

The Cost of Biodiversity Inaction: What it means for the EU Economy

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Summary for policymakers

Executive Summary

This [report](#) assesses the cost of biodiversity inaction in the EU and the economic case for closing the gap between current funding and what is needed. Its central conclusions are that current public funding is insufficient to meet the EU's biodiversity targets, that increased and better-targeted public investment in biodiversity is highly cost-effective, and that existing funds can be used more effectively by reforming harmful EU public spending and crowding in private finance.

Key findings

- Delivering the EU Biodiversity Strategy for 2030 is estimated to cost about €48.2 billion per year, against current spending of €29.5 billion – **a gap of roughly €18.7 billion per year** (€186.9 billion over 2021–2030).
- An estimated **€ 34.4–48.9 billion per year of EU spending may be actively harmful to biodiversity**, such as through promoting industrial livestock, overfishing and habitat loss. Reducing these subsidies, currently larger than the biodiversity funding gap itself, would not only reduce harm but free up funding to invest in biodiversity protection.
- Biodiversity funding can deliver a significant return on investment by avoiding future damage, reducing exposure to climate and environmental shocks, and strengthening the ecosystem services on which key sectors depend. In particular, each euro of investment is expected to deliver 8 euros of economic benefit. If extrapolated to the scale of the funding gap, this equates to **€150 billion of economic benefit a year** and **an additional 560,000 jobs**.

Recommendations



1: Reform and redirect biodiversity-harmful subsidies

Prioritise reform of the most harmful fossil-fuel and agricultural subsidies, exploring where best to redirect a share towards closing the biodiversity funding gap.



2: Integrate biodiversity across economic policy

Embed biodiversity considerations across CAP reform, industrial policy, national security and infrastructure planning.



3: Strengthen biodiversity-spending data and accountability

Introduce consistent Member State tracking and more granular reporting of biodiversity spend to enable transparent accountability against EU targets, verify whether spending is closing the gap and better direct finance to where it delivers the greatest return.



4: Deepen the analysis of sectoral vulnerability to biodiversity loss

Explore exposure to different aspects of biodiversity loss at the Member State level to better understand the vulnerabilities of key economic sectors and identify spending that could meaningfully reduce the likely impacts and provide a strong return on investment.



5: Explore EU vulnerability to global biodiversity loss

Seek to quantify the EU's embedded biodiversity footprint, identify the sectors and Member States most exposed to international biodiversity loss and assess where public spending and regulation could reduce the EU's contribution and vulnerability.



6: Explore the use of public funding to catalyse private biodiversity finance

Assess how targeted public funding could be used to catalyse private finance to help close the biodiversity funding gap, while mitigating any potential risks.

