



Nature & Biodiversity

ACTIVITY REPORT



2023

Working towards alignment with the Kunming-Montreal framework

The Kunming-Montreal Global Biodiversity Framework (KMGBF) was adopted in 2022 and sets out specific goals and targets to halt biodiversity loss by 2030.

For AFD Group, this ambitious framework asserts nature conservation as a transversal strategic priority, alongside climate action.

In 2023, the Group continued its work on aligning its operations with this new framework.

In particular, the Group has developed a nature-friendly approach aimed at fostering nature-positive societies and economies, with four key priority areas:

1 Ambitious financial targets

- **€1 BN for nature in 2025**
(double the 2020 amount)

2 A comprehensive approach

- 100% net zero – no impact on nature.
- Integration of biodiversity into all AFD Group activities.
- Land and marine ecosystem conservation and restoration to support the target of 30% protection by 2030.

3 Consideration of risks

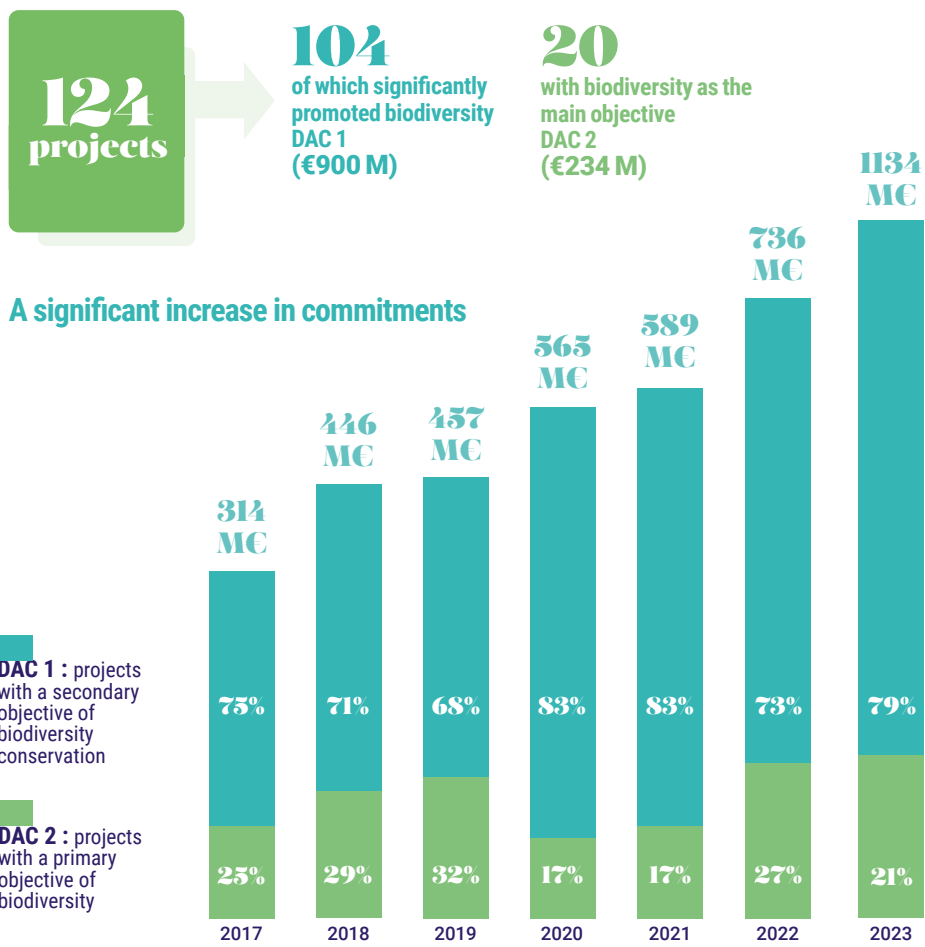
4 Support for countries

In 2023, our nature positive activities included:



€1.1 BN

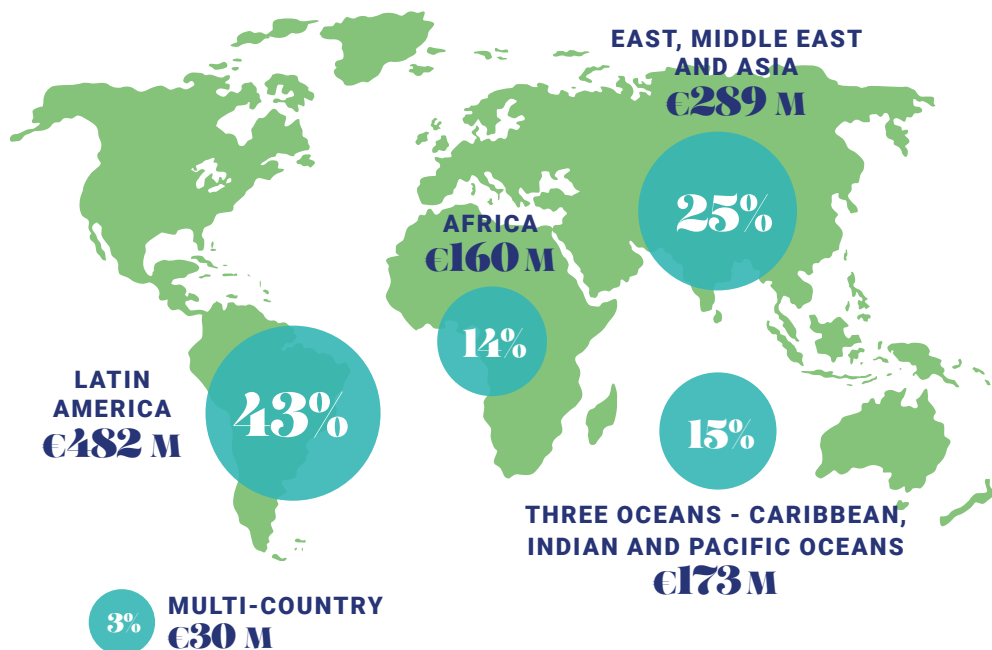
in financing committed by the AFD Group in developing countries and Overseas French Territories, accounting for 9.4% of the Group's total commitments.



The amount of the Group's nature commitments increased significantly in 2023 (+54% compared with 2022), reaching the €1 BN target set for 2025 ahead of time.

Our nature commitments **in 2023**

Breakdown by region



€152 M

in grants
(including delegation of
European Union funds)



€503 M

in loans
to governments



€388 M

in loans
to local authorities
and businesses



€91 M

in guarantees

Nature-positive finance: an accounting method specific to AFD Group

As a pioneering public development bank in this field, AFD adopted a more precise accounting method for its nature financing activities in 2022. It is divided into three stages.

1

PROJECT QUALIFICATION

Each project is identified using the OECD Rio marker for biodiversity: a project is rated **DAC 0** if it fails to target any of the Convention on Biological Diversity objectives; **DAC 1** if the project makes a significant contribution to one of these objectives; **DAC 2** if the project is dedicated to one of the objectives.

2

CLARIFICATION OF INTENTIONALITY

The project teams analyze the intent of the project and verify to what extent it meets one of the six levers identified by the Intergovernmental Platform on Biodiversity and Ecosystems Services (IPBES).

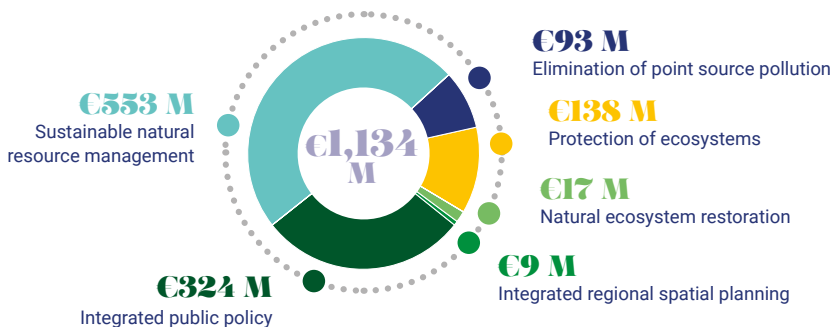
3

CALCULATION OF THE SHARE OF BIODIVERSITY FINANCING IN THE PROJECT

A weighting factor is applied to the project amount according to the lever identified, and is used to determine the share of financing contributing to the Group's nature-positive financing based on the following ratios:

- Protection of ecosystems – **100%**
- Restoration of natural ecosystems – **80%**
- Integrated spatial land-use planning – **60%**
- Integrated public policy – **50%**
- Sustainable natural resource management – **40%**
- Elimination of point source pollution – **20%**

Breakdown of nature-positive financing by IPBES lever in 2023



Projects dedicated to biodiversity

These include projects for protected areas, restoration, the conservation of natural resources and efforts to tackle pressure factors.

€234 M committed to projects with a primary objective of biodiversity (DAC 2)

In 2023, ongoing projects financed by the Group allowed people to benefit from biodiversity conservation and restoration efforts.

