



Biodiversity

ACTIVITY REPORT

2021

Towards nature-positive societies and economies

Committed to a development reconciled with nature and building on over 20 years of action for biodiversity and the promotion of sustainable agriculture, green cities and a blue economy, AFD Group has been implementing a biodiversity roadmap since the end of 2019. Its objective: increase its biodiversity finance to €1 billion a year by 2025 and devote 30% of its climate finance to biodiversity-friendly operations, in line with the commitments made by France.

This “Nature +” objective requires a twofold effort. First, it involves renewing the ambition in favor of projects dedicated to enhancing protected areas, conserving terrestrial and marine ecosystems, and supporting overall initiatives that help protect 30% of the planet. It also involves gradually mainstreaming biodiversity into all the Group’s sectors of operation, by increasing contributions to actions in agroecology, the integrated management of rural areas, and access to water and sanitation. The goal is also to undertake strong “greening” in other sectors such as urban development, infrastructure and the financial sector.

This dynamic of aligning with the future Global Biodiversity Framework (GBF), which will be negotiated at the COP15 of the Convention on Biological Diversity, is the counterpart of the Group’s efforts to align with the Paris Agreement since 2015.

AFD Group's biodiversity strategy



Conservation and restoration of natural environments

Because healthy and 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 selectivity for 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 for conservation or which overexploit or pollute nature;
- Stricter control of the risks of impacts on biodiversity in all financing;
- Preference given, in terms of territorial planning, to development solutions that enhance ecosystem services and guarantee a sustainable use of resources and natural spaces.

Biodiversity financial accounting

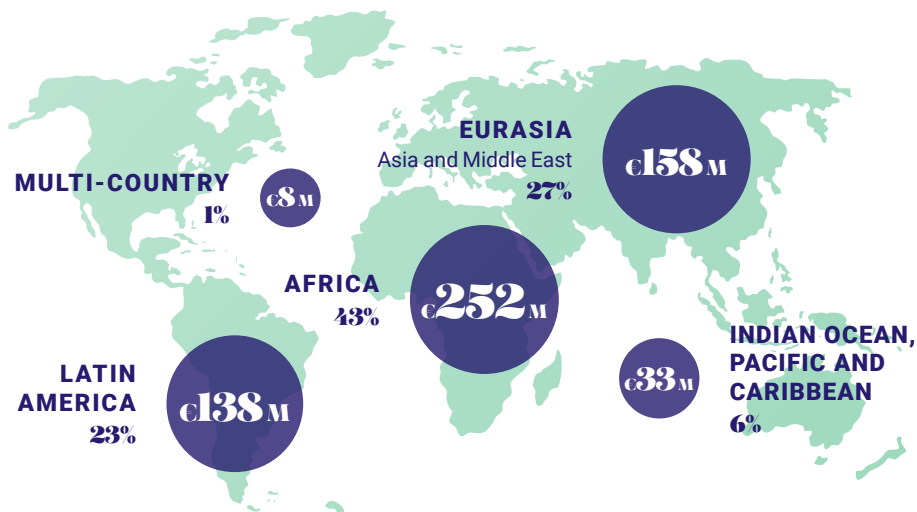
AFD uses the Rio "biodiversity" marker established by the OECD's DAC (Development Assistance Committee) to identify projects with positive impacts on biodiversity. This marker is used for all activities contributing to the objectives of the United Nations Convention on Biological Diversity (CBD): the preservation of biodiversity, the sustainable use of biodiversity and the fair, equitable sharing of profits made from the use of genetic resources. Projects with this intention are identified by assigning a value under the DAC biodiversity marker.

- DAC 0: the project does not target any objective of the Convention;
- DAC 1: a significant objective of the project is to support the Convention;
- DAC 2: the project's principal objective is to support the Convention.

Based on this qualification, AFD's biodiversity experts then analyze the co-benefits in the projects and, depending on the sector and the nature of the co-benefits, apply a discount rate to the total amount in order to establish the amount of AFD's financing devoted to biodiversity. This method has been used since 2013. In 2022, it will be replaced by a new approach which gives a more accurate classification of the nature of the impacts and AFD's financial commitment.