The Current State of EU Public Biodiversity Funding

1. Key funding Sources for Biodiversity

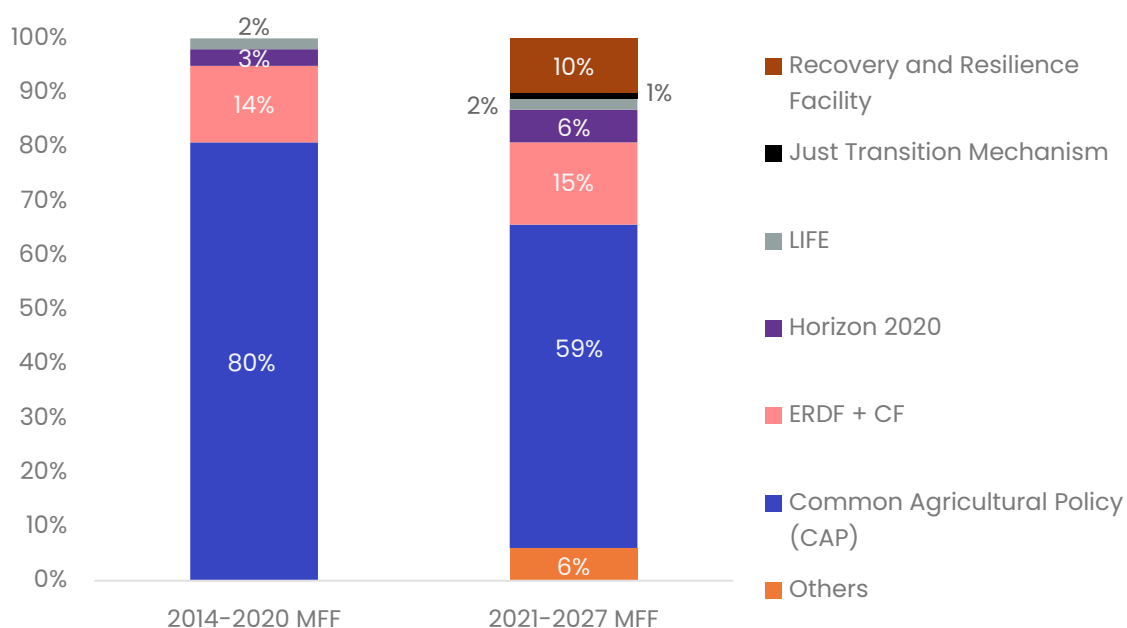


Figure 1: Distribution of EU biodiversity-tracked commitments by EU fund, 2014–2020 MFF vs 2021–2027 MFF

EU biodiversity funding is mostly mainstreamed through the Multiannual Financial Framework (MFF) across different programmes, including:

- **Common Agricultural Policy (CAP):** The largest source of biodiversity-relevant EU funding. However, it is also one of the **most contested sources of funding**, as its contribution to biodiversity is difficult to assess owing to gaps in monitoring data, the broad application of biodiversity coefficients and its role in supporting activities that may be harmful to biodiversity.ⁱ
- **European Regional Development Fund (ERDF) and Cohesion Fund (CF):** Particularly important at regional and local level, supporting green infrastructure, ecosystem restoration, Natura 2000 management and nature-based climate resilience measures.
- **Horizon Europe:** Supports biodiversity mainly through research and innovation, improving the evidence base for policy and implementation through funding for monitoring, data, modelling, policy tools and nature-based innovation.
- **LIFE Programme:** The **most targeted EU funding instrument for biodiversity**, supporting conservation, restoration, governance, capacity-building and demonstration projects, including Natura 2000, species protection and habitat restoration. However, under the proposed 2028–2034 MFF, LIFE is not expected to continue as a standalone programme.
- **Recovery and Resilience Facility (RRF):** A temporary source of biodiversity-relevant funding during the 2021–2027 MFF cycle. Biodiversity-relevant measures can include nature restoration, ecosystem resilience and green infrastructure. However, subsequent analysis estimated that biodiversity-related activities accounted for **as little as 2% of total RRF funding**.ⁱⁱ

Despite being mainstreamed into the MFF, biodiversity expenditure tracking still relies heavily on ex-ante tagging, meaning that mainstreaming figures generally reflect planned commitments rather than actual payments. This can lead to overcounting, with no negative marker to capture spending that may harm

biodiversityⁱⁱⁱ. In addition, EU coefficients have been applied broadly in some funds, meaning that a 100% coefficient does not always indicate that biodiversity was the sole or primary objective of the spending^{iv}. Double counting can also arise where EU funds are combined with Member State co-financing or where the same measure is tagged against multiple environmental objectives.^{v vi}

Concerns remain that the proposed 2028–2034 MFF could **make biodiversity less visible** by folding it into broader climate and environmental objectives. Without biodiversity-specific funding targets, there is a risk that biodiversity will be crowded out by competing priorities, and that it will become harder to track spending and verify biodiversity-positive outcomes.^{vii}

Member State Contribution

Biodiversity funding is highly concentrated in a small number of countries, with the top five, **Italy, France, Germany, Spain and the Netherlands, accounting for around 75% of total Member State domestic expenditure**. By comparison, countries such as Bulgaria, Cyprus, Latvia, Malta, Romania and Slovenia recorded low levels of expenditure. See the full breakdown in our [report](#).

