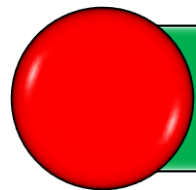




FROM BIODIVERSITY EXPENDITURE TRACKING TO NCA- Malawi's Experience in Integrating Nature into National Budget System

STATISTICS SA- NCA WORKSHOP- 15 September 2026

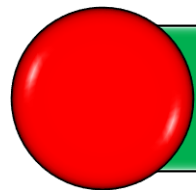
HILTON MSAMALI, ENVIRONMENTAL FINANCE EXPERT



BACKGROUND

- Malawi is known for its rich biodiversity, with diverse ecosystems ranging from forests and wetlands to freshwater lakes and grasslands.
- However, these ecosystems face threats from habitat destruction, climate change, land use change, and overexploitation of natural resources.
- In that regard the Biodiversity Finance Plan (BFP) was developed which highlighted 11 finance solutions
- Malawi prioritized 3 solutions for immediate rollout namely Tagging Biodiversity into the national budget, Biodiversity Offsets, and Payment for Ecosystem Services (PES) in Nyika National Park and Dzalanyama Forest.
- This presentation focuses on tagging biodiversity in the national budget.



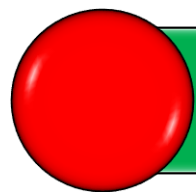


MOTIVATION

Before Budget Tagging:

- Biodiversity was treated as a cross-cutting issue with limited visibility in public finance.
- Government lacked evidence on investments supporting biodiversity targets.
- Decision-makers could not easily link budget allocations to ecosystem and biodiversity outcomes.
- Measuring the contribution of biodiversity to development planning was difficult.



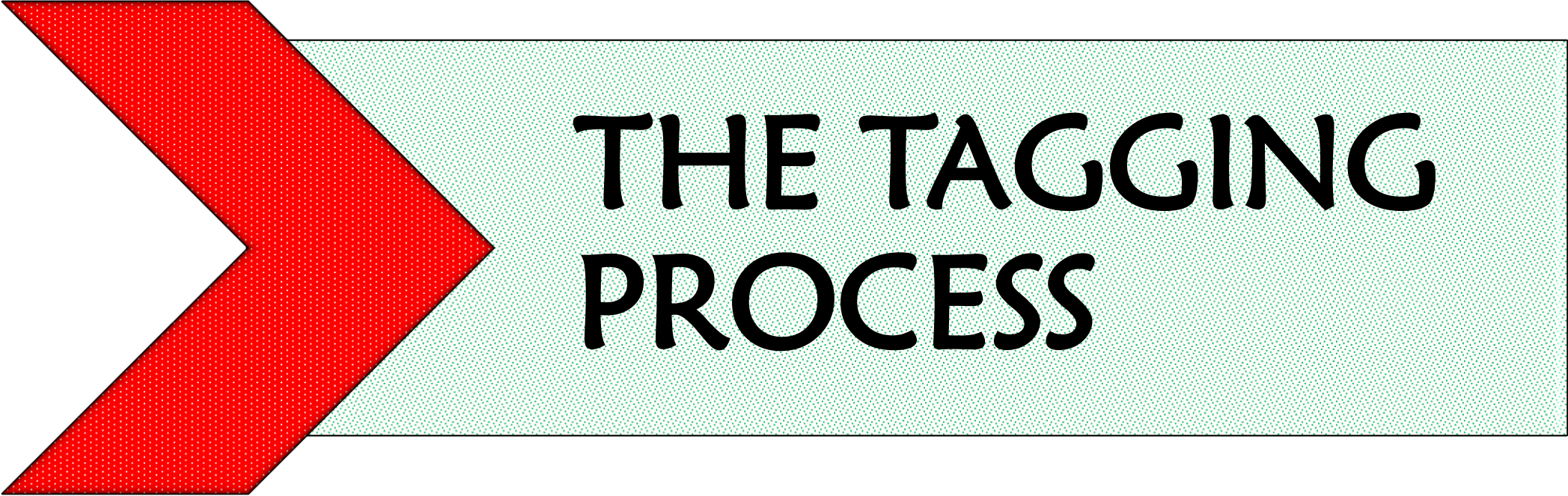


MOTIVATION

After Budget tagging was introduced to:

- Generate consistent biodiversity expenditure data.
- Improve valuation of public investment in natural capital.
- Support Natural Capital Accounting and ecosystem accounts.
- Strengthen evidence-based budgeting and resource mobilization.
- Inform reporting against Global Biodiversity Frameworks (GBF), National Biodiversity Strategy & Action Plan (NBSAP) and Sustainable Development Goals (SDGs).

