Valuing Natural Capital and Local Communities for Business in Eastern and Southern Africa
Summary of 2021 Webinar Series

The series was supported by USAID Kenya and East Africa through the Conserving Natural Capital and Enhancing Collaborative Management of Transboundary Resources (CONNECT) project.
Context

In 2021, IUCN Eastern and Southern Africa Office (IUCN ESARO) and the Capitals Coalition, with support from USAID, hosted a five-part webinar series exploring examples, opportunities and tools available for Small and medium Enterprises (SMEs) and local communities in Eastern and Southern Africa to understand, measure and value how they impact and depend upon nature.

Over the course of five months, this webinar series attracted over 800 registrations from 92 countries around the world. Of these registrants, over half (441) were from the African continent.

The discussions and feedback gathered through these webinars provides valuable direction for further activities in the region that will empower SMEs to realize growth and resilience from natural, social and human capital.
Webinar 1

Natural, social and human capital and its relevance for SMEs

“SMEs are the engine of human capital and where most creativity happens. We need to focus on where is innovation and enterprise, and recognize that the SME sector needs the most support in order to create and nourish the creativity that is sitting there ready to be developed for a bigger economy and a more successful world”
~ Pavan Sukdev, GIST Advisory

Economic dependency
This session introduced the concepts of natural capital and its relevance to Africa. Large proportions of national economies in Eastern and Southern Africa, such as agriculture and tourism, are strongly dependent on nature and people; and the conservation of landscapes, ecosystems and species are crucial for delivering livelihood benefits and wellbeing to local communities. Attention on social and human capital is also necessary because of the region’s young population and high proportion of SMEs.

Assessing impacts and dependencies
The wellbeing and livelihood of Africa's population is fundamentally underpinned by nature, more so than in most of the rest of the world, so it is crucial to assess the impacts and dependencies of SMEs in a systematic and inclusive way. To do this effectively in Africa, assessment tools must be easily accessible, simple to apply and, most importantly, affordable. An example of such a tool is SME360X a software tool that can help SMEs and local communities to assess their impacts and dependencies on natural capital.

Building capacity together
The establishment of Communities of Practice for SMEs in agriculture and the nature-based tourism sectors could help build capacity and support the integration of the value of nature, people and society into business decisions.

View Webinar 1 recording here  View Webinar 1 slides here
**Impacts & Dependencies on Nature and People for Local Communities & Tourism**

“We need to base all of our models on deep and firm respect for local cultures” - Svein Wilhelmsen; Founder, BaseCamp Explorer

“Interdependencies between tourism, social capital and natural capital can create either a virtuous or a vicious cycle. Reversing the vicious cycle can be quite expensive” - Derek de la Harpe, Wilderness Safaris

**Opportunities offered through a natural capital approach**
Local communities and nature-based tourism operators have long understood the importance of conserving the natural assets of Eastern and Southern Africa, but the capitals approach presents a new framework for valuing and expressing their impacts and inter-dependencies. Local communities and the tourism sector are highly inter-dependent and rely on the safe-guarding of natural capital – in that sense both stand to benefit from “virtuous circles” and suffer from “vicious cycles”. A natural capital approach can help to turn vicious cycles into more positive and supportive relationships.

**Local communities**
Continuous and consistent community engagement is an essential component of finding shared values between communities and the tourism sector to further the conservation objectives of both. However, to ensure their long-term sustainability in Eastern and Southern Africa, nature-based tourism businesses need to provide incentives that directly contribute to the aspirations of those communities and their local socio-cultural systems to meaningfully reduce negative impacts on social or human capital and enhance positive impacts for nature and local communities.

**Covid-19**
The COVID-19 pandemic has pushed community-tourism partnerships to “turn crisis into opportunity” - seeking innovative funding approaches to support relief efforts in the short term and diversification for recovery and resilience in the years to come. While domestic tourism is growing in a number of countries since the pandemic began, international tourism has historically brought significant natural, social and human capital benefits through the creation of jobs, the payment of land leases, the protection and management of wildlife as well as the provision of a significant tax base and foreign exchange contributions to central governments of the region.
Transforming decision making for SMEs

“We need an enabling environment that integrates practical tools into policy, so that natural capital can be considered as a true contributor to GDP and to the economy. We need more capacity building and policy development around SMEs so that we can mainstream their participation. There is a huge opportunity to develop a way forward between private sector and government” - Lee Karuri, KEPSA & Natural Capital Network

Increasing interest from SMEs
The consultancy GIST Impact explained the SME360X tool and the values of such tools to support the way decisions are made. Together with the International Chamber of Commerce (ICC) they also explained their strategy to expand the use of SME360X through a 3-tier approach to encourage its adoption. There was broad agreement that SMEs already tracking their environmental and social impacts in some way will find it much easier to integrate their findings using an assessment tool like SME360X. However, it was highlighted that such tools must be affordable to SMEs and should also provide basis for establishing key performance indicators (KPIs) to measure progress going forward.

