



BIOFIN

Private Sector Awareness Meeting

Report

15th November 2016

Pamodzi Hotel, Lusaka, Zambia



Participants at the Private Sector Awareness Meeting, Pamodzi Hotel, Lusaka

Contents

1.0	INTRODUCTION	1
1.1	Background to the Workshop	1
1.2	Objectives of the workshop	2
2.0	OFFICIAL OPENING OF THE WORKSHOP	2
3.0	PRESENTATIONS AND FEEDBACK	2
3.1	Presentation of the NBSAP 2 and Benefits of Biodiversity	2
3.2	Presentation of the Biodiversity Finance Initiative (BIOFIN)	3
3.3	Plenary Discussions	4
4.0	CLOSING REMARKS AND WAY FORWARD	7
	ATTENDANCE SHEET	8

1.0 INTRODUCTION

1.1 Background to the Workshop

The Convention on Biological Diversity developed a Strategic Plan for 2011-2020 for implementing the 20 Aichi Targets. Target 20 focuses on mobilization of finances for the implementation of the other 19 targets. To address the financing gap for biodiversity management that exist in most countries, the United Nations Development Programme (UNDP) in October 2012, launched the Biodiversity Finance Initiative (BIOFIN). BIOFIN is a new global partnership seeking to address the biodiversity finance challenge in a comprehensive manner, building a sound business case for increased investment in the management of ecosystems and biodiversity, with a particular focus on the needs and transformational opportunities at the national level. It is estimated that the global investment required amounts to between 130 and 440 billion US\$ annually. BIOFIN initiative aims to develop a methodology for quantifying the biodiversity finance gap at national level, improving cost-effectiveness through mainstreaming of biodiversity into national development and sectoral planning, and for developing comprehensive national resource mobilisation strategies. The BIOFIN methodology provides a framework for undertaking 'bottom-up' analyses of the biodiversity finance gap and resource mobilization strategies. The BIOFIN initiative is being implemented by the Government, through the Ministry of Lands, Natural Resources and Environmental Protection (MLNREP).

The BIOFIN initiative is intended to strengthen the implementation of the 2015 National Biodiversity Strategy and Action Plan (NBSAP2). The initiative is implemented with the financial support from the Global Environmental Facility (GEF) through the United Nations Environment Programme (UNEP). The NBSAP2 is a revision of the 1999 National Biodiversity Strategy and Action Plan (NBSAP1). The exercise to review the NBSAP1 was concluded in December 2015. The NBSAP1 was reviewed to bring it in line with the current national development paradigm, including the Vision 2030, the Medium Term Development Plans including the Revised Sixth National Development Plans (R-SNDP) and its successor the Seventh National Development Plan (Se-NDP). The revision was also intended to reflect the international biodiversity framework under the Conventions on Biological Diversity (CBD) and the post-2015 Sustainable Development Goals (SDGs).

To facilitate the implementation of the NBSAP2 and to create awareness on its link with the BIOFIN, the MLNREP embarked on awareness and sensitisation workshops targeted at representatives of government departments, local government authorities and civil society organisations. Having completed the awareness and sensitisation workshops for government and civil society, the Ministry did organise an awareness workshop targeted at the Private sector. The workshop took place on the 15th of November at Pamodzi Hotel in Lusaka.

1.2 Objectives of the workshop

The objectives of the workshop were:

- a) To raise awareness on the BIOFIN initiative and the 2015 National Biodiversity Strategy and Action Plan (NBSAP2) among the private sector in order to facilitate implementation
- b) To build partnerships with the private sector for implementation of both the BIOFIN initiative and the NBSAP2
- c) To identify initial thoughts from the private sector as regards their involvement in biodiversity conservation and financing.

2.0 OFFICIAL OPENING OF THE WORKSHOP

The workshop was officially opened by the Acting Permanent Secretary in the Ministry of Lands Mrs Veronica Mwiche. In her opening speech, she reiterated Government commitment to biodiversity conservation through various interventions.