2. Biodiversity Harmful Subsidies

Biodiversity harmful subsidies (BHS) refer to support that directly or indirectly incentivises activities contributing to species decline, habitat degradation or ecosystem damage^{viii}. Examples include agricultural subsidies that encourage unsustainable farming practices, or forestry subsidies that promote unsustainable logging.^{ix}

It is estimated that **€34.4 billion and €48.9 billion of spending under the 2021–2027 MFF could be classified as biodiversity-harmful**.^x CAP-related spending accounted for the largest share with around 60% of CAP funding, (€31.4–32.1 billion annually) considered to have a negative impact on biodiversity. Other funds linked to forestry, fisheries, transport and water infrastructure also contribute to BHS. For example, WWF estimates that 7–11% of ERDF and Cohesion Fund activities could be classified as biodiversity-harmful where they support infrastructure projects that negatively alter water ecosystems. These estimates focus primarily on direct subsidies, meaning they may not fully capture indirect support that enables further biodiversity degradation, such as tax breaks benefiting extractive industries.

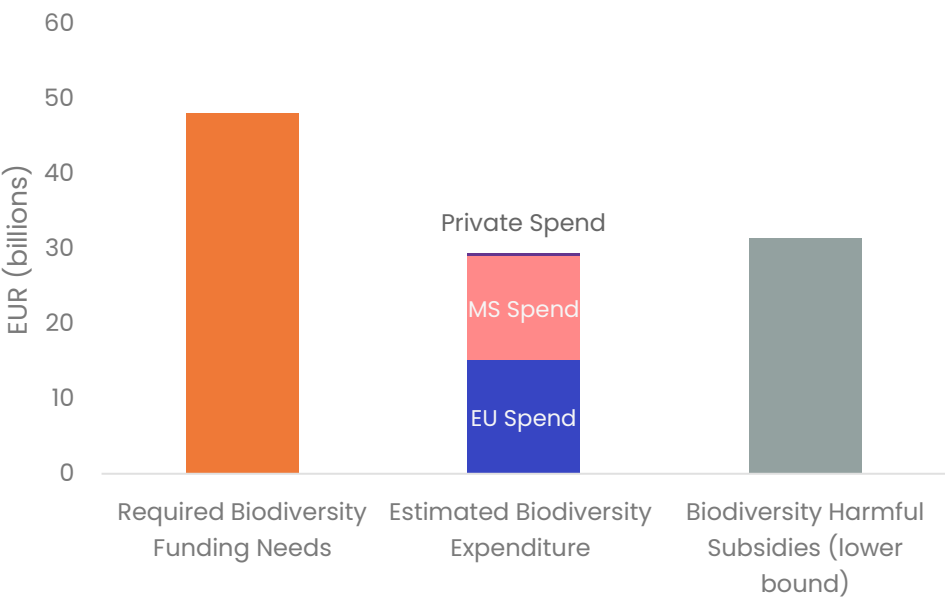


Figure 2: EU Biodiversity finance gap and harmful subsidies, annual costings 2021-2027

3. Biodiversity Spending Gap

- The 2030 Biodiversity Strategy calls for the mobilisation of **€20 billion per year for spending on nature** from EU, national and private sources.^{xi} In reality, funding needs to address the Strategy's objectives are much higher and represent **€48.2 billion per year across 2021–2030**,^{xii} including baseline biodiversity expenditure, administrative costs and on-the-ground implementation costs. The largest additional financing needs relate to nature restoration (29%), protected-area expansion/connectivity (25%), invasive alien species (17%), urban greening (8%), soil remediation (5%) and deforestation-related measures (5%).²³
- Current expected biodiversity expenditure for 2021–2030: **€29.5 billion per year** (€15.2 billion from the EU budget, €13.9 billion from Member State public expenditure and around €0.4 billion from private finance). This leaves an annual **financing gap of around €18.7 billion** (Figure 3), or €186.9 billion over the decade. Expected biodiversity spending would need to increase **by approximately 63%** to meet estimated needs. This is relatively modest when compared with expenditure in other policy areas, for example, it is equivalent to around 4.5% of EU Member States' defence spending in 2025^{xiii} and approximately 17% of the amount provided through fossil-fuel subsidies in the EU in 2023.^{xiv}

