Biodiversity mainstreaming in the EU budget

Excerpts[1] from Commission's documents on the Draft budget 2023

Contents

[1] For further references:
- Draft budget 2023: Statement of Estimates | European Commission (europa.eu)
- Working documents 2023 - Part 1 | European Commission (europa.eu)

I. Statement of Estimates

Biodiversity mainstreaming

Protecting biodiversity is a global issue requiring transnational intervention and coordination. To halt and reverse the decline of biodiversity in the EU is a major objective of the Union, which is also reflected in the European Green Deal and the European Green Deal Investment Plan.

In the 2014-2020 period, biodiversity-related expenditure reached EUR 85 billion, or 8 % of overall expenditure. For the 2021-2027 period, point 16(e) of the IIA sets out that biodiversity should be mainstreamed in the EU programmes, with the ambition of reaching annual spending levels of 7,5 % in 2024, increasing to 10 % in 2026 and in 2027, while considering the existing overlaps between climate and biodiversity goals. In the same vein, the biodiversity strategy for 2030 concluded that biodiversity action requires at least EUR 20 billion per year stemming from private and public funding at national and EU level, of which the EU budget will be a key enabler.

The table below presents an overview of biodiversity relevant expenditure. This is based to the extent possible on commitments made in 2021, the expected programming of expenditure for the coming years and a partial update of the Commission's biodiversity methodology. The tracking methodology for EAGF and EAFRD will be fully revised and the table updated, in parallel with the adoption process of CAP strategic plans. More details on the methodological changes so far can be found in the Working Document on the Programme Statements[2].

(EUR million, commitment appropriations, including external assigned revenue and loans from NextGenerationEU)

Programme	Budget 2021	Budget 2022	Draft budget (DB) 2023	Financial Programming					% of biodiversity expenditure on total envelope
				2024	2025	2026	2027	Total 2021-2027	
For reference: Total EU budget (section III-Commission, financial programming) and NextGenerationEU	**426 307**	**322 005**	**294 783**	**180 621**	**185 293**	**175 883**	**181 366**	**1 766 258**	
Total biodiversity financing in the EU budget	**20 241,28**	**16 309,95**	**16 225,57**	**14 447,89**	**14 826,14**	**15 481,23**	**16 377,18**	**113 909,24**	
Share of biodiversity relevant spending in EU budget	**4,75%**	**5,07%**	**5,50%**	**8,00%**	**8,00%**	**8,80%**	**9,03%**	**6,45%**	
Horizon Europe – the Framework Programme for Research and Innovation	1068,00	1068,00	960,00	1030,00	884,00	902,00	920,00	6 832,00	**7,40%**
European Space Programme	120,00	120,00	120,00	120,00	120,00	165,00	165,00	930,00	**6,46%**
Regional Policy (European Regional Development Fund and Cohesion Fund)	1 696,80	2 050,00	2 424,10	2 826,10	3 252,60	3 704,70	4 183,90	20 138,20	**7,68%**
Recovery and Resilience Facility	6 255,50	2 512,40	2 299,20					11 067,10	**2,25%**
Union Civil Protection Mechanism (rescEU)	43,12							43,12	**1,27%**

[2] The forecasts provided in the table for 2023-2027 are temporarily established on the basis of the previous biodiversity methodology for the EAGF and the EAFRD. This will be updated on the basis of the final methodology reflecting the ambition of CAP strategic plans as finally approved.

European Agricultural Guarantee Fund (EAGF)[3]	5 354,00	5 373,00	5 397,30	5 414,40	5 431,70	5 448,70	5 466,10	37 885,20	**13,12%**
European Agricultural Fund for Rural Development (EAFRD)	4 588,90	3 806,30	3 623,60	3 623,60	3 623,60	3 623,60	3 623,60	26.513,20	**25,69%**
European Maritime, Fisheries and Aquaculture Fund (EMFAF)	16,79	128,94	128,94	128,94	128,94	128,94	128,94	790,43	**13,02%**
Sustainable Fisheries Partnership Agreements (SFPA) and Regional Fisheries Management Organisations (RFMO)	4,40	4,40	4,40	4,40	4,40	4,40	4,40	30,80	**2,92%**
Programme for the Environment and Climate Action (LIFE)	332,07	343,51	331,43	346,25	365,50	391,09	420,04	2 529,89	**46,37%**
Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global Europe)	723,70	814,20	837,40	852,80	913,90	1 010,20	1 357,50	6.509,70	**8,16%**
Overseas Countries and Territories (OCT) (including Greenland)	5,00	5,20	5,20	5,40	5,50	5,60	5,70	37,60	**7,52%**
Pre-Accession Assistance (IPA III)	33,00	84,00	94,00	96,00	96,00	97,00	102,00	602,00	**4,08%**

The table above shows that further work is necessary to ensure that the ambition set for the years 2026 and 2027 will be met. With this in mind, the Commission is trying to ensure that Member States will dedicate sufficient funding to biodiversity in the context of the European structural and investment funds and the Common Agricultural Policy. More detailed information on the implementation of the biodiversity ambition in the 2021-2027 MFF, in compliance with article 16 of the IIA, is provided in Working Document I accompanying the draft budget.

