

# Environment & Natural Resources as a core asset for Wealth Creation, Poverty Reduction & Sustainable Development Draft Workshop Report

2007



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## LIST OF ABBREVIATIONS

APSA	African Peace and Security Agenda
ASAL	Arid and Semi-arid Lands
AU	African Union
CAR	Central African Republic
CEWARN	Conflict Early Warning and Response Network
CSR	Corporate Social Responsibility
EAC	East African Community
ENR	Environment and Natural Resources
ESR	Environmental Social Responsibility
EU	European Union
GDP	Gross Domestic Product
GMOs	Genetically Modified Organisms
GNI	Gross National Income
IGAD	Inter-Governmental Authority on Development
IT	Information Technology
IUCN	The World Conservation Union
MDGs	Millennium Development Goals
NEPAD	New Economic Partnership for African Development
NR	Natural Resources
NRM	Natural Resource Management
OAU	Organization of African Union
ODA	Overseas Development Aid
PRISM	Poverty Reduction through irrigation and small scale markets
PRSPs	Poverty Reduction Strategy Papers
SADCC	Southern African Development Community
SDI	Sustainable Development Index
SEA	Strategic Environment Assessments



## Executive Summary

The workshop held under the theme “*Environment and Natural Resources as a core asset in the IGAD Region for Wealth Creation, Poverty Reduction, and Sustainable Development*” was to provide a frame work for a regional approach to the issue of sustainable management of the environment. The workshop took cognisance of the regions need for a common approach to issue relating to the role of environment and natural resources in regards to wealth creation, poverty reduction and sustainable development. In keeping with this theme the workshop took a multidisciplinary approach to addressing the issue and hence drew its participants from the field of economics, planning and environment. The participants were drawn from six IGAD member states i.e. Djibouti, Eritrea, Ethiopia, Kenya, Sudan and Uganda. The conference was organized by IUCN (World Conservation Union) and moderated by Guiding Systems Consult Limited (GS Consult Ltd.).

The workshop addressed five major themes i.e.:

1. **Livelihoods (wealth creation, poverty reduction):** This will explore how natural resources are a core component of people’s livelihoods in the region and make major contributions to the achievement of the MDGs and PRSPs;
2. **Natural resource governance (rights, equity including gender, devolution):** Devolved governance structures are becoming an increasingly important component in the region. This will be explored in the context of natural resource governance and how this improves rural people’s livelihoods and reduces risk;
3. **Market chains and value adding on Natural Resources:** Rural people need to be better able to engage in the market place so that larger proportions of income from natural resources are trapped at the community levels. This theme will analyze the incentives and perverse incentives that either support or mitigate entry into such markets;
4. **Natural resource economics and national accounting:** Natural resources are a central aspect of rural people’s livelihood strategies, yet are, to a large degree not reflected in national accounting, PRSP indicators and other measures of national growth. This theme will explore how this can be improved in practical ways, including Strategic Environment Assessments (SEA), and market and trade analysis; and
5. **Emerging issues:** There are a variety of emerging issues which have a potential important impact on the overall theme for the conference. These include Invasive species, Climate change and adaptation, GMOs, Carbon trade, “food miles”, and pandemics such as HIV/AIDS, effects of globalization, and conflict and insecurity.

In keeping with the five major themes there were four main objectives of the workshop and this were: Create Awareness and understand of the importance of the environment, and in particular the natural resources in improving the livelihoods of people in the IGAD region; Demonstrate the importance of the environment and natural resource base as a key asset in livelihoods (PRSPs, MDGs, performance – indicators); Focus and explore linkages and possible interventions with existing instruments and facilities; and Discuss and agree to actions that will need to be undertaken to improve the integration of the environmental goods and services into macro-economic planning and PRSP performance towards the achievement of the MDGs. In order to address the five major themes of the workshop 3 groups were formed with each group addressing one of the four themes i.e. (Livelihoods, Natural Resource governance, Market Chains and value adding on Natural Resources, Natural Resource economics and national accounting). The groups formed and the issues they addressed were as follows: Group 1: Livelihoods and sustainable Developments; Group 2: Economics and Markets; and Group 3: Governance and Emerging Issues. In addition to this each of the groups were required to address the emerging issues that

arose as a result of the themes they were discussing. The groups, which were formed by members from different fields of expertise, then tackled the themes in focal group discussions (the action points and recommendations of the groups are given below, the results discussed in the plenary).

