



Green Value Initiative – Natural Capital in Africa

Recognizing the economic and societal value of nature in decision-making

Natural capital is Africa's ecological backbone for growth and prosperity

Africa's natural wealth is an important asset that contributes significantly to the continent's welfare and provides solutions to the achievement of development goals and climate resilience (nature-based solutions). In developing countries renewable natural capital on average makes up almost one quarter of total wealth – much larger than in OECD countries. In addition to natural resources, this wealth encompasses a broad range of ecosystem services.

The economic value of nature's goods and services is estimated at 170-190 trillion US dollars per year – twice the global GDP. This value is not sufficiently factored into decisions. In concert with multiple direct and indirect drivers and aggravated by climate change, this leads to a degradation of ecosystems, loss of biodiversity and erosion of Africa's natural capital base. Globally, natural capital degraded by almost 40 percent since the 1990s while produced and human capital grew.

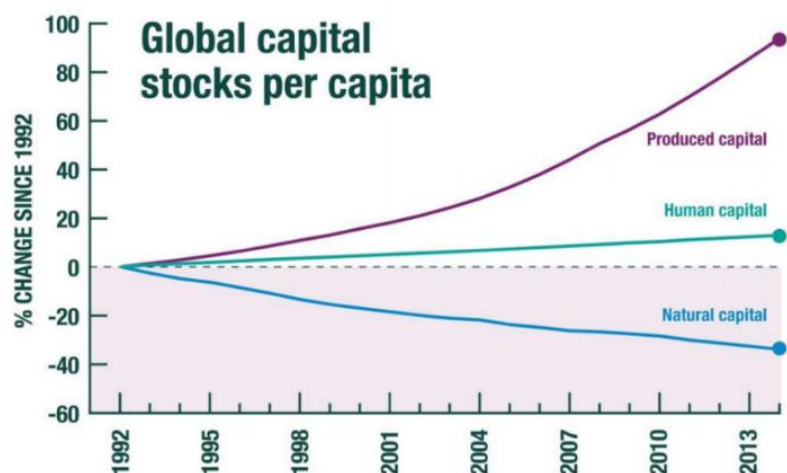
The ability of nature to provide ecosystem services is increasingly at risk. As a result, African countries could see a 10 percent drop in GDP by 2030 and by 2050 1.2 billion Africans could face higher water pollution, 1.5 billion people increased food insecurity and millions coastal erosion risks.

To halt and reverse the loss of nature, the international community needs to

embark on a decade of ambitious action until 2030 and beyond. The new Global Biodiversity Framework of the Convention on Biological Diversity and climate action under the Paris Climate Agreement will be decisive for mobilising action. To achieve the urgently needed socio-ecological transformation of economies around the world, taking into account the full value of natural capital is indispensable.

Objectives

The Green Value Initiative is the umbrella program of the German Federal Ministry for Economic Cooperation and Development (BMZ) on the value of nature in Africa. The initiative supports African countries and development institutions to better integrate natural capital in political, economic and financial decision-making. With that, the initiative contributes to preserving Africa's natural capital and biodiversity as well as increasing investments in nature-based solutions.



Thematic areas

1. Strengthening development-oriented biodiversity conservation:

Conservation areas not only protect biodiversity, they also provide vital public goods and ecosystem services far beyond their boundaries. Governments need to understand these areas as ecological backbones of functioning landscapes and safeguards of their national natural capital. Uncovering the socio-economic value of conservation areas is indispensable for integrating them in decision-making, engaging the private sector, negotiating trade-offs and diversifying funding and revenue streams.

2. Mainstreaming natural capital into development finance:

As entities acting in public interest, development banks have a unique role to play in financing sustainable economic development and protecting global environmental goods. They need to fully integrate nature-related risks (on average more than a quarter of their balance sheet) in their operations and lending practices. And they should step up financing for natural capital through blended finance, green bonds etc. (finance gap estimated at USD 598-824 billion per year by 2030).

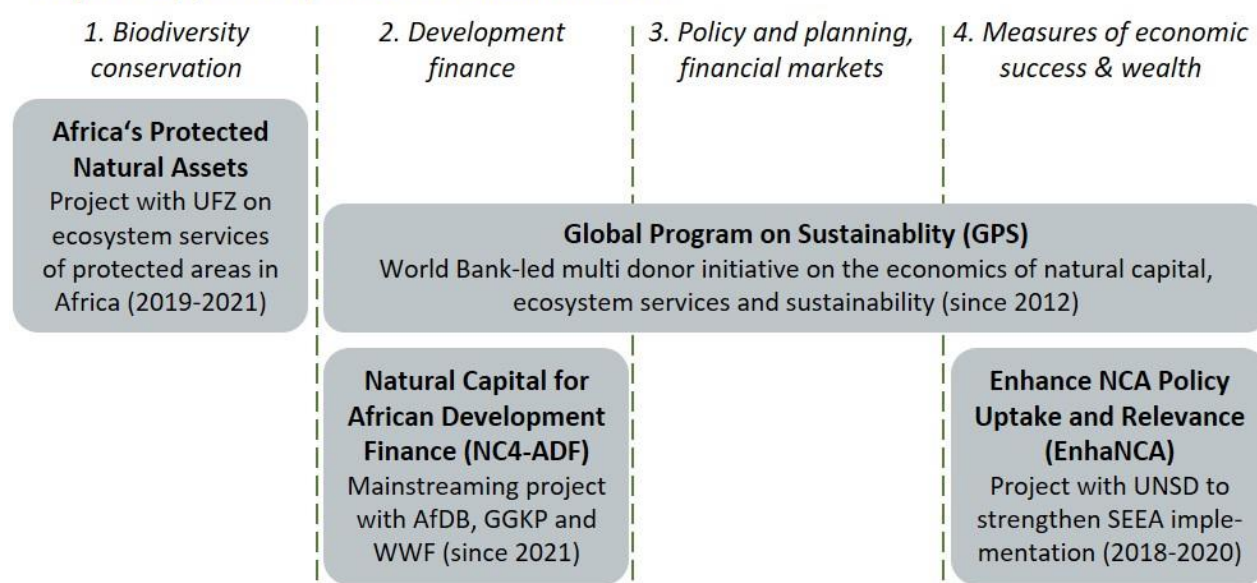
3. Recognising natural capital in national policy and planning as well as financial markets:

Governments are critical for transforming how nature is valued in national planning, economic policies and financial decisions. They need to integrate natural capital in national development policies, strengthen economic incentives for the sustainable use of natural resources in sectors and create a regulatory enabling environment for nature-sensitive financial markets. Crosscutting is the need for robust information from natural capital accounting and valuation of ecosystem services.

4. Integrating natural capital into measures of economic success and wealth:

More than 90 countries have started implementing the first ever statistical standard for natural capital accounting, the System of Environmental-Economic Accounting (SEEA, adopted in 2012 and 2021). With the SEEA, countries can now assess the interdependencies of their economies and the environment in a robust, comprehensive and comparable manner. Governments are urged to fully implement the standard and use it for decisions. At the same time, the need for international support to produce and use natural capital accounts is very high.

Projects supported by the Green Value Initiative



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