



Institute ^{for}
European
Environmental
Policy

Biodiversity Financing and Tracking

Biodiversity Financing and Tracking Biodiversity-related
expenditures in the EU budget: Final Report

BUDG Committee hearing 21 June 2022 – Evelyn Underwood
IEEP and Trinomics report for DG ENV May 2022

Biodiversity Tracking - Objectives

- Improve understanding of biodiversity tracking in the EU budget over the 2014-2020 period.
- Identify strengths and weaknesses, and the potential impact of different approaches.
- Assess current biodiversity tracking implications of negotiations on the new (2021-2027) budget period.
- Develop evidence-based proposals and suggestions for improvement.

Biodiversity Financing - Objectives

- Assess the total financing needs including baseline expenditure that will be required to implement the Biodiversity Strategy for 2030 (“BDS for 2030”).
- Assess the current levels of funding allocated to biodiversity-related activities within the EU, to assess the remaining financing gap.

Biodiversity Financing – Main outcomes

MFF 2020-2027

- Scale of financing needed to deliver the Biodiversity Strategy to 2030: **€48.2 billion annually between 2021 and 2030**
- Estimation of expenditure on biodiversity: €29.5 billion annually over 2021-2030, starting at €27 billion in 2021 and increasing to €32.5 billion in 2030
- Estimated financing gap: **€189.7 billion** over 2021-2030, amounting to €18.7 billion a year
- NB: gap likely to be larger in reality, given that we have not addressed effectiveness of expenditure; and that there may be some remaining unidentified double-counting of expenditure.

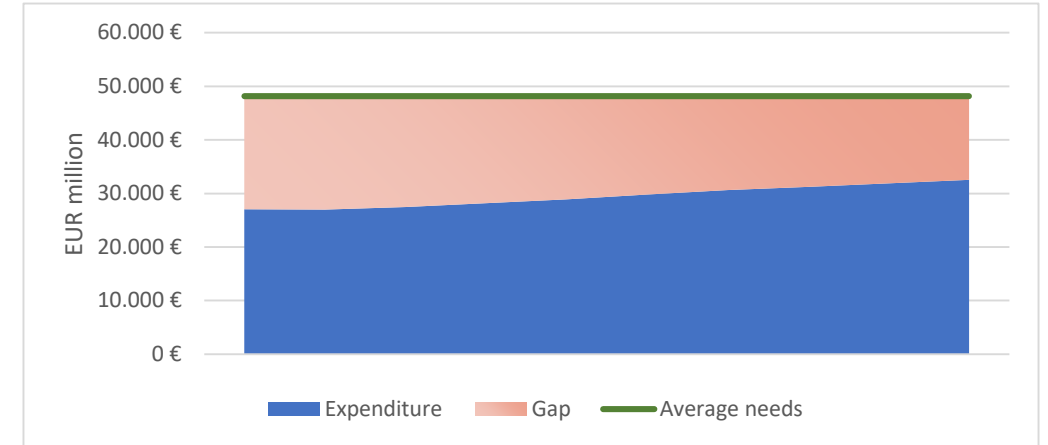


Figure: Estimated scale of investment needed to deliver the BDS for 2030, and estimated future expenditure from 2021 to 2030

Biodiversity tracking – requirements on method

Assumptions made in developing recommendations, given urgency imposed by new biodiversity spending “ambition”:

- **Avoid major change to current methodologies:** in particular, this means retaining the Rio Markers approach for now.
- **Focus on expected impacts**, rather than only on the stated objectives of expenditure, in order to achieve greater consistency with climate tracking;
- And in general terms, **aim for consistency 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.

Biodiversity tracking – cross-cutting recommendations

- **Take particular care with the 40% expenditure marker**, which has a significant impact on overall totals of expenditure reported, but is applied to expenditure categories where there is uncertainty over either:
 - The **extent** of the biodiversity contribution;
 - **Whether** there is a biodiversity contribution from the individual project (e.g. broad categories of cohesion etc. investment)
- **Make a clearer distinction between 100% and 40% tracked expenditure** when reporting on and communicating the results of biodiversity tracking - and avoid referring to the combined total as “expenditure **on** biodiversity”.
- Tracking method should be closely related to the policy purpose of expenditure tracking; it would be valuable for the **Commission to set out more clearly how it understands that policy purpose**.
- **Member State financial reporting to the CBD** - recommendations for Commission and Member States to (i) support broader efforts to harmonise financial reporting to the CBD, and (ii) improve consistency of EU reporting.

Programme by programme recommendations

Continues distinction between:

- **shared management** - where general rules are applied to categories of expenditure to ensure consistency
- **direct management** - where more case-by-case assessment of expenditure is appropriate.

CAP

Our recommendation:

- Commitments allocated to CAP specific objective 6 biodiversity etc =100%
- Commitments allocated to CAP specific objectives 4 climate change and 5 water soil and air = 40%