**Group one discussed Livelihoods and sustainable Developments**, from their group work the following actions were suggested: there is a need for Strategic management approaches (i.e. Promotion of Participatory management approaches, Build capacity for negotiation and Create an institution/department at Regional level to inform members about emerging issues & possible mitigation); there is a need for the formation of a national and regional crisis/disaster management system; the national governments need to provide for research, monitoring and control of the crises; the existing conventions and legal framework at national regional and international level that is already in place should be popularized; there should be awareness creation and sensitization of all stakeholders region wide; we should popularize existing and new legislation and related issues; there should be proper valuation of resources and in relation to this we should lobby for or provide support for valuation (human & financial); we should make the punishment of offenders commensurate with value of the resource exploited; we should give incentives to organizations, companies etc. that engage in sustainable utilization of the environment and natural through involvement and empowerment of local people; we should facilitate information and experience exchange with in the region and internationally; we should formulate and implement land use policies e.g. Integrated watershed management; we should classify land; the harmonization of the policies and laws that impact on natural resources that would ensure that they contribute to sustainable livelihood and budgeting for capacity building and empowerment of stakeholders should be addressed.

The group suggested that the following risks and vulnerability issues be addressed: degradation; loss of benefits; marginalization of some vulnerable groups (women , children and pastoralists); building on traditional conflict resolution systems; facilitating exchange of information and experiences on sustainable/wise use practices at regional and international levels; streamlining livelihoods into development plans; targeting of vulnerable groups in development plans; and promotion of wise use/sustainable practices.

**Group two addressed the issue of Economics and Markets**, the group under this theme discussed three major items i.e. markets and trade, the macro economy and cross cutting issues. **Markets and trade** was further divided into **scale production, pricing, markets and value addition**. Each of the four categories mentioned had action given at national and sub-regional level. Under **scale production** the actions to be taken at national level were: the removal of trade barriers; markets; developing of minimum standards; regional trade protocols; and trade and investment protocols. The specific and immediate actions at sub-regional level are: creation of an enabling environment (Policy and Registration); organizing of producers in to cooperatives; strengthening linkages between large and small-scale producers; improving information and awareness; conducting research and development for high yield varieties; transfer and adoption of technology; infrastructure development; capacity building and entrepreneurship; improving access to finance; and improving access to energy.

Under **pricing** the actions to be taken at National Level were given as follows: liberalization of markets (Policy and Legislations); market information; and government intervention. The specific and immediate actions at the sub-regional level were given as follows: avoid double taxation and negotiate on subsidies.

In addressing **markets** the actions to be taken at national level were given as follows: market information system; market development; product promotion; market integration; market

infrastructure; and improvement of the physical infrastructure (Roads, power, telecom, etc). The specific and immediate actions at the sub-regional level were given as follows: market information System; market integration; and regional trade protocols.

Actions to be taken at the national level as concerns *value additions* were given as follows: creation of an enabling environment (Policy and Legislation); improving technology; capacity building and capacity enhancement; creating a conducive investment climate; improving quality; and standardization (Certification). The specific and immediate actions to be taken at the sub-regional level were given as follows: creating regional market intelligence to realize comparative advantage and regional trade protocols.

The group the addresses *the Macro economy and Cross-Cutting* issues the actions to be taken at the national level for both issues were given as follows: protocols; custom unions; tariffs; harmonization of protocols; socio-economic statistics; information; integration of national economic accounting systems with natural resource accounting systems; mainstreaming the environment in to poverty reduction strategies; and encourage economic research. The specific and immediate actions at the sub-regional level were given as follows: capacity building and utilization; regional trade protocols; socio-economic statistics; and information.

**Group three addressed governance and emerging issues**, they begun by defining governance and emerging issues and then proceeded to tackle both issues. The action and recommendations from this group were as follows: there is need for common positions and standards (harmonization to internationally accepted bench marks regarding trade and environment); capacity building to mitigate against climate change; we need to research on climatic change and advice appropriate action plans; there is need for IGADs increased engagement in conflict resolution; we should improve natural resource management and utilization including distribution; linkage in terms of awareness about HIV / Aids and environmental management especially the loss of productive human capital; the management interventions at regional and sub-regional levels (technology towards elimination of these invasive species. Improve on their monitoring.); GMOs are a danger to our food security since our locally produced seeds will disappear. i.e. genetic erosion. (We should therefore improve on monitoring and evaluation, discourage foreign ones, and improve the quality of our locals' seeds to yield and produce more.); we need to engage IGAD members states in terms of awareness; we should mobilize resources internally; we should also engage in diplomacy and awareness to improve on political will (Engagement of political committees and improved knowledge sharing among member states); IGAD secretariat needs to be proactive – regularly update members on environmental situation in the IGAD region; we should have ministers involved in Environment and Planning/finance meeting; establish a panel of experts to advise IGAD structures on environmental issues; involve parliamentary committees on the environment and natural resources; briefings should be sent to sector working groups on environment and natural resources; and more importantly, IGAD needs to commence a process towards a common regional approach on the governance of resources of strategic value in the region – this should be in line with all the continental positions as minimum standards for the governance of resources as part of the peace and security agenda. This should provide a basis for standardization and harmonization of practices as well as a basis for common platform / conditions for negotiations with international investors. This would also promote a regional guideline to monitor performance and national alignment with various obligations.