Support and capacity building
Building an enabling environment for SMEs is essential to adoption of natural capital. This requires support from governments, especially as businesses struggle to build back better from the COVID-19 challenges. There is an need to support SMEs by offering more awareness and capacity building about available tools, including incentivising them through free trial applications. There is need for SME sustainability leaders to demonstrate a real commitment to the implementation of such tools because of the value it adds to enhancing the resilience of their businesses.
Collaboration and cost sharing
Speakers acknowledged the financial cost involved in the collection and upkeep of data on impacts and dependencies that is necessary for stakeholders to make reliable, timely decisions. These costs can be onerous for individual SMEs, so sharing resources between business, civil society and government is essential to build an effective, accessible culture of including natural capital in decisions.

Range of experiences
It is important to acknowledge that all businesses, regardless of size, are at different stages in their natural capital journeys. It is important to prioritize support for these businesses every step of the way. Meaningful progress will take time. To the greatest extent possible, technical language around natural capital and other capitals should be made accessible to the business community along with practical, relatable examples.

Training
Training of trainers’ sessions are a great pathway to increase the capacity of non-governmental organizations, community-based and civil society organisations and other interested parties who would like to engage with SMEs. Organizations such as We Value Nature (WVN) provide training opportunities centred around natural capital and provide a wide range of reference materials such as tools, case studies and guidance frameworks on the subject. Moving forward, there is an opportunity to contextualize these materials to better fit the Eastern and Southern Africa contexts. WVN’s training resources can be found here.

“Government investment in data is very critical. In the last year and a half we have seen a lot of companies share their experiences of how government generated data has both influenced policies and decision making, and is also supporting businesses to interpret natural capital accounting at a landscape level” – Peter Katanisa, Africa Natural Capital Accounting Community of Practice

84% of webinar participants expressed interest to participate in a train of trainer session organized by We Value Nature.
Mentorship and community
For both businesses and policy makers, learning from peer experiences is key. For example, Kenya Private Sector Alliance (KEPSA) members have benefitted from training, mentorship and collaborations; their circular economy work encourages SMEs to work together with larger companies to create viable business opportunities from one another’s waste. It is also important for SMEs to organize themselves collectively to create critical mass and greater agency, as demonstrated by SME collectives in the uMhlahluze region of South Africa. The GDSA offers a valuable space for south–south exchanges between policymakers and other stakeholders.

Innovative Finance
Innovation needs to happen at a systemic level. Stakeholder collaboration is needed to identify cash flows, bring in grant funding and patient capital to support small business development, while incorporating public works programmes wherever possible. Given the limited resources of SMEs and the length of time it takes to set these systems up, it is necessary to cultivate the backing of civil society to support start-up costs for these processes. Public-private partnerships for co-funding of businesses that value and support natural capital are essential and also help create space for communities of practice to co-create innovative solutions.

Role of government
Government is a critical player in terms of developing and implementing relevant policies that create an enabling business environment. For example, in Rwanda, the government has adopted the Green Growth and Climate Resilient Strategy. In South Africa, the government has prioritized the biodiversity economy to show their citizens that natural capital is valuable. Collaborations between the government and private sector actors are essential, including the undertaking of valuable surveys which generate data that can be used to understand production value chains across sectors and the role of natural capital in these value chains.
Next steps

All of the discussions and participant feedback from the webinars are informing concrete actions to continue exploring how natural capital can serve businesses and communities in Eastern and Southern Africa. The opportunity to meet and discuss how to better include the value of nature and people in decision-making was highly appreciated. Feedback from the webinars suggested a need to continue this. It was clear that setting up one or more a communities of practice would be well received, particularly with a regional or landscape focus.

The Capitals Coalition and IUCN ESARO will communicate about future opportunities as they arise. In the meantime, you can get involved in the below networks:

- Africa Natural Capital Accounting Community of Practice
- West Africa Capital Hub

Photo credits:
Page 1: Abubakar Balogun, Unsplash
Page 2: Craig Stevenson, Unsplash
Page 3: Anaya Katlego, Unsplash
Page 4: IUCN ESARO
Page 5: Nnaemeka Ugochukwu, Unsplash
Page 6: KDHI Agriculture
Page 7: Madiba.de, Unsplash
Page 8: Random Institute, Unsplash