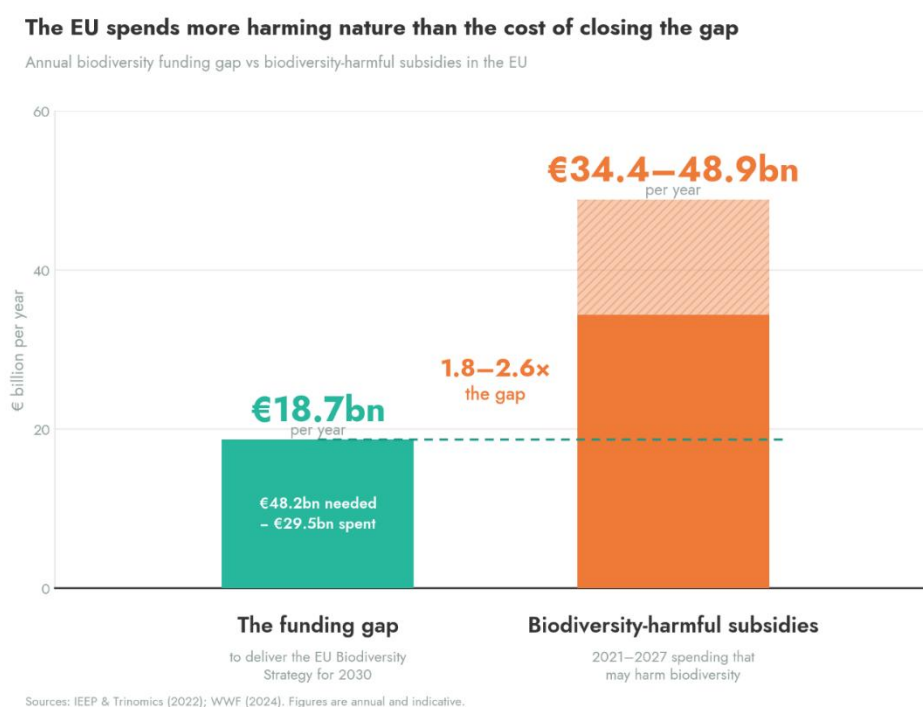


Figure 3: The EU Biodiversity Funding Gap vs Biodiversity-Harmful Subsidies

¹ This funding figure is undiscounted. The report also provides a discounted present value estimate of €40.3 billion in 2021 euros.

² The €48.15 billion figure includes €26.4 billion in baseline biodiversity expenditure. Additional financing needs are therefore around €21.8 billion. This latter figure was used to calculate the percentages.

³ More recently, the 2025 Environmental Implementation Review estimated broader annual investment needs for biodiversity and ecosystems at around €65 billion, including additional needs related to soil health. However, it is not used here as the primary benchmark because it covers broader biodiversity and ecosystem investment needs rather than the Strategy's 41 objectives specifically. [Link](#)

The Economic Case for Biodiversity Investment

Biodiversity loss should be understood as a systemic risk across the EU economy, rather than a problem confined to isolated sectors. While some sectors, such as agriculture, forestry, fisheries, food production and water management, are particularly exposed because of their direct dependence on biodiversity, they are also critical to wider supply chains, regional economies and economic resilience. Available evidence shows that failure to invest in biodiversity creates **macroeconomic risks as well as environmental loss**, and that delayed action leads to higher total costs, particularly where ecosystem degradation becomes irreversible or triggers systemic risks^{xv}.

The cost of biodiversity loss or inaction is difficult to assess in the EU context, as evidence remains fragmented. Still scaling from global figures and based on the EU's share of global GDP⁴, gives an indicative range of a potential **€0.4–1.3 trillion annual losses associated with biodiversity inaction**⁵. A key implication of these dynamics is the risk of **economic lock-in**: as ecosystems degrade, the cost of restoration is expected to increase significantly, and recovery may not always be possible ^{xvi xvii}. This creates a non-linear trajectory of costs, where delayed intervention not only increases damage but reduces future policy options, reinforcing the economic case for early action.