Biodiversity commitments in 2021

Breakdown by region



€589 M

of biodiversity finance
in 2021

5,2%

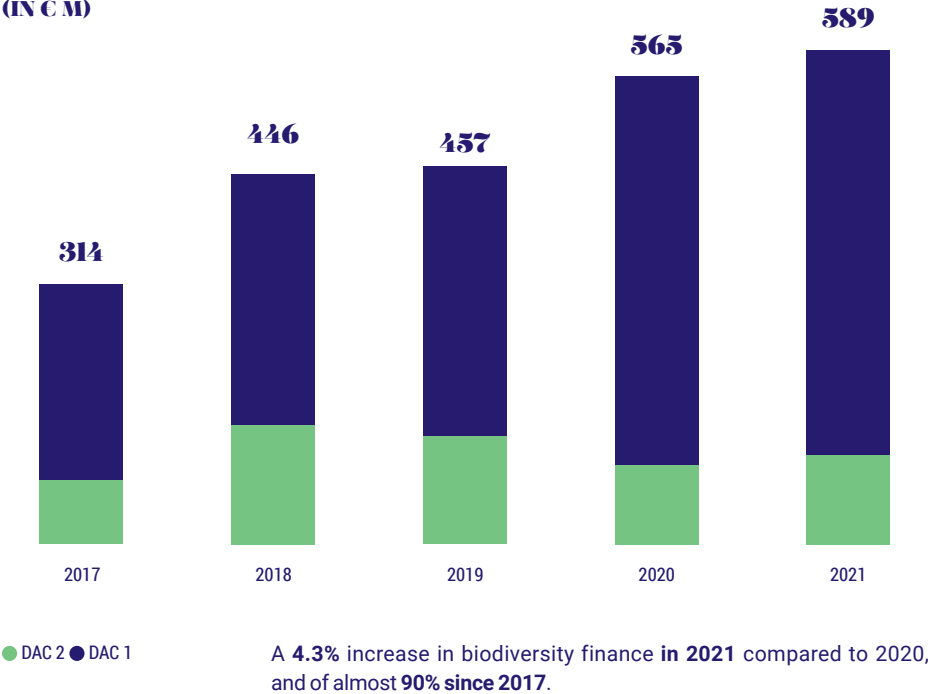
of AFD Group's total
commitments, in line
with a target of at least 5%
on average for 2020-2022.

In 2021, AFD Group substantially increased its commitments in Africa (€107 million in 2020), where preserving the natural capital is a major issue. The "emerging" regions (Latin America and Eurasia) account for a large share of the Group's biodiversity commitments, with about 50% of the total.

Commitments dedicated to the preservation of nature (DAC 2) amounted to €98 million and €491 million went to sectoral pro-nature projects (DAC 1, for example, biodiversity in cities, agroecology, sustainable sectors).

The "Nature +" commitment is based on a balance between these two pillars, between an essential mainstreaming effort and investments directly dedicated to the preservation of nature.

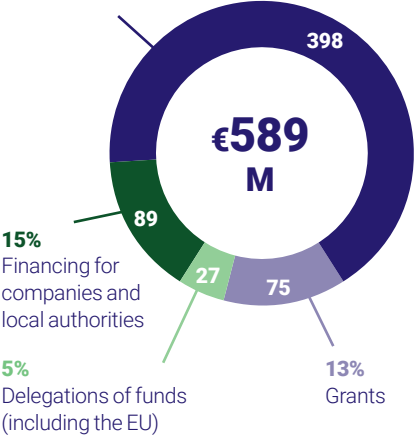
Trend in commitments (IN € M)



Breakdown by financial tool (IN € M)

67%

Loans to States



Biodiversity activities today

628 ongoing projects,

including

539 sectoral projects
classified DAC 1

and **89** projects
classified DAC 2.



Nature conservation projects

The main objective of these projects is to preserve biodiversity (DAC 2). The total amount of AFD's financing is taken into account.



€**98**M

committed for projects entirely dedicated to biodiversity in 2021

30%

of land and marine areas protected by 2030. This is what the High Ambition Coalition for Nature and People (HAC), led by France and Costa Rica, is calling for in the negotiations for the future Global Biodiversity Framework. At AFD, this ambition is reflected in the preservation projects for protected areas.

Effective results

In 2021, the projects under implementation financed by AFD have allowed:

247,000 people
to benefit from actions
for biodiversity
conservation
or restoration



25 million hectares
of land, coastal and
marine areas to benefit
from biodiversity conservation
or restoration programs





Gambia

**Mangroves as a solution
against coastal erosion**

€7M | Grant

As part of an approach to strengthen the climate resilience of communities and ecosystems in the coastal region of Gambia, this project will provide strategic, scientific and technical assistance for the large-scale restoration of mangrove ecosystems.

This will be achieved by upgrading the legal framework for the adaptation and restoration of coastal areas and strengthening the dynamics for conservation, development and management.