3.0 PRESENTATIONS AND FEEDBACK

3.1 Presentation of the NBSAP 2 and Benefits of Biodiversity

The Chief Natural Resources Management Officer Mr Ephraim Mwepya Shitima made a presentation on the NBSAP and benefits of biodiversity. He began by outlining the Convention on Biological Diversity as one of the major outcomes of the Rio Earth Summit in 1992 whose commitment is to do the following;

- Conserve biological diversity
- Sustainable use of its components
- Fair and equitable sharing of benefits arising from genetic resources

In outlining the financial value of biodiversity, he indicated that biodiversity has huge financial value as outlined in Table xxx below

Figure 1 Estimates of annual markets for some products derived from genetic resources

Products	Annual Sales (billion US\$)	
	Low	High
Pharmaceuticals	75	150
Botanical medicines	20	40
Agricultural produce	300+	450+
Ornamental horticulture	16	19
Crop protection	0.6	3
Biotech (except health & agriculture)	60	120
Personal care & cosmetics	2.8	2.8
ROUNDED TOTAL	500	800

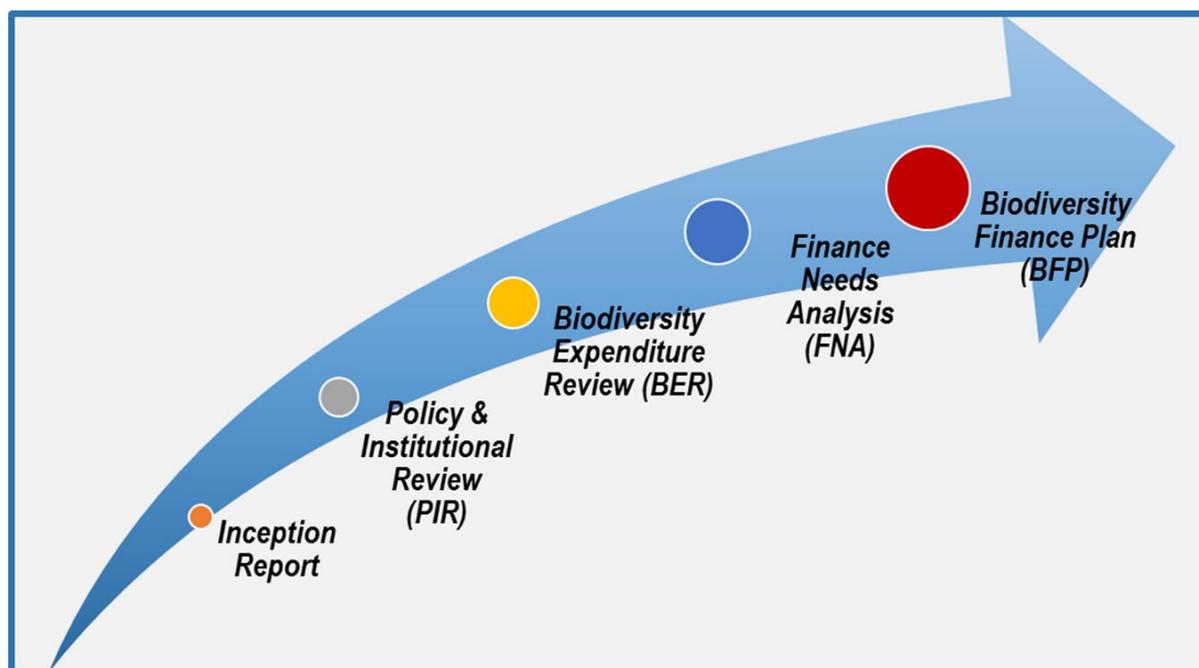
Further on, he presented about the second National Biodiversity Strategic Action Plan and its 5 strategic goals. The meeting heard that the NBSAP will be implemented by multiple stakeholders from 2015-2025 through ongoing programmes as well as targeted projects which may be formulated based on the NBSAP. He also indicated that the Ministry was working with TNC and UNDP on resource mobilisation Strategy for mobilisation of resources for both biodiversity conservation and sustainable development. In this whole process, information sharing will be critical in monitoring implementation of the NBSAP 2.

3.2 Presentation of the Biodiversity Finance Initiative (BIOFIN)

The BIOFIN Country Leader-Mr Bruno Mweemba made the presentation on the BIOFIN Initiative. He indicated that the aim of the initiative is to make use of appropriate financial mechanisms and economic evidence and tools to promote finance solutions that improve the sustainable management of biodiversity. He further indicated that the approach is poised to effectively help develop and implement biodiversity finance solutions tailored to country contexts. These solutions mean doing better with the resources we already have, using nature more sustainably, and making the case for new investments that protect and restore biodiversity.

On the roadmap of the initiative in Zambia, he outlined that there were notably five (5) intended outputs which are depicted in Figure 1 below

Figure.2 Intended BIOFIN Outputs



The BIOFIN team Leader made a specially call to the financial and insurance sector that it is one of the most influential business sectors i.e. provision of loans, development of financial instruments hence they were in a position to steer the development of pro-biodiversity business and set strict requirements in relation to the biodiversity performance of a business in order for it to be eligible for funding. The finance sector can become a pressure instrument for businesses to review their business conduct. He also indicated that the BIOFIN Initiative provided an opportunity for the financial sector in Zambia to embrace Conservation and Biodiversity Banking.