[3] The CAP biodiversity estimate for the period 2023-2027 is based on the extrapolation of the average contribution of years 2021 and 2022 to the following years until 2027. An effective, transparent and comprehensive methodology on biodiversity mainstreaming will be set out by the Commission, in cooperation with the European Parliament and the Council.

II. Working document I

Biodiversity Mainstreaming

Preservation of biodiversity ensures the long-term stability of ecosystems and enables the sustainable preservation of natural resources for future generations. Tackling biodiversity loss and restoring ecosystems require significant investments, including to ensure a more resilient society and to combat the emergence of diseases linked to ecosystem degradation and wildlife trade.

What do we do?

Halting and reversing the decline of biodiversity in the EU is a major objective of the EU, as confirmed in the political guidelines from Commission President von der Leyen and is reflected in the European Green Deal and its 2020 investment plan. Protecting biodiversity is a global issue that requires transnational intervention and coordination.

In line with the **European Green Deal**, the Commission, the European Parliament and the Council of the European Union decided in the interinstitutional agreement (IIA) that biodiversity should be mainstreamed in the EU programmes, to **allocate at least 7.5% in 2024 and 10% in 2026 and in 2027 of annual spending, respectively under the MFF to biodiversity objectives**, while considering the existing overlaps between climate and biodiversity goals' ([4]). This is in line with the statement in the Biodiversity Strategy for 2030 that biodiversity action requires at least EUR 20 billion per year stemming from 'private and public funding at national and EU level' ([5]), of which the EU budget will be a key enabler. The Biodiversity Strategy also sets out that, as nature restoration will make a major contribution to climate objectives, a significant proportion of the EU budget dedicated to climate action will be invested on biodiversity and nature-based solutions.

How much do we spend?

For the 2014-2020 period, the EU budget dedicated EUR 85 billion, or 8% of the multiannual financial framework, to the fight against biodiversity loss. For the period 2021-2027, the EU budget is projected to allocate EUR 114 billion (or 6.4% of the budget as argumented by the NGEU) to biodiversity-relevant interventions. Further data is available in an annex to this section.

[4] Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433I, 22.12.2020, p. 28) (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.LI.2020.433.01.0028.01.ENG).

[5] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – EU biodiversity strategy for 2030 – Bringing nature back into our lives (COM(2020) 380) (https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1590574123338&uri=CELEX%3A52020DC0380).