# CHAPTER

## 1.0 INTRODUCTION

### 1.0 Background

Today more than ever there is an increasing need for the region to address the issue of environment and natural resources. Over 80% of the region is dry and the land is mainly suitable for extensive type land use and some limited agriculture. In addition to this the 20% left is high potential hence it is affected by other issues such as intense land use, population pressures and conversion into urban centres. The question we then ask ourselves as a region is, are we considering climatic limitations in tampering with existing land use; e.g. expanding agriculture into marginal areas?

The natural environment is the foundation for livelihoods, economic development and food security and the proofs are many for instance the water towers & catchments are our source of water and power throughout the region. The Hidden/Invisible Value of the environment and natural resources are numerous but the value is hidden to most of us. Investing in the environment would therefore make sense once we realise its value. During the workshop it was observed that investing in the environment would support the attainment of most if not all the MDGs, for ex: Sustainable use of natural resources.

The value of environment and natural resources once recognized presents various challenges key among them being value adding and the development of markets & trade. One would ask what products would you then add value to and market? A good example would be wild foods & fruits, biomass products – fuel wood, charcoal etc. Many natural resource products suffer from “scale” issues i.e. they are too small to be important. In addition to this markets and market chains not well developed/organised. Generally, lack of comprehensive policy & incentives on natural products development and marketing hinders the exploitation of the same.

The governance of the environment and natural resources also faces numerous challengers in the region e.g. natural resource conflicts (water, land, resources), gender & equity in decision making among many other that need to be addressed. Many governments in the region do not incorporate environment and natural resource in their economics and national accounting systems and these acts to the detriment of the environment. The reality of the matter is that most of GDP still natural resource based (agric, forests, tourism, water etc.). By not investing in sustainable environmental management, we undermine the very development & livelihood security & improvement we so desperately seek.

### 1.1 Opening Remarks

It is with this background that the workshop was organized by IUCN – The World Conservation Union for. They brought together high level decision makers from varied fields such as economics, environment, planning and agriculture. The region being IGAD and Kenya being the current chair of IGAD it was befitting that the workshop was held in Mombasa which is the gateway into the region. The opening remarks were given by the moderator from GS Consult, who then introduced the guests of honour i.e. Dr. Alice Kaundia (IUCN Regional Director), Mr. Maina Karaba (IGAD) and Dr. Kennedy Ondimu (Ministry of Environment and Natural Resources).

The first opening speech was given by **Dr. Alice Kaundia** of IUCN who stressed upon the importance of the meeting of directors from Ministries of Planning the Treasuries and Environment resulting in specific action plans for the development on national programs that integrate investment on biodiversity conservation and environmental management in the IGAD region. She took cognizance of the prudence of IUCN and IGAD with support from IDRC convening the meeting at a very appropriate time when globally, the threat from global warming is heightening flows on environment and biodiversity conservation. Dr. A Kaundia's speech was then followed by **Mr. Maina Karaba's** of IGAD. Mr. M. Karaba stressed on the need to translate the outcomes of the meeting into useful policies for implementation by our governments to improve the livelihoods of our populations.

**Dr. Kennedy Ondimu** representing the Min. of Environment and Natural Resources Kenya then gave his opening speech. Dr. Ondimu laid emphasis on the importance of appropriate policies and strategies in sustainable livelihoods and sustainable natural resources management in achieving sustainable development in the region. He also gave weight to the fact that the ability to have the right policy and strategy at the right time to make the right decision is crucial in order to achieve such lofty goals. He concluded by giving his conviction that the current debate and its outcome would contribute to strengthening the environmental institutions in the IGAD region, but most of all, to the protection and prudent use of the natural resources base of the region.

# CHAPTER

## 2.0 PRESENTATIONS

The presentations were on the 5 themes for the workshop i.e.

- Livelihoods and the Environment
- Value Adding, Markets & Trade
- Governance
- Economics & National Accounting
- Emerging Issues

Given below are each of the above mentioned presentations and the issues raised as a result of the presentations made.

### 2.1 Theme 1: Livelihoods and the Environment

#### 2.1.1 Presentation Made

Livelihoods and the Environment in the Horn of Africa: Environment & Natural Resources as a Core Asset in the IGAD region for Wealth Creation, Poverty Reduction & Sustainable Development.

