***African banks should add nature clauses to loan agreements to address biodiversity loss says report***

**Johannesburg, 24 April 2024** – A new report reveals how one Africa’s leading development banks is attempting to address the challenge of reducing its impact on nature and biodiversity. The report, titled “A case study on nature data” was commissioned by the African Natural Capital Alliance (ANCA) and co-published by the Development Bank of Southern Africa (DBSA) – a leading member of ANCA – and Oliver Wyman.

Key recommendations for the financial sector to come out of the report include that African banks should consider embedding clauses into loan agreements that actively guide projects away from areas where biodiversity is under threat. Other recommendations include:

* The use of biodiversity maps, geospatial data, and consultations with local communities to identify sensitive areas before loans are even considered.
* African financial institutions should engage in genuine dialogue with affected communities using their traditional knowledge to enrich environmental assessments.

*"Our collaboration with African Natural Capital Alliance and Oliver Wyman in producing this insightful report highlights our shared commitment to promoting sustainable development in Africa*," said **Siloshini Naidoo, Head of ESG at the DBSA***."As a leading financier, we recognise the imperative to surround environmental considerations into our investments to ensure long-term prosperity for the continent."*

The DBSA was one of the leading financial institutions participating in the Africa pilot of the Taskforce on Nature-related Financial Disclosures (TNFD), the global framework for understanding and managing nature-related financial risks and opportunities, and the report addresses some of the challenges it faced in applying the TNFD’s methodology to its loan book.

It highlights a specific challenge around how to assess the environmental impact of large-scale, geographically complex projects, like linear infrastructure and scattered developments. These typically fall under a single loan agreement but may have different risks associated with the various natural habitats that the project passes through. The report says a robust but simple tool is required to accurately geolocate linear or scattered project sites and reveals that DBSA is in the process of developing its own bespoke solution which classifies projects into risk categories based on the percentage of the project area traversing sensitive or high-risk areas.

**Tony Goldner, Executive Director Taskforce on Nature-related Financial Disclosures (TNFD),** welcomed the report saying: “*The case study will serve as a useful reference guide for financial institutions and corporates on how to assess nature risks in sensitive locations, and to deliver sustainable infrastructure development alongside environmental stewardship.”*

**Dorothy Maseke, Head of Secretariat at the African Natural Capital Alliance (ANCA), said: “***At ANCA we recognize the immense potential of the continent's natural capital. However, unlocking this potential requires robust methodologies to assess and manage nature-related risks and opportunities. This whitepaper showcases a carefully crafted approach that leverages data, partnerships, and innovative tools to ensure nature positive investments. It also demonstrates the commitment and capability of African institutions to drive sustainable development.”*

**Sandra Villars, Partner, Financial Services at Oliver Wyman, said**: *“DBSA’s whitepaper outlines a groundbreaking approach to risk assessment for large-scale projects in Africa, demonstrating that effective valuation is possible even with data limitations. This innovative strategy leverages collaboration with local stakeholders and highlights DBSA’s commitment to integrating nature and biodiversity considerations into project planning. This whitepaper offers a valuable blueprint for promoting sustainable infrastructure development across the continent*.”

**About the Development Bank of Southern Africa**

The DBSA is a leading Development Finance Institution (DFI), wholly owned by the government of South Africa. Established in 1983, the DBSA is mandated to promote economic growth and regional integration by mobilising financial and other resources from national and international private and public sectors for sustainable development projects and programmes in South Africa, SADC, and the wider African continent. [www.dbsa.org](https://urldefense.com/v3/__http%3A/www.dbsa.org__;!!O7V3aRRsHkZJLA!F5UxvVpqcjlBheU1f8zPT1SyBUT5xgu-ZvsAnLPKuT0UZo53Mzyahum-bD5sQz2OM9rXwLR__WYJ20tboCIv0G9z$)

**About Oliver Wyman**

Oliver Wyman is a global leader in management consulting. With offices in more than 70 cities across 30 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm has more than 6,000 professionals around the world who work with clients to optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a business of Marsh McLennan [NYSE: MMC].   For more information, visit [www.oliverwyman.com](http://www.oliverwyman.com/).

**About the African Natural Capital Alliance**

ANCA is an African-led collaborative multi-stakeholder initiative, acting as the vehicle to drive coordinated advocacy and action across the continent. Co-founded in 2022 by FSD Africa, UNECA and TNFD, ANCA brings together some of Africa’s leading financial institutions including KCB, Access Bank, the Development Bank of Southern Africa (DBSA), Ecobank, Equity Bank, FirstRand, Investec, Sanlam, Standard Chartered and Zanaco along with governmental organisations, intergovernmental partners, and civil society representatives to ensure an African Voice on the global nature agenda and with the ultimate aim of catalysing nature-positive African economies. For more information visit the [ANCA website](https://africannaturalcapitalalliance.com/)