Consistent evidence shows that investing in biodiversity can deliver a significant return on investment by avoiding future damage, reducing exposure to climate and environmental shocks, and strengthening the ecosystem services on which key sectors depend, with **each euro of investment expected to deliver 8 euros of economic benefit** – as such, implementing restoration targets across the EU could yield €1,860 billion in benefits by 2050, compared to €154 billion in costs ^{xviii}⁶. If extrapolated to the scale of the funding gap presented in Section 30, this equates to **€150 billion of economic benefit a year**. Investment on this scale is also expected to provide an estimated **560,000 additional jobs** ^{xix}.

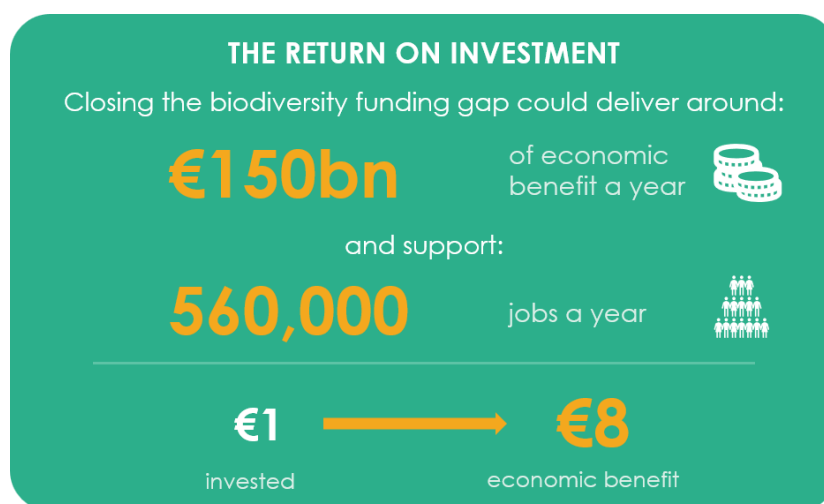


Figure 4: The Return on Biodiversity Investment

⁴ Taking EU GDP at approximately EUR 18.8 ⁴ trillion in 2025. [Link](#)

⁵ This figure should however be treated as illustrative only, as the underlying global estimates relate to different time horizons (2030 and 2050) and it assumes that EU biodiversity related economic losses are proportional to the EU's share of global GDP, which is unlikely to hold in practice given the uneven global distribution of biodiversity pressures and economic activity.

⁶ Investment in biodiversity generates substantial economic returns, with benefit-cost ratios ranging from around 4:1 to 38:1, i.e. a return of €4–€38 for each €1 invested. [Link](#)

Table 1: Sector-specific Impacts of Sector Dependencies and Benefits of Biodiversity and Ecosystem Services

Sector	Impacts	Benefits
Agriculture	€1.25 billion in agricultural productivity losses annually from soil erosion ^{xx} . Around €66.9-85.7 billion of crop production potentially at-risk due pollinators decline ⁷ .	€5-25 billion in potential gains ⁸ , boosting yield stability and resilience, delivering additional gains in food security and system stability.
Construction and infrastructure	Increased risk of floods, erosion and landslides, leading to greater infrastructure vulnerability. Flood damages are expected to reach €1 trillion by 2100 .	Nature-based solutions, such as floodplain restoration can reduce risks by up to 70% and lead to €2 billion in avoided damages ^{xxi} .
Energy	Reduced water availability, increased exposure to flooding and erosion affecting energy production (hydropower, thermal plant cooling) and infrastructure reliability.	Supporting water regulation, reducing flood risk and reinforce natural climate regulation enhancing the resilience of energy systems.
Finance and insurance	Asset devaluation, credit risk, insurance losses and macroeconomic instability through impacts on ecosystem-dependent sectors. Around 72% of euro area firms and 75% of bank lending highly dependent on ecosystem services ^{xxii} .	Strengthening the resilience of ecosystem-dependent sectors, stabilising supply chains and reducing exposure to climate and nature-related shocks.
Fishing	Declining fish stocks reduced marine ecosystem resilience leading to indirect impacts on food systems and livelihoods. Limited substitution options.	Limited quantification at EU level.
Forestry	Reduced timber productivity, exposure to diseases, greater vulnerability to extreme weather events, and other loss of ecosystem functions such as carbon sequestration, water regulation and soil protection.	Investment in forest resilience and the restoration of terrestrial ecosystems could sequester up to 286 MtCO₂e annually in Europe ^{xxiii} .
Health	Increased air pollution through loss of vegetation, declining water quality; increased heat stress and associated health risks; and increased disease transmission. Pollution alone costs €600 billion per year – or 4% of EU GDP ^{xxiv} .	€364 billion in reduced cooling costs and €221 in avoided heat-related health impacts through green infrastructure ^{xxv} . Other benefits include reduced air pollution and associated healthcare costs, improved mental health and productivity.