The team leader also called on the private sector to participate in the BIOFIN process especially information provision in relation to the following;

- Expenditure information
- Existing finance solutions
- Ideas on new finance solutions
- Vetting of the final Biodiversity Finance Plan

3.3 Plenary Discussions

The plenary discussions were guided by four questions that sought feedback from the participants as outlined below.

S/L	Question
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01	<p><i>What are the barriers/constraints to private sector participation in biodiversity conservation in Zambia?</i></p>	<ul style="list-style-type: none"> • Various stakeholders notably Government institutions were alleged to be uncoordinated in their policy adjudication a situation that makes it difficult to participate in biodiversity conservations initiatives i.e. awarding of mining licences in an area that was under conservation for biodiversity. • Poor coordination among players in the private sector • Lack of political will to enforce some of the compliance related issues towards biodiversity (i.e. overriding recommendations by technocrats). • Lack of technical capacity to understand the concept and value of biodiversity including the media. • Lack of incentives for companies to get fully involved in biodiversity conservation activities i.e. taxation, concession loans for bio-projects • Lack of ecological Infrastructure • The biodiversity technology seen as unproven science which makes it difficult for financing • Poor linkages with research institutions to provide empirical data on value of biodiversity •
02	<p><i>Are there any biodiversity specific finance products within the Financial and Insurance sector in Zambia i.e. biodiversity loans, bonds, risk instruments etc.? Are there any issues that affect the bankability of biodiversity related projects?</i></p>	<ul style="list-style-type: none"> • The meeting indicated that there were very few biodiversity specific finance products within the banking and insurance sector though efforts were currently being made to develop such instruments. The issues that arose in relation to the question of issues affecting the bankability of biodiversity related projects, below is a summary of issues that emerged; • Lack of skills within the financial and insurance sectors to appraise the bankability of biodiversity project applications. • Lack of adequate skills among potential project sponsors to package bankable biodiversity products • Insufficient data on biodiversity related matrices such as weather, temperature etc. which would help in making

		<p>decisions especially in relation to risk mitigation instruments with an example of the Weather Index Insurance.</p> <ul style="list-style-type: none"> • Most of the biodiversity related projects may be seen to be in their infancy (start-ups) which would make it difficult for financial institutions to fund • Biodiversity projects is seen to characterised by unproven technology which is another issue at variance with the credit policies of most financial institutions. • The evaluation criteria of most financial instructions in Zambia still have the traditional appraisal matrices that do not attach a premium on projects that are designed in synch with sustainable management ethos. • Lack of risk mitigation/derisking instruments such as credit guarantees • Existing agreements may be an impediment to the development of biodiversity related financial instruments notably in the insurance sector where the re-insurer may not agree to underwrite such risks mainly due to information gaps.
03	<i>What are some of the examples of ongoing initiatives among private sector in Zambia meant to conserve biodiversity?</i>	<ul style="list-style-type: none"> • Private ranches. Examples were given for the Copper belt • Planting of trees along the Kafue River as organised by Mulonga Water. • KCM Chingola awareness program • ZAFFICO organic honey project • Ndola breweries water points protection project
04	<i>What are some of the specific private sector proposals or initiatives that can improve private sector participation in biodiversity conservation in Zambia?</i>	<ul style="list-style-type: none"> • Mandatory audits for compliance or development of protocols that will guide the compliance aspects that aim at conserving biodiversity. • Enhance communication dissemination to the wider community on the benefits and threats of biodiversity preferably with examples. • Strict Obligations implementation monitoring • Tax incentives

		<ul style="list-style-type: none"> • Goal congruence among banks and insurance companies especially in the development of finance solutions. • Promotion of information dissemination platforms • Sharing of success stories • Provide some national level fund for biodiversity conservation • Provide legislation to compel the private sector to act
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4.0 CLOSING REMARKS AND WAY FORWARD

In his closing remarks, the Chief Natural Resources Officer-Mr Shitima thanked the participants for turning up and for their feedback on the meeting. He indicated that some of the outstanding recommendations especially from private sector in the financial and insurance sector was the call for good packaging of the final output-the Biodiversity Finance Plan is that would be the only way it can stand a chance of being bankable. Another issue that emerged was the assertion that there is lack of coordination among government entities which in the end affected private sector in their quest for participation in biodiversity related investments.

As regards the way forward, The BIOFIN Country Team Leader, Mr Bruno Mweemba indicated that the next step for the BIOFION process was to convene an inception workshop scheduled for 22nd November 2016 to kick-start the process of the BIOFIN Initiative in Zambia.

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