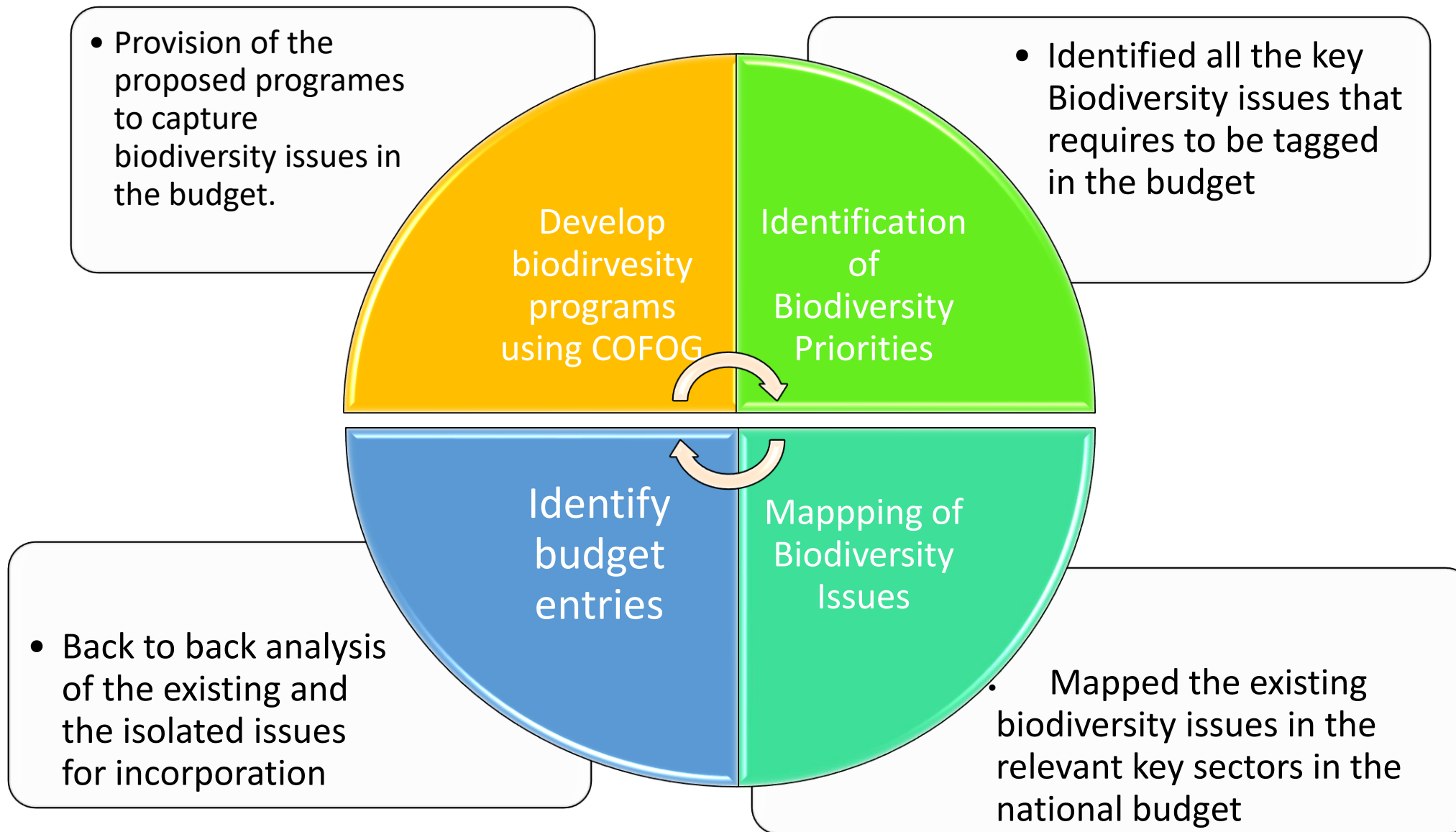


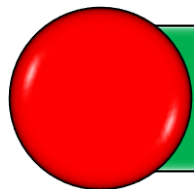


THE TAGGING PROCESS



IMPLEMENTATION