of a Nature-Positive economy and the application of a strong sustainability indicator. In cooperation with the Banque de France, it is carrying out work on the role of central banks in dealing with new ecosystem risks.

AFD is developing a North-South macroeconomic model incorporating the dynamics of tropical and boreal forests in an expanded climate model. This work models North-South interdependencies in financial, economic and ecological terms, linked to the crossing of thresholds in climatic processes.

AFD financed and contributed to publishing the "Little Book of Investing in Nature" which describes the range of options for financing biodiversity conservation in order to obtain an ambitious agreement at the CBD's COP15 in Kunming in 2021.

Biodiversity and climate convergence

Climate objectives and biosphere conservation are among the vital choices to be made for the coming decade. These two objectives are intrinsically connected. Scientists consider that at least 30% of climate change solutions are nature-based.

AFD is committed to ensuring that 30% of its climate financing contributes to the protection of biodiversity by 2025. The year 2020 confirmed the trend toward an increase in the share of climate financing favorable to biodiversity, reaching 21.5%, as compared to 19% in 2019.

Through its commitment to biodiversity and climate convergence, AFD has become a "planetary" financial backer, a strategic marker in line with the international agenda and with France's commitments under the High Ambition Coalition for Nature and People.



Flagship Partnerships

With development banks

In 2020, AFD continued to coordinate the *Making Finance Work for Nature* group at the International Development Finance Club (IDFC), supporting 26 development banks in developed and developing countries for their biodiversity approach. The banks managed to agree on an initial position. During the Finance in Common summit, which virtually brought together 450 development banks in November 2020, AFD and its partners organized a high-level event on financing for nature-positive development. The 450 banks' final statement mentioned a shared commitment to biodiversity.

Support for the financial sector

AFD supports implementation of the Taskforce on Nature-related Financial Disclosures to equip banks and fund managers for reporting and monitoring on the risks and impacts of their biodiversity activities.

With the CBD

AFD provides support for the Rio Convention on Biological Diversity's secretariat in preparing the 15th Conference of the Parties (COP15), notably for biodiversity financing.

Alongside French public stakeholders

In 2020, AFD renewed its partnership with France's Fédération des Parcs Naturels Régionaux, and signed a new one with the network of natural spaces (Réserves Naturelles de France, Réseau des Conservatoires d'Espaces Naturels, Fédération des Parcs Naturels Régionaux de France, and Parcs Nationaux de France) to facilitate international cooperation for the funding and realization of projects. AFD has also strengthened its partnership with the Office Français de la Biodiversité and IFRE-MER for the production of knowledge and tools for the protection and sustainable management of marine resources.

AFD is also pursuing its strategic partnership with the IUCN under the France-IUCN framework agreement and the implementation of the Biodiversity Facility, in connection with Expertise France, to provide support for 16 countries in the production of their national contributions to the COP15.

With NGOs

AFD is strengthening its partnerships with major international NGOs (Conservation International, Wildlife Conservation Society, The Nature Conservancy) and French NGOs (WWF France, Noé and Nitidæ) working in conservation. AFD has also consolidated its position in the Critical Ecosystem Partnership Fund, mobilizing \$US 38 million from the Green Climate Fund in the Indian Ocean.

Towards a World in Common

Agence Française de Développement (AFD) implements France's policy on international development and solidarity. Through its financing of NGOs and the public sector, as well as its research and publications, AFD supports and accelerates transitions towards a fairer, more resilient world. It also provides training in sustainable development (at AFD Campus) and other awareness-raising activities in France.

With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.



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Twitter: @AFD_en - Facebook: AFDOfficiel - Instagram: afd_france

5, rue Roland- Barthes - 75598 Paris cedex 12 - France

Tel.: +33 1 53 44 31 31