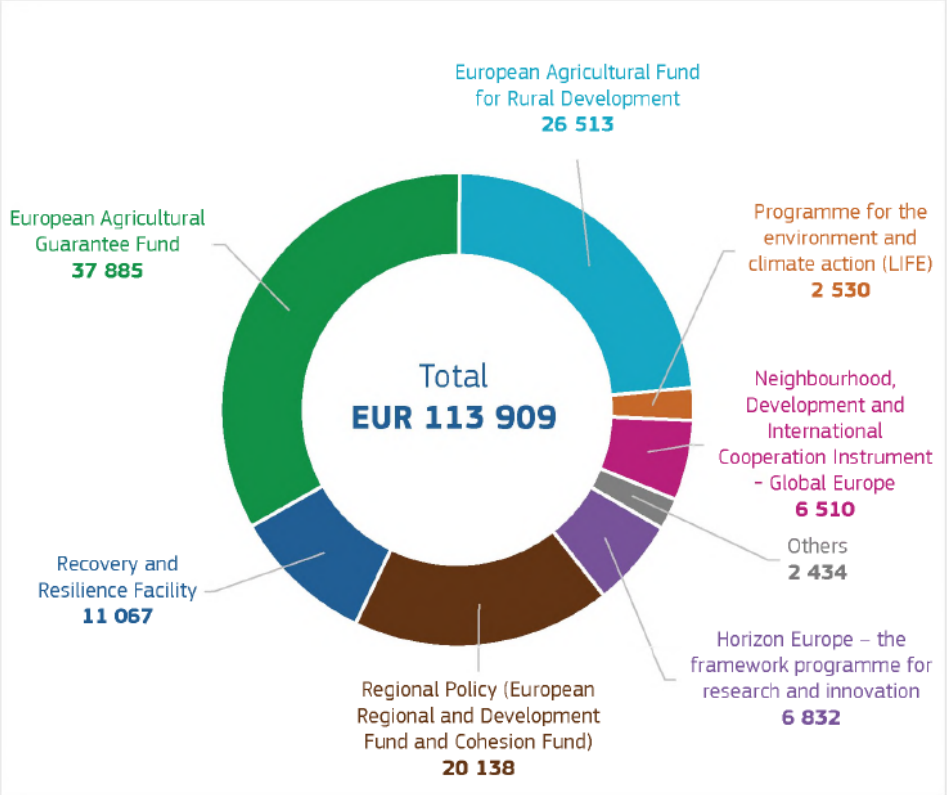

Chart 2 - Biodiversity contribution in 2021 to 2027, in million EUR

Source: European Commission.

Biodiversity Methodology

To track the EU budget expenditure for biodiversity, an internationally recognised methodology (the Rio markers) is used. The methodology involves applying a coefficient of 0%, 40% or 100% to each project/objective/strand/programme, reflecting the degree to which biodiversity considerations have been integrated in their design. The Commission has worked to update the Biodiversity methodology for the 2021-2027 period, to properly implement an enhanced system for tracking biodiversity expenditures.

The Commission has launched a study[6] to help developing a sound methodology for Biodiversity tracking. The main conclusions of the study are that the new tracking methodology should aim to:

- Slightly adapt the current approach, where necessary to improve accuracy, to reflect differences in the legislation underpinning programmes and their operation, or in the case of new programmes; in particular, this means that the Rio Markers approach should be maintained for now.
- Focus on expected impacts, wherever possible, rather than only on the stated objectives of expenditure (although where evidence on impact is limited or unavailable, the stated objectives may still need to be used as a guide to the coefficient applied);
- Aim for consistency, wherever possible, with the methodology adopted for climate tracking in the 2021 -2027 period, except where this is not feasible or does not allow for accurate and consistent results.
- Based on the findings of the assessment of the 2014-2020 methodology, great care needs to be taken on the use of the 40% expenditure marker, with an increased focus on ex post evaluation of its accuracy. There are two main categories of expenditure where this marking is used, both

[6] Biodiversity Financing and Tracking, Trinomics, May 2022.

of which justify further information-gathering through the course of implementation of programmes under the 2021-2027 period.

- Using the total of expenditure tracked with the 100% marker, and the 40% of expenditure tracked with the intermediate marker, and referring to it as "expenditure on biodiversity" is potentially misleading. Commission communications material generally refers more cautiously to "contributing to" or "addressing" biodiversity, and this approach should continue. The Interinstitutional Agreement calls for the Commission to report on expenditure "contributing to" halting and reversing biodiversity decline. A distinction could also be drawn between the 100% tracked expenditure (where, generally, there should be a high level of confidence that it is spending "on" biodiversity), and expenditure under the 40% marker, which is a relatively crude estimate.

The methodology for Biodiversity has been largely updated in line with this study. As regards the EAGF and the EAFRD, the forecasts provided for 2023-2027 are still established on the basis of the previous methodology and are still to be updated, in line with the CAP strategic plans as finally approved.

The study also aimed at assessing funding needs to implement the EU Biodiversity Strategy for 2030, current levels of funding and the remaining finance gap. The study finds that the scale of financing needs to deliver the Strategy, including baseline expenditure, is estimated at around EUR 48.15 billion annually between 2021 and 2030. It also estimates expenditure on biodiversity at ca. EUR 29.46 billion annually over 2021-2030 including from the MFF and Member States expenditure. Considering that estimated annual expenditure for 2014 – 2020 averaged at around 24 billion annually, there would be an estimated EUR 5 billion annual increase in biodiversity expenditure. This leaves an estimated financing gap of around EUR 18.69 billion per year from 2021 to 2030.

Some examples of what we achieved

Under the Common Agriculture Policy, the EAFRD and EAGF support biodiversity-friendly practices such as agroecology, 'close to nature' forestry, farming practices supporting conservation in particular in Natura 2000 sites and other protected areas, coexistence of farmers with large carnivores, farming practices compatible with farmland birds protection. Financial support is also provided to maintain high-diversity landscape features e.g. hedgerows, trees and ponds, building upon the Biodiversity Strategy target of bringing back at least 10% of agricultural area under high-diversity landscape features. These funds also support organic farming and the Biodiversity Strategy target to reach 25% of organic farming by 2030. Support is also provided to pollinators as a way of maintaining the importance services provided by pollination to the agriculture sector and food production, e.g. encouraging a group of a farmers to work at landscape level to ensure heterogeneity and connectivity of pollinator habitats, and implementation of integrated pest management to mitigate the potential negative impacts of pesticides.