⁷ Moreover, the continued reduction in insect pollinators, could lead to a 25-32% reduction in total crop production ([link](#)), with a total value in 2024 of EUR 267.7 billion. [Link](#)

⁸ Pro-rated to global figures. This EU figure should however be treated as illustrative as it assumes that benefits scale in the EU as they do globally, which may not hold given differences in cropping systems, biodiversity baselines and ecological context. Modelling evidence indicates that biodiversity-positive scenarios can increase global agricultural production by €31-158 billion; This equates to about 1-5% of global agricultural production value. [Link](#)

Manufacturing	Indirectly dependent via supply chains (raw materials, water, ecosystem inputs). Ecosystem degradation leads to resource scarcity, input cost increases and supply disruptions. These risks are amplified by global trade dependencies.	Strengthening supply chain resilience to reduce operational risk, improved resource security.
Tourism	Reduced attractiveness of destinations, declining recreational opportunities and lower resilience of local tourism economies.	Natura 2000 sites generate around €200-300 billion every year , supporting millions of visitors and jobs. Wider benefits for local employment, regional development, public well-being and cultural services.
Water	Reduced water storage, disrupted water flows, declining water quality and reduced system resilience.	Enhancing natural regulation of water quantity and quality. Water-related ecosystem services estimated at €234 billion annually .

More information on sector-specific costs and returns can be found in the [full report](#), and in an upcoming EuroNatur publication.

4. Recommendations

1. **Reform and redirect biodiversity-harmful subsidies:** prioritise reform of the most harmful fossil-fuel and agricultural subsidies, redirecting a share towards closing the biodiversity funding gap. redirecting even a proportion is one of the most powerful levers available to EU public finance. Invest in capacity, within the Commission and Member State ministries, to identify harmful subsidies at the EU and national level and better understand how best to redirect the funding to both reduce harm and maximise the return on investment. More information can be found in the full report.
2. **Integrate biodiversity across economic policy:** embed biodiversity considerations across CAP reform, industrial policy, national security and infrastructure planning, and specifically:
 - a. Securing a distinct, ring-fenced biodiversity specific sub-target within the European Commission's 35% climate and environment target.
 - b. Embedding biodiversity requirements in the sectoral chapters of the National and Regional Partnership Plans – particularly for agriculture and fisheries where biodiversity-relevant and biodiversity-harmful spending is high.
 - c. Applying the DNSH principle on new EU spending during both planning and implementation to highlight and help prevent the funding of biodiversity-harmful activities.
3. **Strengthen biodiversity-spending data and accountability:** introduce consistent Member State tracking and more granular reporting of biodiversity spending to enable transparent accountability against EU targets and targeted investments.
4. **Deepen the analysis of sectoral vulnerability to biodiversity loss:** explore in greater depth the vulnerabilities of the economic sectors presented above to raise awareness among stakeholders in key impacted sectors. These issues are expected to be covered in a future EuroNatur report.
5. **Explore EU vulnerability to global biodiversity loss:** quantify the EU's embedded biodiversity footprint, identify the sectors and Member States most exposed to international biodiversity loss as well as assess where public spending and regulatory action would most cost-effectively reduce both the EU's contribution and its own vulnerability.
6. **Explore the use of public funding to catalyse private biodiversity finance:** assess how targeted public funding could be used to drive additional private finance to help close the funding gap, while mitigating any potential risks. Examples include leveraging public funding to de-risk private investment⁹, support early-stage projects, or mobilise institutional investments. More information can be found in the full [report](#).

⁹ For instance, the EU's dedicated natural-capital initiative under InvestEU, intends to mobilise at least €10 billion over ten years via public/private blended finance. [Link](#).

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