Indian Ocean

**Preserving island
biodiversity via a
multi-country network**

€10M | Grant

The Varuna program aims to cover gaps in regional biodiversity conservation in the Indian Ocean by integrating the issues facing both foreign countries and the French Overseas Territories in the region. The activities of the first phase are focusing on the French Overseas Departments and Territories in the Indian Ocean, Madagascar, Mauritius, the Seychelles and the Union of the Comoros. They are targeting regional policies and projects to redirect investment flows towards a pro-nature economy and the acceleration of agricultural and territorial transitions in the region.



Morocco

Sustainable forest management

€100M | Loan

€3M | AFD Grant

The Ghabati, Hayati ("My Forest, My Life") program aims to take action at the national and local levels to promote the sustainable management of national forests and parks in Morocco. The objective is to contribute to a low-carbon, resilient and inclusive transition in the country and protect and maintain its biodiversity.

The project also comprises a crosscutting objective of reducing gender inequality by mainstreaming gender issues into public policies related to the forest sector.



China

**The restoration
of a watershed**

€50M | Loan

The project led by the Municipality of Tengchong in Yunnan Province aims to restore the ecological balance of the Daying River and its watershed in order to protect its ecosystems and the essential services they provide. The project involves restoring a proper balance to the Daying River, forests and wetlands through ecological engineering, pollution control and by building the capacities of the municipal services responsible for biodiversity and natural environments.

Sectoral nature-positive projects

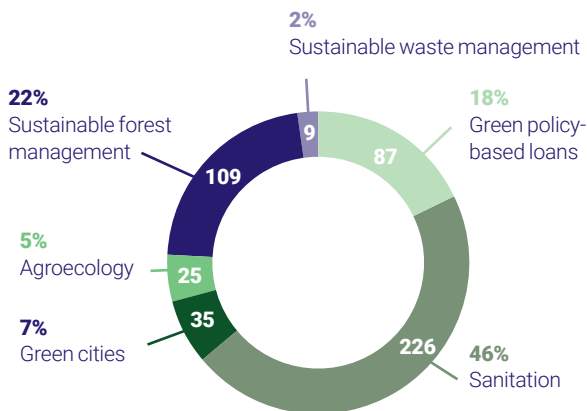
These projects have co-benefits for biodiversity (DAC 1). Depending on the sectors and grids used by AFD, between 5 and 80% of their amounts are counted as contributing to biodiversity.



€491 M

committed to projects with biodiversity conservation as a secondary objective.

Breakdown by sector (€ M)



Effective results

In 2021, the projects under implementation financed by AFD have allowed:

The conversion to agroecological systems of

7,000 hectares



Increased wastewater treatment capacity to manage water pollution for

2.3 million people

38 million m³

of drinking water to be saved per year



The strengthening of

868 local development and territorial management organizations



Caribbean

Sustainable plastic waste management

€2.60 M | Grant delegated by the EU

To fight plastic pollution and its devastating effects on biodiversity and human health in the Atlantic Ocean, this project aims to structure the plastic waste collection and recycling sector in the Caribbean. Two pilot projects will aim to test waste recycling and treatment methods and ensure the widest possible dissemination of the knowledge acquired during the implementation in Saint Lucia and Barbados.



Sahel

Clean and more efficient cooking methods to improve forest resource management

€6 M | AFD Grant

To address growing deforestation caused by the use of wood as a source of energy by the vast majority of households, the project targets sustainable forest management by improving access to clean and efficient cooking solutions. It will achieve this by increasing support to the Directorate General of Water and Forests of Niger and public and private operators in the clean and efficient cooking sector in Burkina Faso, Mali and Niger.



Vietnam

Adaptation with Nature-based Solutions

€20 M | Loan

€3.80 M | Grant delegated by the EU

By strengthening and protecting the mangrove belt and building breakwaters, this project aims to protect the coasts against erosion between the estuaries of Ong Doc and Bay Hap in the east of Ca Mau Province. The objective of adapting this territory is to foster the socioeconomic development of the region and assist coastal communities with the management of mangroves and the implementation of sustainable agricultural practices.



Egypt

Sanitation and improved water management

€52 M | Loan

€25 M | Grant delegated by the EU

This sanitation project is addressing the problem of the excess wastewater discharged by 1.6 million residents in the south of Cairo. The objective is to contribute to integrated, efficient and reliable water resource management in the region by improving the capacity and quality of treatment of the Helwan Wastewater Treatment Plant. These works will reduce pollution from the wastewater discharged into the Al Saff irrigation channel and reduce the carbon footprint through innovative biogas systems for sludge.