MODALITY: *Thematic mapping*





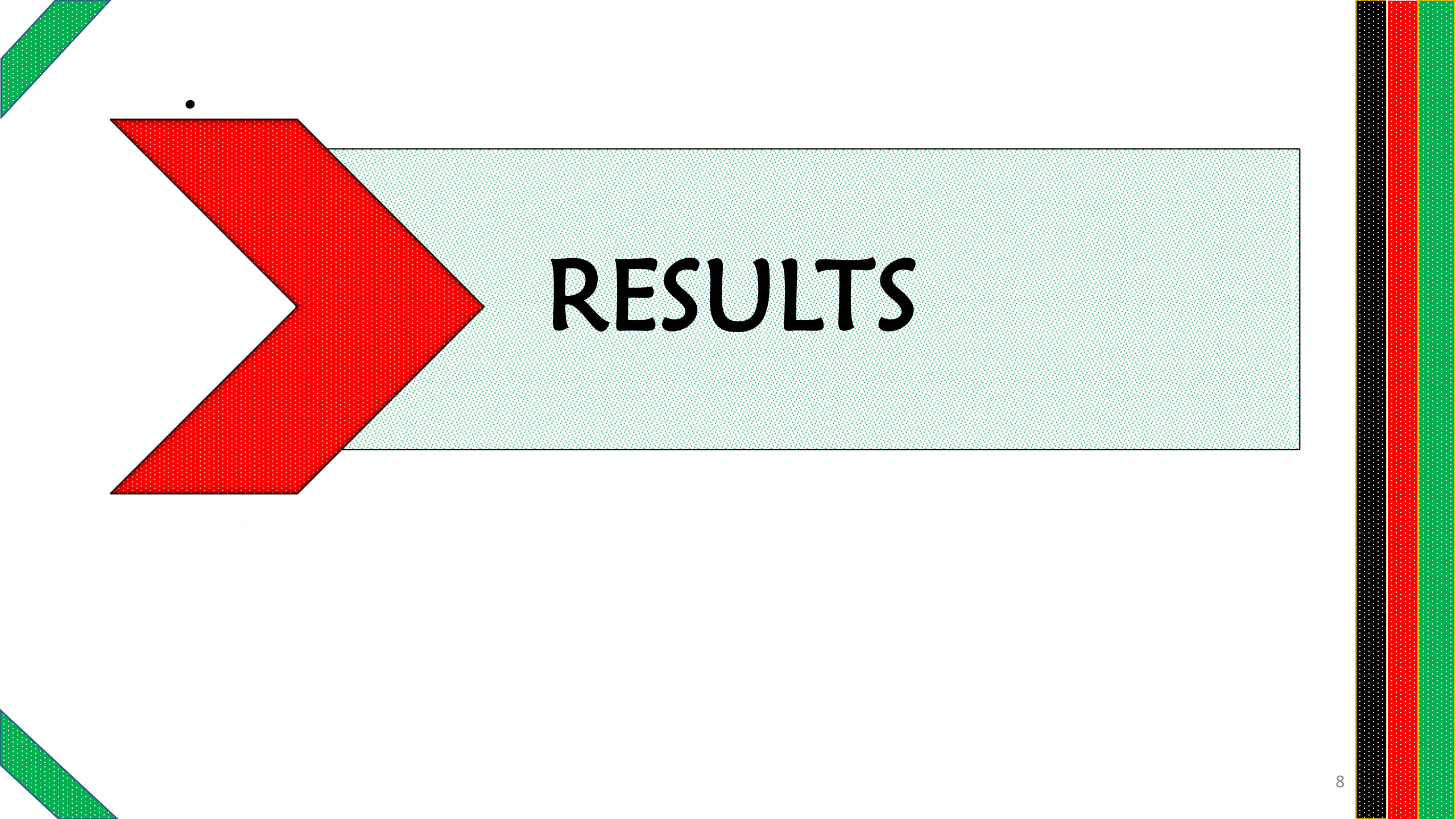
COFOG

Classification of Functions of Government (COFOG)

