



JOINT STATEMENT

Why NATURE matters in the next EU Budget: increasing investments in EU external action to address current and future challenges

The EU Budget, post 2020, can be a powerful tool to strengthen the EU's role in addressing the many, interlinked challenges facing the world today, such as environmental degradation, water scarcity, biodiversity loss, deforestation and climate change which contribute to growing inequalities and instability. Only by aligning it to Agenda 2030 and the objectives of the Paris Agreement can the EU successfully address these challenges and promote inclusive sustainable development for Europe and its partner countries.

In particular, future EU External Financing Instruments should be guided by EU's values, including respect for human rights, and the principles of Agenda 2030, as highlighted in the revised European Consensus on Development and the EU's Global Strategy. They should contribute to long term poverty reduction efforts and promote all dimensions of sustainable development, while delivering global public goods, such as environmental protection and fighting climate change.

A healthy natural environment is a precondition to achieving sustainable development and human well-being. Nature and the services it provides, such as clear air, water, food and energy, are the foundation of societies, economies, cultures and identities all around the world. Ecosystem integrity is also critical for ensuring climate change resilience. However there is mounting evidence of the wide extent of biodiversity loss and environmental degradation globally, driven by unsustainable production and consumption models, which deplete our natural resources, generate pollution and increase greenhouse gas emissions.

Climate change also takes a toll on the natural environment, further exacerbating and accelerating the decline and increasing hazards and stress to ecosystems that normally act as climate buffers. Environmental crime, including the illegal and overexploitation of natural resources and wildlife trafficking, is also causing extensive damage to our oceans and terrestrial ecosystems, particularly in Africa, Asia and Latin America, while depriving communities and indigenous peoples of their sources of food, resources and income, thereby increasing their vulnerability and insecurity.

Recommendations

The EU as a global player has a responsibility to act and contribute to reversing these trends. It is at the heart of the EU's values, objectives and interests to continue to show leadership in promoting the sustainable management of natural resources, biodiversity protection and ecosystem resilience. The next EU Budget is the perfect opportunity to show this leadership and must provide considerable, transparent and predictable funding to support healthy people and planet globally.

We therefore recommend that the EU dedicates a high proportion of its future External Financing Instruments (EFIs) to addressing these challenges, in particular:

- Ø *An **increased 50% target for climate AND environment relevant spending** should be set across future External Financing Instruments, to deliver actions with clear and identifiable **co-benefits across sectors**.*

The current 20% target for climate relevant expenditure should be increased and expanded to incentivize and step up investments that contribute to biodiversity and ecosystem health through protection, restoration and sustainable management of natural resources. In fact, investing in healthy ecosystems effectively contributes to climate adaptation and mitigation; strengthens resilience, including to natural disasters; at the same time it delivers on multiple environmental, social and economic benefits, such as food and nutrition security, clean water, health and sanitation, economic development, jobs and sustainable livelihoods, peace and human security.

- Ø *A specific **window for biodiversity and natural resources** should be defined within future External Financing Instruments, to allow for funding to be channelled directly to environment-related priorities in support of partner countries' efforts to pursue their own commitments under the Convention on Biological Diversity and related multilateral agreements and to contribute to global public goods.*

Building on the experience of the B4Life initiative, environment-related priorities should be prominently supported through future geographic programmes, as well as through dedicated thematic support. This is critical to ensure that funding is channelled to nature and biodiversity at different levels, from local to global, in a complementary and coherent way. In this context particular attention should be given to implementing the recommendations of the 'Larger than Elephants' and 'Larger than Tigers' strategic approach documents and the forthcoming similar study commissioned by DEVCO for Latin America; and on security and wildlife trafficking in Sub-Saharan Africa. Moreover, the EU should increasingly promote integrated approaches in the spirit of the SDGs (e.g. investing in the water-energy-food nexus and sustainable landscape approaches). The EU should also step up its efforts to address environmental crime, including wildlife trafficking, fighting corruption and promoting good governance of natural resources and the rule of law, and consider these efforts in terms of the synergies for enhancing stability, resilience and human security.

