



Towards a Green Economy: A Kenyan Perspective

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Introduction

- Wealth of a nation is comprised of:
 - Produced capital
 - Intangible capital
 - Natural capital
- More attention has been given to the first 2; the 3rd has been taken for granted.
- A decline in natural capital impacts more heavily on the poor.
- We use the forestry sector in Kenya for illustration. (F&W, Water & Irrigation, Environment & Mineral resources).

What are the drivers of change?

- Mau Forest complex issues
- Performance contracts in related sectors-KKV
- Soil erosion losses to the economy has been estimated as equivalent to \$ 390 million annually or 3.8% of GDP.
- More frequent drought/flood episodes linked to deforestation.

Forestry Sector's Contribution

- To the economy- 1.1% GDP (only Ksh15 billion). This ignores the following:
 - Provisioning- wood fuel & non-wood products.
 - Intrinsic alternative values e.g. cultural, spiritual & heritage values
 - Ecosystem services e.g. water catchments, biodiversity, erosion control & carbon sequestration

Some Forest Ecosystem Services



Reported Economic Statistics-Forestry

	2004	2006	2008
% GDP	1.1	1.0	0.8
GDP (2001 Prices-MKShs)	10,943	11,115	11,026
Employment (Numbers)	16,759	15,961	14,856
Logging Companies Nr)	835	939	997
Charcoal burning	-	-	-

Implications of Forestry Under-valuation

- Low budgetary allocation to the sector e.g. the government spends only about \$ 3 per hectare p.a in managing public forests.
- Forest communities bear costs while off-site populations enjoy benefits, either freely or cheaply.
- Forest communities are motivated to clear forests for alternative land uses perceived as more profitable

Towards a Forest Resource Account for Kenya

- Setting up FRA is in line with:
 - The Kenya Vision 2030- Clean secure environment and provision of livelihoods.
 - MDGs 1 & 7
 - The Forest Act, 2005
 - The Forest Policy-2007

Potential benefits of FRA

- Improved livelihoods and incomes through sustainable forestry management, promotion of farm forestry and minimized degradation.
- Adequate funding for the sector to enhance forest management and compensate forest communities e.g. in terms of:
 - Pro-poor investments to curtail poverty-driven environmental degradation
 - Improved roads, health, water, educational infrastructure based on community preferences

Preliminary findings

- Kenya Forestry Mainstreaming Initiative (KFMI)2009- put the value of the country's forests at least 3 times larger than KNBS estimates (see comparisons below)

	2005
% GDP (KNBS current)	1.1
% GDP (KFMI Values)	3.6
GDP (KNBS-Million KSh.)	15,333
GDP (KFMI-Million KSh.)	44,441

Challenges and Opportunities

- Data gaps and fragmented documentation-
arising from:
 - Lack of generally accepted definition of forest cover
 - Lack of regular assessment of plantation forest
 - Uncertainty of extent and nature of indigenous and dry
land forest cover
- The above challenges are exacerbated by
shortage of skills to apply environmental
valuation techniques to capture the forest values
and costs.

Prerequisites for Forest Resource Accounts

- Clear & generally acceptable definition of forest
- Skills to capture the non-monetized values of forests
- Availability of comprehensive quality data for capturing use and non-use forest values
- Clear property user rights and tenure regimes to avoid leakages.
- Clear benefit sharing mechanisms
- Capacity (technical, budgetary allocation etc)

Challenges & Opportunities

- Segmentation of/sectoral approach to interventions (F&W, Water & Irrigation, Environment & Mineral resources)
- Lack of effective legal, regulatory and administrative framework
- Resistance from vested interests