BIODIVERSITY FINANCE: PUTTING NATURE ON THE PATH TO RECOVERY

The Challenge

Despite its ecological wealth, Malawi faces significant challenges that threaten its biodiversity. Habitat loss is one of the primary concerns, driven by agricultural expansion, deforestation, and urbanization. As human population continues to grow, the demand for land and resources intensifies, leading to the degradation of natural habitats that are crucial for sustaining biodiversity.

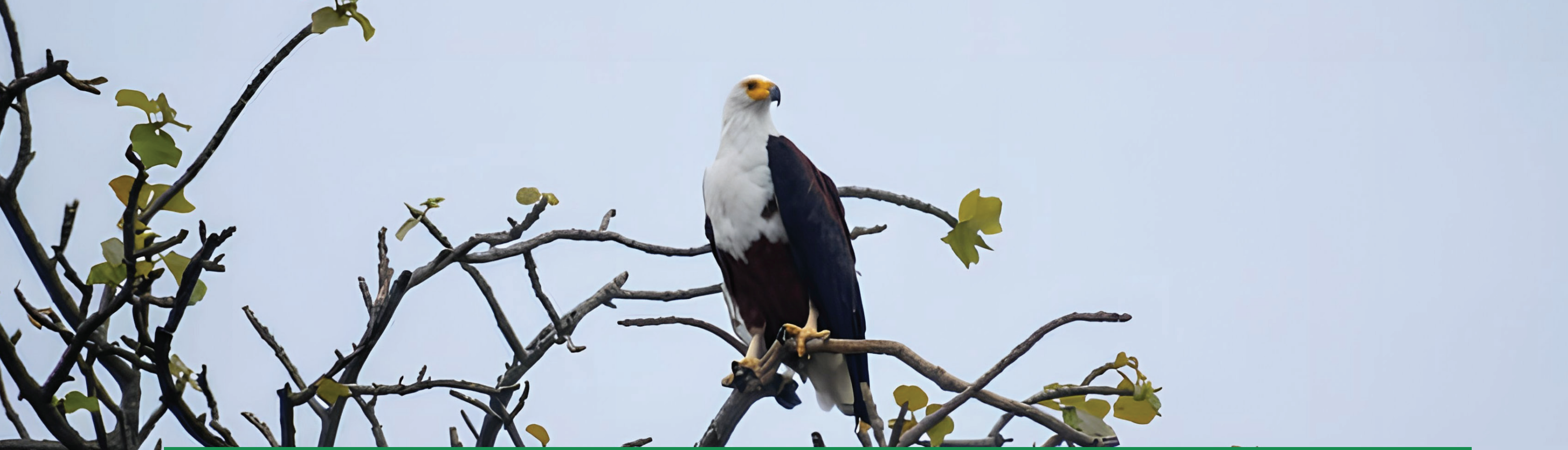
Considering these challenges, the need for robust conservation policies in Malawi becomes increasingly apparent. Effective conservation efforts aim to protect biodiversity, manage natural resources sustainably, and engage local communities in the preservation of their environment.

A Biodiversity Finance Needs Assessment that was carried out in 2021 revealed that Malawi needs about USD 100 million per year to achieve its national biodiversity targets. This is expected to come from multiple sources, including national government budgets, international financial flows from developed to developing countries, and the private sector.

The BIOFIN approach

Through the UNDP led Biodiversity Finance Initiative (BIOFIN), different actors in Malawi are being supported to develop and implement integrated biodiversity finance solutions to increase the amount of funds, decrease costs of biodiversity conservation, incentivize nature-positive behavior, and discourage harmful action. Through collaboration at multiple levels, various national actors, from Ministry of Natural Resources to Ministry of Finance, Economic Planning and Decentralization, the banking sector as well as commercial companies have been brought together to explore how to align financial flows with biodiversity goals and targets.

Reflecting the context-specific priorities and needs of Malawi, BIOFIN has been able to provide technical assistance, capacity development, and multi-stakeholder formats on biodiversity finance in line with the National Biodiversity Strategy and Action Plan.



The Benefits

Malawi has been able to systematically identify its finance needs and opportunities to devise and deliver appropriate biodiversity finance solutions through the following ways.

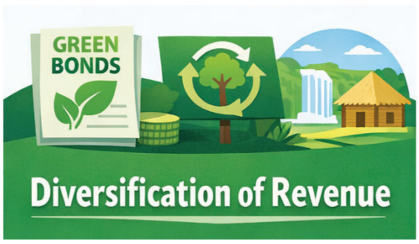
Malawi developed its Biodiversity Finance Plan which identifies finance solutions that can mobilize resources from both public and private sources for protected or conserved areas and ecosystem restoration among others.

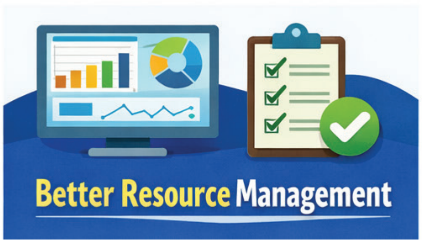
BIOFIN has also strengthened institutional and technical capacities and financial literacy of Ministries, Departments and Agencies to access funding, diversify revenue streams, and ensure financial resources are administered effectively, efficiently, equitably, and sustainably.

Through BIOFIN, the Ministry of Natural Resources has worked very closely with the Ministry of Finance and other relevant partners to create incentives for biodiversity-friendly behavior, production and consumption by proposing adjustments in fiscal policies, e.g., repurposing biodiversity harmful subsidies.

BIOFIN has also supported the transformation of financial systems by providing capacity development to Ministry of Finance, Economic Planning and Decentralization, Commercial Banks, and the Reserve Bank of Malawi in incorporating nature- related aspects into regulatory instruments, such as taxonomies, financial risk management regulations, financial product standards, and reporting and disclosure frameworks.

BIOFIN will continue to support Malawi address the significant challenge of financing biodiversity conservation and close the biodiversity finance gap.





Contact Information

Biodiversity Finance Initiative (BIOFIN),
United Nations Development Programme,
P. O. Box 30135,
Lilongwe, Malawi
www.undp.org
https://www.biofin.org/