1,300,000 people benefited from biodiversity conservation or restoration actions.



34 million hectares of land, coastal and marine environments benefited from conservation and restoration programs.

30x30

12% of financing (€138 M) for AFD Group biodiversity projects contributes to the objective of protecting at least **30% of the world's land and 30% of the world's seas**, as established by Target 3 in the Global Biodiversity Framework and encouraged by the High Ambition Coalition for Nature and People (HAC).

Projects that invest in nature



Improving natural resource management and biodiversity in Maze National Park

Ethiopia

Grant of €5 M

In an area facing strong demographic pressure and droughts, this project will ensure the long-term integrity of the national park by managing water resources in the Maze River basin. This will provide benefits for local communities and help protect the ecosystems.



Combating marine plastic pollution

Indonesia

Loan of €200 M

This project, co-financed by AFD, KfW and ADB, contributes to AFD's strategy in Indonesia by helping to protect natural resources and the sustainable management of oceans and coastal areas. The Group will support reforms to combat pollution of marine debris, including plastic waste, throughout the value chain.

Helping to restore and conserve mangroves

Caribbean

Grant of €3 M

The project will help restore and conserve selected mangrove sites in five countries and territories in the Organization of Eastern Caribbean States (OECS). Improved knowledge of mangroves in the area will lead to greater consideration of the ecosystems with the aim of creating a common protection status for these areas of the Eastern Caribbean.



Preserving the biodiversity of Santa Fe

Argentina

Loan of €65 M

This project aims to preserve the exceptional biodiversity of the Paraná River Valley and the wetlands of the province by expanding and reinforcing the management of protected areas and developing environmental education centers in several key cities.



Contributing to the implementation of the Kunming-Montreal Framework

Multi-country

Grant €10 M

Led by **Expertise France** and implemented by IUCN and WWF, the aim of this project is to contribute to implementing the Kunming-Montreal Framework in 16 countries by providing governments with the means to identify sectoral policy instruments and formalize commitments to improve biodiversity.

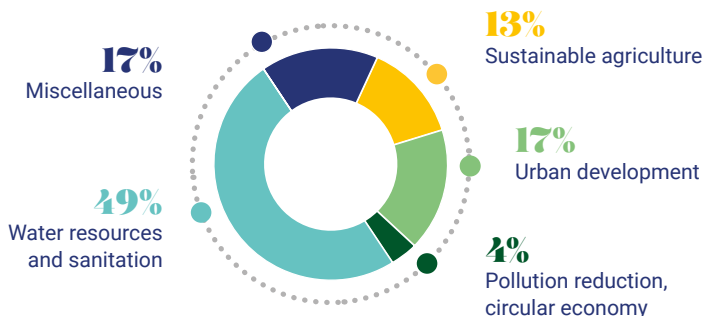


Nature-positive sectoral projects

In a secondary yet measurable way, these development projects make positive contributions to nature in all of AFD's sectors of intervention.

Some **€900 M** was committed to projects with a secondary objective of biodiversity conservation (DAC 1)

Breakdown by sector



The projects financed in 2023 contributed to several sustainable development goals:



Proparco - Mobilizing the private sector

In 2023, for the first time, Proparco measured the co-benefits of its projects for biodiversity and contributed to AFD Group's nature commitments. **Four projects worth €103 million**, with a positive impact on biodiversity (DAC1) have been launched in the water and sanitation and circular economy sectors.

Projects that invest in nature



Supporting circular economy in West Africa

Multi-country, Africa

Loan of €17 M

This project led by **Proparco** aims to support Gravita, a leading battery recycling company in India, as it develops its activities in Ghana and Senegal. The project will significantly reduce pollution and waste caused by batteries (e.g. lead, plastic) in West Africa and reuse these materials in a circular economy.



Fostering sustainable management of marine resources and oceans

French Polynesia

Grant of €200 K

This grant will support the government of French Polynesia in the development of a master plan for coastal and lagoon fisheries to meet national commitments to preserve and sustainably manage marine resources and oceans.



Improving the resilience of Nga Bay

Vietnam

Loan of €31 M

The project aims to support the city in the enhancement and conservation of natural habitats and wildlife by implementing green infrastructure on the newly developed banks. It will strengthen the city's resilience to flood risks and improve soil permeability.



Contributing to the sustainable management of territories

Comoros

Grant of €19 M

Ulanga Mali aims to take the challenges of biodiversity conservation into account for the three islands of the Union of Comoros, based on a sustainable and inclusive territorial planning strategy.