Cohesion policy funds enabled to support creation of the Emscher landscape park and restoration of the Emscher river in Germany. The project enabled transformation of vacant land of the former coal and steel industries and their transport infrastructures in the Ruhr region into a connected system of urban landscapes, new parks, industrial and natural heritage and a network of bike paths. The project enabled to implement cost-effective alternative solutions to decontamination. The project is estimated to have created ca. 1 400 direct jobs per year from its inception to 2020 and to have significantly contributed to improving quality of life in the area and the region's attractiveness.
Furthermore, by 2020, 5 000 inhabitants of the island La Reunion, in France, were protected against floods in two district that are regularly inundated during heavy tropical and cyclonic rains.

The **Horizon 2020 project on the biosystematics, informatics and genomics of the big four insect groups** studied the four largest insect groups, to investigate hotspots of largely unknown insect diversity to better comprehend its potential for helping tackle economic and societal needs. The project employed

a wide spectrum of modern, innovative approaches to uncover the evolutionary history of several insect lineages.

Another example is the **EU4Environment project** within the Eastern Partnership. This project helps partner countries to preserve their natural capital and to increase people's environmental well-being, by supporting environment-related action, demonstrating and unlocking opportunities for greener growth, and establishing mechanisms to better manage environmental risks and impacts including on biodiversity and natural ecosystems.

The **European Maritime and Fisheries Fund (EMFF)** complemented other funding sources by supporting actions for the protection and restoration of marine and coastal biodiversity and ecosystems, including in inland waters. This included actions to achieve or maintain a good environmental status and the implementation of spatial protection measures under the EU Marine Strategy Framework Directive, the management, restoration and monitoring of Natura 2000 areas and the protection of species under Habitats and Birds Directives. To restore natural balance to ecosystems on the Swedish archipelago, an EMFF financed project supported an initiative aimed at reinstating coastal wetlands in an effort to increase pike stocks. Key predators in the Baltic Sea, pike are essential to maintaining biodiversity and healthy waters in the area. Under the project, a new manmade wetland system that replicates the natural spawning grounds of pike was developed. Restoring and establishing spawning grounds of pike turned out not only an efficient way of improving fish stocks but at the same time it supported other objectives such as skills development, fostered collaboration and increased tourism. The innovative project was implemented following the success of similar manmade wetlands in other areas across southern Sweden.

The Copernicus component of the **EU Space programme** supports, through land monitoring services, the implementation of biodiversity-related policies. It follows land degradation and monitors riparian and coastal ecosystems or even forest change. Monitoring these allow to support biodiversity and pollination, improve air quality, water quality and quantity, reduce greenhouse gas emissions, enhance carbon sequestration, and support climate change adaptation, regulation of soil erosion and soil quality.

Under the **DCI programme (now NDICI)**:
- By 2020, **the Partnership for Action on Green Economy** supported 20 partner countries to contribute to 79 green economic policies and practices through knowledge development, policy dialogue and technical cooperation. Seven African countries were supported through SWITCH Africa Green towards green business development with projects combining policy and regulatory guidance on partnerships with the private sector (in particular Small-and-Medium-Sized Enterprises), with important co-benefits for biodiversity.
- In the Eastern Neighbourhood, the **EU Water Initiative Plus** (completed in mid-2021) delivered hundreds of knowledge products and modernised 9 water laboratories. Some 40 surveys were carried out in rivers, ground and coastal waters, covering more than 1000 sites. Due to this support, the water monitoring in the Easter Area Partnership region is now closer to EU standards.

Under the **European Neighbourhood Instrument**, bilateral and regional projects have been targeting biodiversity. For example, the **integrated monitoring and assessment programme–marine protected areas project** aims at achieving a good environmental status for the Mediterranean Sea and coast through an ecologically representative and efficiently managed and monitored network of marine protected areas. The project has a total budget of EUR 4 million and its implementation period runs from 2019 to 2022.

Through the **LIFE** PROGRAMME, by 2020:
- More than 15 000 km2 of habitats are being restored or are improving their conservation status;
- More than 300 species have improved their conservations status thanks to LIFE;
- Over 1500 Natura 2000 sites have benefited from LIFE funding.