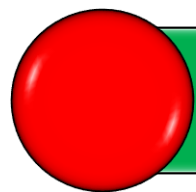
- Classification of Individual Consumption by Purpose (COICOP)
- Classification of the Purposes of Non-profit Institutions serving Households (COPNI)
- Classification of Producers by Purpose (COPP)

COFOG DIVISIONS	GFSM CODE
General Public Purpose	701
Defense	702
Public Order and Safety	703
Economic Affairs	704
Environments Protection	705
Housing and Community Amenities	706
Health	707
Recreation, Culture and Religion	708
Education	709
Social Protection	710





RESULTS

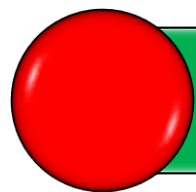


Biodiversity Management

This was introduced as the main biodiversity program with its respective sub-programs described as below:

- i. Biodiversity Information, Awareness and Knowledge Management
- ii. Biosafety
- iii. Protected Areas and Other Effective Conservation Measures
- iv. Sustainable Use and Management of Aquatic and Terrestrial Biological Resources
- v. Biodiversity Restoration and Invasive Alien Species Management
- vi. Access and Benefit Sharing of Biological Resources

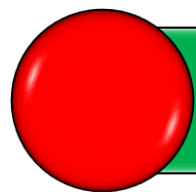




Agriculture Diversification

- The program mainly focused on Crop production, Land Resource Management, Livestock and Fish Production, and Food and Nutrition Security as its subprograms.
- **Agro-biodiversity** was considered as a subprogram under this existing programme

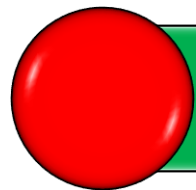




Wildlife Conservation and Management

- The program mainly focused on Wild Life Conservation Services, Research, Development and Extension Services as its sub-programs
- **Ecotourism Biodiversity (Nature based Eco-tourism)** was considered as a subprogram under this existing program

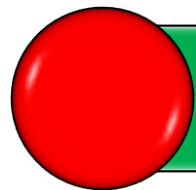




Water Resources Development, Management and Supply

- The programme's main sub programs were Water Resources Development and Management, and Water Supply and Sanitation.
- The tagging process considered the incorporation of **Water Resource Biodiversity (Aquatic Biodiversity)** as a subprogram under this existing programme

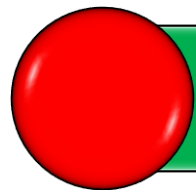




A WIN FOR BIODIVERSITY CONSERVATION

- MDAs implementing biodiversity activities, using their respective programme or sub-programmes, have an opportunity to track and evaluate their biodiversity expenditure,
- Further provides an opportunity to lobby for significant/increased funding allocation for advancement of biodiversity initiatives/activities.
- Expenditure generated information from the Integrated Financial Management System (IFMIS).
- Data integrity enhanced for the government, philanthropic partners and the Official Development Assistance (ODA).
- 28 Local Councils developed KPIs for MRV