Support the water sanitation system in Khashuri

Georgia

Loan of €30 M

AFD Group is involved in financing the construction and improving the quality of the Koura River, the Khashuri City water supply system, the wastewater network and the future wastewater treatment plant. This will include the use of remediation mechanisms to eliminate discharges into natural environments.



Supporting the Andean Development Bank in its green transition

Multi-country, Latin America

Loan of €200 M

This transformational credit line aims to support the Corporacion Andina de Fomento (CAF) in the implementation of its biodiversity strategy – Biocaf strategy – targeting US\$2 BN in biodiversity financing by 2030 by introducing incentive mechanisms for the development of green projects, strengthening the bank's capacity, and updating financial tools to promote biodiversity.

A year of partnerships and mobilization for nature

Working alongside civil society organizations



Thanks to the Group's CSO Initiative program, support for civil society projects promoting biodiversity has continued with remarkable growth. **Thirty-seven projects** were supported in 2023 for a total of **€23 M** in biodiversity financing. Among these projects, nearly half had biodiversity (DAC 2) as their main objective, which is the highest proportion for the initiative in fifteen years.

Large-scale programs have increased support for stakeholders and associations carrying out projects promoting biodiversity, with partners in closest contact with the local territories.

Research to guide the Group's actions



At the end of 2023, AFD published a study¹ integrating ecology and macroeconomics in South Africa to analyze relationships at various geographical scales. It combines national socio-economic and financial indicators with a multi-sectoral analysis of cascading effects, including spatial assessments of threats to ecosystems and economic activities. This method aims to guide the design of strategies and highlights the importance of interdisciplinary collaboration.

1- **Research paper n°302** [Socioeconomic and spatially-explicit assessment of Nature-related risks: the case of South Africa | AFD - Agence Française de Développement](#)

Nature based solutions



Nature-based solutions (NbS) improve the state of biodiversity through ecosystem restoration or protection, while also addressing societal challenges such as climate change and disaster risk reduction.

In order to accelerate the scale-up of NbS in the Asia-Pacific region, which is particularly vulnerable to climate change, AFD has committed to joining the Asian Development Bank's Nature Solutions Finance Hub initiative, launched at COP28.

This initiative aims to finance and support the creation of high-quality, replicable NbS projects by creating an environment conducive to their development and through innovative financing mechanisms mobilizing the private sector.

Working alongside public development banks



The Making Finance Work for Nature working group led by public banks from the International Development Finance Club (IDFC²) is working on conditions for aligning its members with the global framework.

Intense efforts were made this year to disseminate a biodiversity toolkit for incorporating nature issues into the strategies and operations of development finance institutions.

In addition, the mandate of the IDFC Facility, created to support members' efforts to integrate climate finance into their operations, was expanded to include biodiversity issues.

AFD and the European Investment Bank (EIB) also launched **a new coalition of nine banks for oceans and the blue economy** at the Joint Finance Summit (FICS) in August 2023. The aim is to establish a common definition of sustainable blue investments in preparation for the United Nations Oceans Conference in June 2025.

2 - International Development Finance Club (IDFC)



The Taskforce on Nature-Related Financial Disclosures (TNFD)

At the end of 2023, TNFD, the international taskforce on nature-related financial disclosures, published the final version of its framework for assessing and reporting nature-related risks, impacts, dependencies and opportunities.

After coordinating the involvement of public development banks, AFD was among the sixty early adopters of the TNFD framework and plans to publish a TNFD report in 2025.

Carbon credits and biodiversity

In 2023, AFD Group worked on operating principles for the use of high-quality carbon credits as an additional financing mechanism for nature conservation or restoration projects and particularly for coastal ecosystems with high carbon sequestration capacity (mangroves, underwater seagrass beds). AFD also contributes to the pioneering work on biodiversity credits led by the International Advisory Panel on biodiversity Credits (IAPB).

Towards a world in common

AFD Group contributes to the implementation of France's policies for sustainable development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector, NGOs, research and training; its subsidiary Proparco, which is dedicated to the private sector; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates the transitions needed for a fairer, more resilient world.

With our partners, we are building shared solutions with and for the people in more than 160 countries, as well as in 11 French Overseas Departments and Territories. As part of the commitment of France and the French people to achieving the Sustainable Development Goals, our teams are at work on more than 3,600 projects in the field. Our objective is to reconcile economic development with the preservation of common goods, from peace, the climate and biodiversity to health, education and gender equality. Towards a world in common.



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