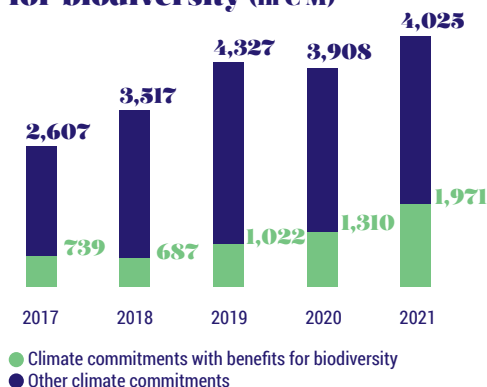
Climate and nature: a joint response

Nature has an essential role to play in the resolution of the climate crisis. Forests, oceans, agricultural soils and wetlands store carbon and also contribute to the resilience of territories and people. On a global scale, it is estimated that a third of the reduction in greenhouse gas emissions required to achieve the targets of the Paris Agreement can come from ecosystems, meaning Nature-based Solutions. But the climate crisis has a negative impact on the state of biodiversity and, at the same time, the degradation of biodiversity reduces the participation of nature in the resolution of the climate crisis. These two crises are intrinsically linked and therefore call for a joint response. Since 2019, AFD has been working to bring about a convergence between these issues and its operational response, positioning itself as a “planet” donor, in line with the international agenda and France’s commitments.

€2 BN of climate finance with benefits for nature

In 2021, AFD Group exceeded the target it had set for 2025 of **30%** of climate finance having benefits for nature (**33%**). The integrated water resources management and sanitation projects (**37%**), green cities projects (**28%**) and support for pro-nature public policies (**13%**) make the greatest contribution to this commitment.

Trend in climate commitments with benefits for biodiversity (in € M)



Nature-based adaptation Solutions



AFD's [AdaptAction facility](#) supports the implementation of inclusive Nature-based adaptation Solutions (NbaS) jointly built with stakeholders to increase the climate resilience of people and ecosystems.

For example, the pilot project to protect water resources in the Pout area in Senegal, which has received technical and financial support from AdaptAction, aims to improve the recharge of aquifers through a concerted management between the various water users (in particular agricultural users) and the preservation of local ecosystems.



Research and international partnerships

A hub in the TNFD

In 2021, the [Taskforce on Nature-related Financial Disclosures](#) (TNFD) began its work on providing the financial sector with a framework for reporting and monitoring the risks and impacts of its activities on biodiversity. AFD is assisting the TNFD by hosting a hub dedicated to development finance, the Development Finance Network.

Agenda for action

For its fourth edition in January 2021, the [One Planet Summit](#) gathered decision-makers from all over the world around biodiversity. Progress has been achieved on the protection of land and marine areas (30% by 2030), agroecology (Great Green Wall Accelerator) and the mobilization of financing for biodiversity.

World Conservation Congress

The [IUCN World Conservation Congress](#), organized in Marseille in September, marked a milestone for mobilization. AFD highlighted the importance of greening the economy and the [catalytic role that Public Development Banks can play](#). The Group is a longstanding partner of IUCN and has renewed its partnership for the implementation of the activities of the France-IUCN framework agreement until 2024.

Strong sustainability

The activities of the research program “Encouraging the Development of a Pro-Nature Economy” ([ECOPRONAT](#)) are continuing. The first part of the program’s resources has been mobilized to test the application of an indicator of strong sustainability, the Environmental Sustainability Gap (ESGAP), in [Kenya](#), [New Caledonia](#) and [Vietnam](#). The results (published in early 2021) are promising, while revealing practical difficulties in the accessibility and aggregation of a multitude of environmental data.

Mobilization of Public Development Banks

IDFC - Alongside KfW and CAF, AFD is continuing to lead the [Making Finance Work for Nature](#) group of the International Development Finance Club (IDFC), which is assisting 27 development banks with their approach to biodiversity. Accounting, risks, alignment: there is a profusion of diverse projects.

FICS - At the [second Finance in Common Summit](#) in Rome, there was a specific focus on agribusiness, which is one of the main causes of biodiversity loss.

Towards a World in Common

AFD Group implements France's policy in the areas of development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector and NGOs, as well as research and education in sustainable development; its subsidiary Proparco, which is dedicated to private sector financing; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates transitions towards a fairer, more resilient world.

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.

In 2021, the Group's financial commitments stood at €12.15 billion.



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