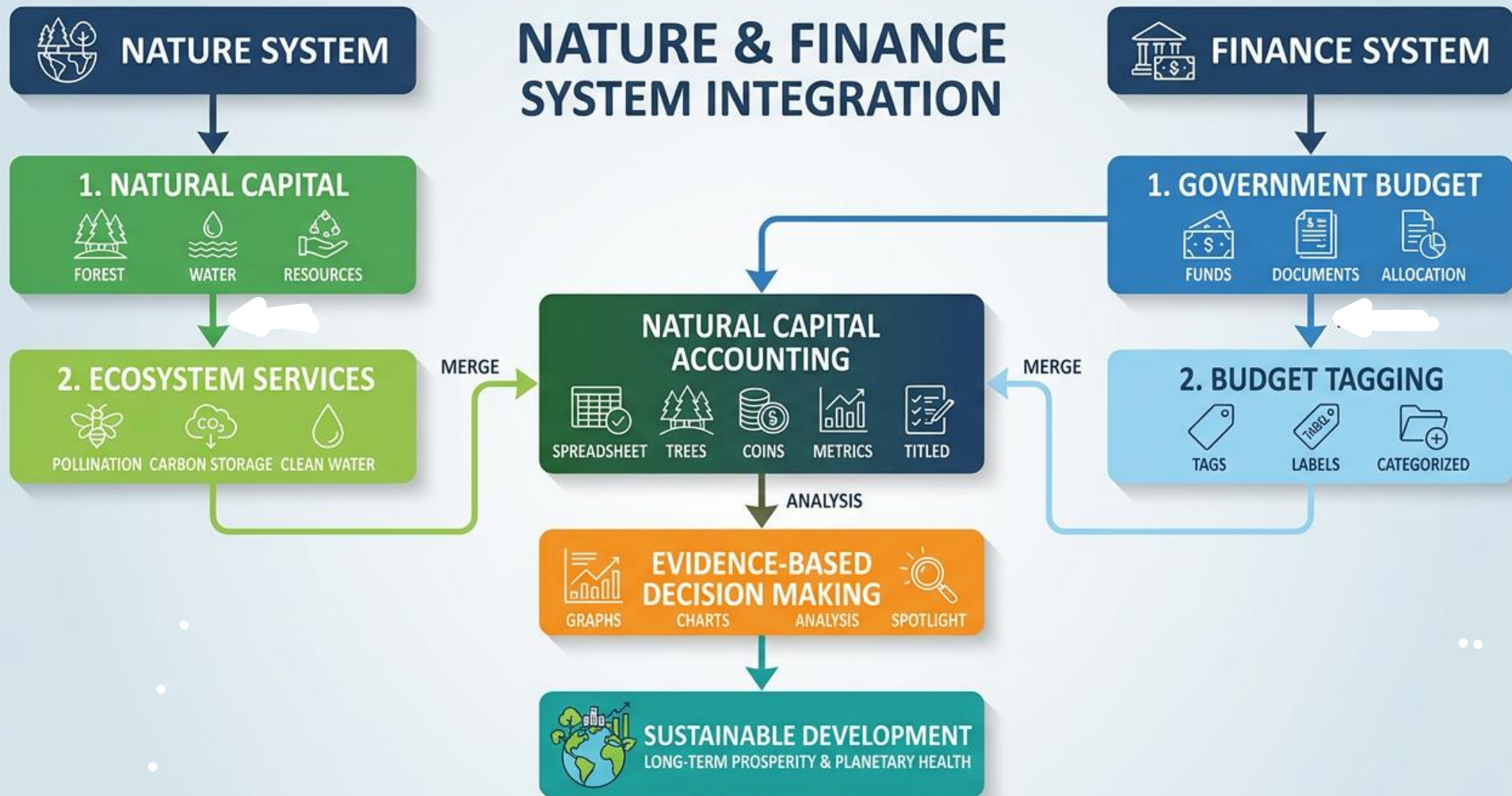




KEY SUCCESS FACTORS

- Political will
- Alignment of the biodiversity issues with the national agenda-MW2063
- Strong sensitisation of biodiversity issues with key policy and decision makers
- Good collaboration between the biodiversity sector with the Ministry of Finance: most of the times finance officials don't understand biodiversity issues
- Substantial and unwavering support for the biodiversity finance initiative
- Wide consultations and stakeholder engagement in the tagging process





Biodiversity Budget Tagging answers:

"How much is government investing in nature?"

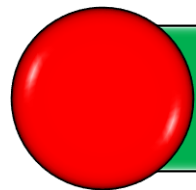
Natural Capital Accounting answers:

"What benefits do those investments generate for the economy, society and ecosystems?"

Biodiversity Budget Tagging	Natural Capital Accounting
Tracks expenditures	Tracks stocks and flows
Measures investment	Measures natural assets
Identifies funding gaps	Identifies ecosystem risks
Supports budget allocation	Supports economic planning
Generates expenditure data	Generates natural capital evidence

Key Message

BBT provides an essential public finance dataset that complements Natural Capital Accounts



CONTRIBUTION TO THE NCA DEVELOPMENT

The tagging initiative has enabled:

- Systematic identification of government expenditure on biodiversity.
- Better linkage between budgets and ecological outcomes.
- Generation of financial information required for biodiversity and ecosystem accounts.
- Enhanced visibility of nature-based investments.
- Stronger evidence for resource mobilization and investment planning.

Emerging Opportunity

Malawi can use tagged budget information to support:

- Ecosystem Accounting
- Biodiversity Accounting
- Environmental Protection Expenditure Accounts (EPEA)
- National Natural Capital Accounts





THANK YOU!!!