- Ø *Effective **mainstreaming of environment and climate** issues throughout EU EFIs should be ensured, through the inclusion of a requirement in the instruments' legal basis and in any future Common Implementing Regulation (CIR).*

A mainstreaming commitment already exists in the current CIR and is instrumental to the successful design and implementation of actions that are supportive rather than counterproductive to sustainable development objectives. This should be further supported through widespread dissemination and use of guidance, tools and training, building on previously successful efforts.

- Ø *A **consistent and transparent** approach to **reporting climate and biodiversity finance**, both through public funds and leveraging private funds, should be agreed and used by all EU donors (EU institutions and Member States).*

A robust monitoring framework is needed to ensure proper tracking of expenditure and avoid double accounting. It is also vital to monitor whether the EU is on track to deliver its international commitments on climate and biodiversity finance, set in the framework of the Paris Agreement and the UN Convention on Biological Diversity

Ø *The EU should **maintain and expand its support to civil society** at all levels throughout future EFIs, including the proposed window for environment and biodiversity.*

Civil society organizations are important sustainable development actors, and play multiple roles as partners in political dialogue, watchdogs and advocates, implementers of programmes, as well as creators of knowledge, innovators and mobilizers of public engagement. Support to civil society is critical to effectively tackle global and local environmental and climate challenges and implement the SDGs.

Ø *A strong commitment to **policy coherence for sustainable development** should guide the next MFF, to ensure that policies and actions in Europe do not undermine the achievement of sustainable development objectives in partner countries and globally.*

Efforts made to advance on SDG implementation, and biodiversity protection in particular, through political dialogue, cooperation and financial support in the context of future EU's external action, will be meaningless if incoherent policies or actions remain. For instance, the EU's contribution to deforestation and degradation of forests and peatlands on other continents through demand of commodities such as soy, palm oil, and beef should be addressed. Similarly a stronger commitment to implementing the EU Action Plan against Wildlife Trafficking, with adequate resources, is an essential element of actions needed to achieve lasting results in biodiversity protection globally. In this respect, a streamlined architecture of external financing instruments, merging many of the current "fit for purpose" EFIs into one (or fewer) instrument(s), should not be seen as the only solution to address shortcomings in EU external action nor as a guarantee of increased coherence and effectiveness at implementation level, which are required in order to achieve the SDGs.

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BACKGROUND NOTE

Why Nature matters and what do we mean by co-benefits:

Achieving the SDGs and the objectives of the Paris Agreement depend on biodiversity and healthy ecosystems. When it comes to fighting climate change and improving resilience, nature can be our best ally, and deliver multiple social, environmental and economic benefits. Win-win approaches, which look at different drivers of environmental degradation in a holistic manner, should therefore be supported through future EU external action.

Here some examples of such interlinked challenges and solutions to promote further:

- Ø **Halting deforestation and forest degradation** delivers clear co-benefits in terms of climate action due to the natural carbon storage function of forests. It is estimated that 30% of the necessary emissions reductions to prevent a global temperature increase beyond 2° can come from the protection and restoration of forests. Trees also contribute to **building resilience** against climate change and to mitigate risks from natural disasters. Forests regulate water flows and improve water quality and **maintain critical biodiversity**. Promoting sustainable forest management practices, which support and involve local communities and indigenous people who depend on it for their **food, water**, medicine, fuel and **income generation**, is critical to achieve inclusive sustainable development, reduce climate vulnerability and support biodiversity.
- Ø Ecosystems such as **wetlands**, when protected and well-functioning, also provide essential services for people and planet while contributing to our **mitigation** and **adaptation** efforts due to their high carbon sequestration function. Peatlands alone hold 30% of all carbon stored on land. Moreover, with natural disasters predicted to increase in frequency and intensity due to climate change, wetlands act as natural barriers, by capturing rainwater and reducing soil erosion and therefore **limiting the impacts of natural disasters**, such as floods. Wetlands also play an important role in improving water quality and providing drinking water, by acting as natural filters, and **sustain livelihoods from fishing and aquaculture**. As demands over scarce water resources increase, failure to sustain water flows to support healthy ecosystems, can cause widespread ecosystem collapse. Promoting good **governance** and sustainable management of water resources through multi-stakeholder approaches is thus essential. Maintaining and restoring water related ecosystems can also contribute to addressing the **drivers of poverty, migration, insecurity and conflict**, especially in drought prone regions such as the Sahel, the Horn of Africa and countries in North Africa.
- Ø **Coastal ecosystems** such as **coral reefs, mangroves and seagrasses** when protected and well-managed also offer solutions for both climate mitigation and adaptation, while improving livelihoods. Mangrove forests are among the most **carbon-rich habitats** on our planet and it's estimated that an acre of mangrove forest sequesters more than twice the amount of carbon as an acre of terrestrial forest. These forests also help stabilize coastlines and **prevent erosion** from waves and storms, thus helping communities to adapt to and reduce the impacts of extreme weather events. Mangroves and coral reefs also serve as nurseries for many fish species, which form an essential source of **food** for thousands of coastal communities around the world, as well as a source of **income** through fisheries and **sustainable tourism** activities. However, global rates loss of mangroves and coral reefs are estimated to double by 2060, especially in Asia and Africa. Due to ocean acidification and increasing water temperatures as a result of climate change, it is projected that approximately 90% of coral reefs will disappear by 2050 with dramatic social and economic impacts for one billion people. Urgent action is therefore needed to **protect** and **restore** these fragile ecosystems, to improve their **resilience** and **productivity** and thus their ability to **sustain livelihoods** and economic development.
- Ø **A healthy ocean** supplies about half the oxygen we breathe, absorbs over a quarter of the carbon dioxide we produce and plays a vital role in **regulating our climate** system and in the water cycle. It contributes to sustainable development, poverty eradication, food security and nutrition, decent work and livelihoods as well as to **sustainable business opportunities**, maritime **trade** and **transportation**. However, increasing overexploitation of marine resources

and fish stocks, unsustainable infrastructure and coastal urban development together with high levels of pollution, particularly from plastics, and climate change are seriously threatening the health of our marine ecosystems and their ability to support our societies and economies. Improving ocean governance at all levels; promoting **sustainable investments in the blue economy**; tackling illegal unreported and unregulated fishing (IUU) and reducing overfishing, supporting developing countries to better manage their fisheries, marine and coastal habitats; supporting the creation and effective management of Marine Protected Areas by involving a wide range of stakeholders; and supporting coastal communities are all essential areas of intervention.

- Ø **Eco-tourism** provides socially and economically viable alternatives to income generation for governments and local communities. It contributes to job creation, increased revenues in support of local conservation efforts as well as opportunities for advancing research of critical habitats or species (eg whale watch operators have significantly contributed towards whale research in terms of raw data, providing substantial free boat time for researchers as well as financial contributions). Moreover, eco-tourism encourages local stewardship and greater respect for nature amongst visitors and tour operators.
- Ø The EU should continue to step up its efforts to address **environmental crime and corruption**, promoting **good governance** of **natural resources** and the rule of law. In May 2013, the UN officially characterized international wildlife and timber trafficking as a “**serious organized crime**”. Being a large-scale lucrative business with a low risk of detection, it constantly evolves and adapts, finding useful links to other forms of crime such as money laundering or drugs and arms trafficking and involves organized criminal syndicates, insurgency groups and militias. EU support at all levels, globally and locally, in source, consumer and transit countries can make a big contribution to efforts to close down this trade. It should build on the work already being achieved through the **EU Action Plan against Wildlife Trafficking** and consolidate those efforts, in particular in terms of its implementation and funding.