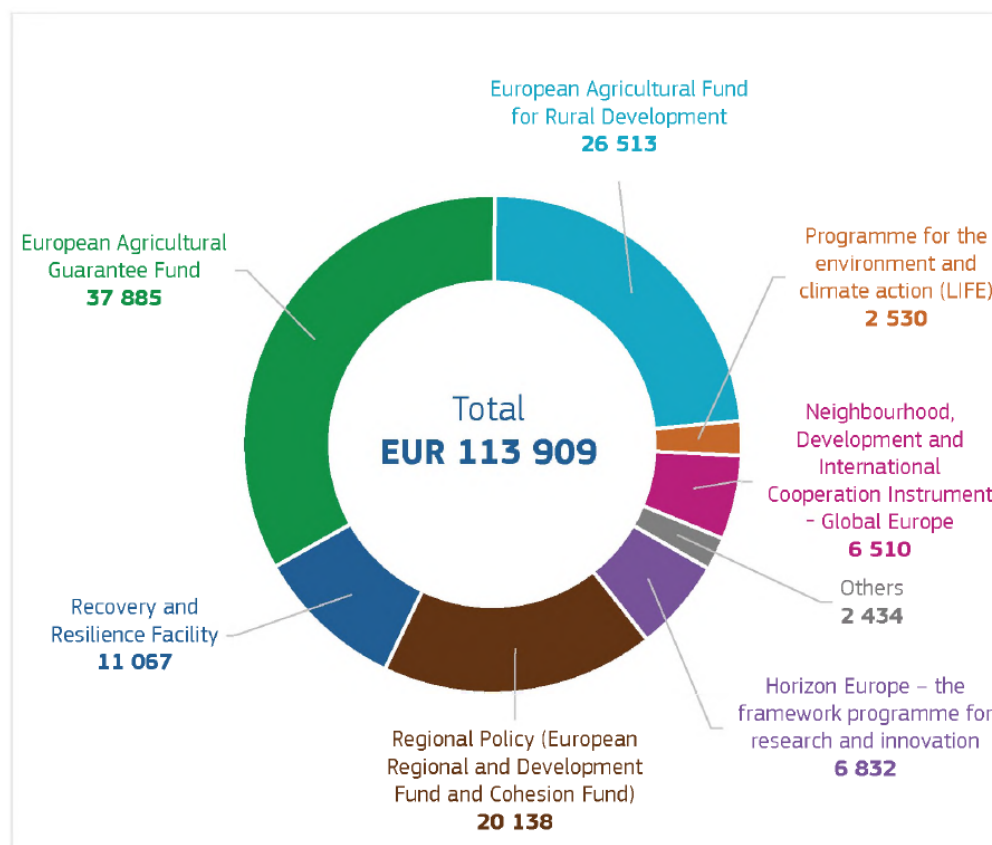
Programme by programme recommendations

Structural and cohesion funds – ERDF, CF, RRF, JTF

Our recommendation:

Intervention field	marker	rationale
087 protection, restoration etc of Natura 2000 sites, 079 nature & biodiversity, green infrastructure, 808 reduce GHG in restoration & preservation of natural areas	100%	Direct objective (with further assessment of green infrastructure, landfill gas capture, etc.)
167 natural heritage & eco-tourism	40%	How much protection how much tourism
Climate adaptation/risk management: 058 floods 059 fire 060 others	40%	Not limited to ecosystem based approaches. Ex post assessment would be valuable. Currently no way of distinguishing nature based solutions.
Waste water 065 and 066 with energy efficiency	40%	Overstates biodiversity benefits. Ex post assessment with adjustment of marker.
Rehabilitation of contaminated sites 073 and 074	40%	Ex post evaluation – some can be very positive some little or no.

EU Budget estimate 2023 - Biodiversity contribution in 2021 to 2027, in million EUR



EU Budget estimate 2023 – Green Budget

	2021	2022	2023	2024	2025	2026	2027	Total
EU BUDGET + NGEU	427 163 €	318 046 €	291 487 €	178 796 €	182 304 €	174 060 €	179 539 €	1 751 395 €
Climate	137 543 €	112 091 €	93 382 €	56 365 €	53 681 €	51 386 €	51 988 €	556 880 €
% Climate	32%	35%	32%	31%	29%	29%	29%	32%
Biodiversity	18 350 €	16 310 €	16 226 €	14 548 €	15 086 €	15 621 €	16 077 €	112 218 €
% Biodiversity	4%	5%	6%	8%	8%	9%	9%	6%
Clean Air	51 593 €	25 714 €	24 284 €	6 780 €	5 756 €	5 925 €	6 075 €	126 127 €
% Clean Air	12%	8%	8%	4%	3%	3%	3%	7%



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Programme	2021 (M€)	2022 (M€)	2023 (M€)	2024 (M€)	2025 (M€)	2026 (M€)	2027 (M€)	Total (M€)	% of the envelop
Horizon Europe – the Framework Programme for Research and Innovation	1 068.00	1 068.00	960.00	1 030.00	884.00	902.00	920.00	6 832.00	7%
EU Space programme	120.00	120.00	120.00	120.00	120.00	165.00	165.00	930.00	6%
Cohesion policy fund (European Regional and 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	8%
Recovery and Resilience Facility	6 255.50	2 512.40	2 299.20					11 067.10	2%
Union Civil Protection Mechanism (rescEU)	43.12							43.12	1%
European Agricultural Guarantee Fund (EAGF)	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%
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	26%
European Maritime Fisheries and Aquaculture Fund	16.79	128.94	128.94	128.94	128.94	128.94	128.94	790.43	13%
SFPA and RFMO	4.40	4.40	4.40	4.40	4.40	4.40	4.40	30.80	3%
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%
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%
Overseas Countries and Territories (OCT) (including Greenland)	5.00	5.20	5.20	5.40	5.50	5.60	5.70	37.60	8%
Pre-Accession Assistance (IPA III)	33.00	84.00	94.00	96.00	96.00	97.00	102.00	602.00	4%
Total	20 241.28	16 309.95	16 225.57	14 447.89	14 826.14	15 481.23	16 377.18	113 909.24	
Total	4.75%	5.07%	5.50%	8.00%	8.00%	8.80%	9.03%	6.45%	