



Programme Launch: Mainstreaming Natural Capital in African Development Finance (NC4-ADF)

Concept Note

Date: September 9, 2021

Time: 12:00 to 14:30 GMT

Context

Nature is in crisis, with unprecedented decline of biodiversity on a global scale. This has placed human and planetary health at an edge with observed and expected catastrophic impacts. The emergence of COVID-19 pandemic highlighted the importance of the relationship between people and nature and thus reminds us that continued biodiversity loss and the degradation of ecosystems could result to more profound consequences on human well-being and survival. The landmark Review on the Economics of Biodiversity by Professor Partha Dasgupta acknowledges that world is in a nature crisis, and the time for bold solutions that harness the values of nature to ensure the planet's survival is now.

A natural capital approach supports systems-based thinking by carefully assessing and accounting for changes in the stocks of natural capital assets (including the quality and quantity of biotic and abiotic natural resources such as water, land, forests, climate etc) as well as flows of benefits that are associated with a given proposed project or public policy initiative. Such an approach also considers both dependencies of an economic activity on natural capital and its impacts on natural capital including the application of valuation methodologies to account for specific impacts and dependencies.¹

For the African continent with some of the world's richest biodiversity and most important natural carbon sinks, this approach is especially needed as it stands to support, for instance, the region from running into the risk of becoming a net source rather than a "sink" of carbon dioxide. Adopting the approach which mainstreams natural capital into decision making, would make it easier to tackle the global climate crisis and save the continent with the highest population growth rates, yet characterised with the poorest and most agrarian communities from worsening socio-economic deprivation.

To this end, the African Development Bank (AfDB) recognises that new investment models and practices that promote a better use of the values provided by natural capital is critical to engendering a green recovery from the COVID19 pandemic, as well as addressing the two major global environmental challenges of climate change and biodiversity loss. To lay the foundation for mainstreaming natural capital in Africa, the AfDB, Green Growth Knowledge Partnership (GGKP), World Wide Fund for Nature (WWF) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) and MAVA Foundation for Nature are jointly implementing the programme: *Mainstreaming natural capital in African development finance (NC4-ADF)*.

The programme essentially is designed to support the development of business case for a natural capital approach among development banks with the potential uptake by the national DFIs, scale up the application of natural capital in infrastructure finance, integrate green growth and natural capital

¹ <https://naturalcapitalcoalition.org/wp-content/uploads/2019/06/NCC-WhatIs-NaturalCapitalApproach-FINAL.pdf>.

in African countries' sovereign credit ratings, and build the capacity for the adoption of natural capital approaches in decision-making through a Natural Capital Academy.

To demonstrate the value of the natural capital approach to infrastructure finance and green growth in Africa, a pilot initiative has been completed to demonstrate how natural capital assessment and accounting (NCAA) can be applied in the planned Kakono Hydropower Plant (HPP) in north-western Tanzania, using the Sustainable Asset Valuation (SAVi) methodology.² The methodology quantifies and values the environmental, social, and economic externalities of infrastructure projects as well as financial performance implications caused by diverse risk factors faced by the same projects, such as those associated with climate change. The analysis will the AfDB about important considerations for a more direct integration of natural capital considerations for sustainable and climate-resilient infrastructure investments.

In addition, the programme is providing Technical Assistance to the following AfDB Regional Member Countries (RMCs) on integrating natural capital in national policies, frameworks and Bank-funded infrastructure projects: Nigeria, Mozambique and Madagascar.

To officially launch these new efforts and provide an opportunity to discuss the (*NC4-ADF*) programme which leverages institutional and political advocacy, co-created knowledge generation, convening regional stakeholders, capacity-building, and global communications, a webinar has been planned as outlined below. The webinar will serve to present the findings from the application of a natural capital approach to an AfDB-supported infrastructure project.

Objectives of the Webinar

The objectives of the webinar are as follows:

- To officially launch the Natural Capital for African Development Finance programme
- To facilitate discourse and knowledge sharing on the role of natural capital and natural capital assessment and accounting approaches in Africa's sustainable development
- Demonstrate the lessons learnt in the pilot application of an NCAA approach in the Kakono Hydro Power Project, Tanzania using the SAVi methodology.

Agenda

A tentative agenda and list of speakers has been provided in a separate document.

Date

September 9, 2021

Participants

These include project partners such as the Association of African Development Finance Institutions (AADFI), and senior government officials from the involved RMCs.

Furthermore, the following partner organisations and stakeholders will be invited to participate in the event: Green Growth Knowledge Partnership (GGKP), MAVA Foundation, BMZ and GIZ, WWF, UN Environment, The World Bank, African Union, Africa Group of Negotiators on Biodiversity (AGN), GGKP Expert Working Group on Natural Capital, Economics for Nature (E4N), Natural Capital Finance Alliance, Task Force on Nature-Related Financial Disclosures (TFND), International Credit Rating Agencies, Africa Natural Capital Accounting Community of Practice, Gaborone Declaration on Sustainability in Africa (GDSA), etc.

² The International Institute for Sustainable Development (IISD) and KnowlEdge are collaborating with the Copernicus Climate Change Service (C3S), one of the six thematic information services provided by the European Union's Copernicus Earth Observation Programme, to integrate world-class data on climate into the Sustainable Asset Valuation (SAVi) methodology and enhance its capacity for climate resiliency assessments of infrastructure projects.

Mode of the Webinar

The webinar shall be virtual (online). All registered participants will register and connect via a web-link that will be provided.

Webinar Management

The AfDB will host the event in collaboration with the programme partners - GGKP, IISD, GIZ and WWF. The AfDB will make technical arrangements for the live session using online platforms (e.g. Zoom). Interpretation services will be available in English and French. AfDB will also co-lead on outreach and communications, including press releases and social media promotion, with GGKP and relevant partners. After the event, a short meeting report and video recording will be uploaded on the AfDB, GGKP, and partner websites.

Outcome of the Webinar

Information gathered from the webinar will be used to strengthen the anticipated deliverables of the project: *Mainstreaming natural capital in African development finance (NC4-ADF)*.