#### **Climate determines land use**

- Over 80% region dry – mainly suitable for extensive type land use and some limited agriculture
- The 20% high potential, intense land use, population pressures, conversion (urban)
- Are we considering climatic limitations in tampering with existing land use; e.g. expanding agriculture into marginal areas?
- Most communities rural (70%-85%);
- Most engaged in subsistence agriculture;
- 10%-45% pastoralists;
- Significant number of fishermen and hunter gatherers;
- Many sales.

#### **The Natural Environment is the Foundation for livelihoods, economic development and food security: Proofs are many-examples**

- Recurrent draught (moisture constraint) cause of death thousands and livestock (means of livelihood for millions-pastoralists);
- The water towers & catchments are our source of water and power
- Example – Kenya lost over \$2 mill worth of lost productivity due to 2000 drought in a few months in Nairobi (water and power rationing) – as a result of long term catchment losses
- Uganda 10kg fish eaten p.p. per annum – all “wild”
- Reality is that over 90% of people use biomass as the source of energy
- There are alternatives – Gas (Sudan where only 80% is biomass based), hydro power (Uganda)
- Fuel wood/charcoal will continue to be the reality but where is the investment in restoration, in recognition

- In Ethiopia loss of wood means animal and crop waste used as fuel which further exacerbates soil fertility loss (est. to result of lost yield of 500,000 tons per annum of grain)
- 80-90 % of domestic energy needs (wood fuel; cow dung...);
- Pharmacopoeia for the majority of urban and most of rural communities;
- Fruits and nuts for shepherds, etc;
- Wildlife and fruits and nuts for hunter gatherers;
- Fishermen and fuel wood collectors;
- Water vendors; etc.
- Increasing population and land use pressures – linkages (or not) with improved land use
- Soil erosion (many reasons) and loss of soil fertility exacerbate land use pressures
- Large numbers of (esp.) rural people are vulnerable (food security) – ex 55% in Ethiopia

### **MDGs**

1. Eradication of extreme poverty and hunger;
2. Achieving Universal Primary Education;
3. Promoting Gender equality and Women empowerment;
4. Reducing child mortality;
5. Improving maternal health;
6. Combating HIV/AIDS, tuberculosis, malaria and other diseases
7. Ensuring environmental sustainability; and
8. Developing global partnership for development.

### **The Hidden/Invisible Value**

- Hidden to most of us (especially in formal sense), but hugely important for rural people to meet needs, meet contingencies, cope with risk
- Wild foods and fruits, medicinals, and other products
- Not part of reporting, so not recognized
- Increased opportunities for natural product value adding (theme 4)
- Value of Doum palm use (Nakfa 17.8 per person per day) in West Eritrea worth more than other forms of land use. 40 to 60% of house holds dependent on NRs for 15 to 30% of their total income

Investing in the Environment supports attainment of all MDGs, it's not just MDG 7, for ex: Sustainable use of natural resources:

- Income flows (esp. 1, but all MDGs)
- Saves time in collecting fuel (3, 2)
- Medicinals and foods (1, 2, 5, 6)
- Catchment improvement – water (2, 5, 1, 7)
- Energy (fuel wood)
- Risk management

### **Livelihood Improvement & environmental management**

**No silver bullet** - Need to:

- create economic opportunity
- reduce vulnerability & insecurity
- support participation in decision-making

- strengthen capacity to seize opportunities
- Environmental management can contribute across all dimensions

#### **Proven strategies:**

- improve access to information & public services
- reduce constraints on sustainable resource use (e.g. licensing, credit, tenure)
- improve governance & the rule of law, including decentralized NR management
- promote participation of women & other marginalized groups in decision-making
- address local priorities, e.g. water pollution, restoration of critical natural resources
- promote sustainable use rather than preservation (e.g. essential oils, eco-tourism)

#### **Some Key Questions to Ask**

- What combination of land use can better promote and improve livelihoods **AND** the Environment? How can this be done?
- There is an uneasy tension between Environmental management, agriculture, land management & population pressures – how can the trade-offs best be managed
- What are some of the major risk & vulnerability issues which need to be addressed? And how can this be achieved in terms of livelihood improvement and sustainable environmental management

#### **Example of an approach**

Management of a mountain range, the Choke Mountain Range-Abay (Blue Nile Watershed);

- 3600- and above-mountain reserve Biosphere;
- 2800- 3600 Forest-plantation fast growing trees-Carbon sinking-bee keeping combined;
- 2800- and below staple crops and high value crops for the market;
- All managed by local communities individually and collectively

### **2.1.2 Issues Raised**

**Uganda:** an issue was raised that government should build in need for provision of backstops in energy saving fuels. On the example given about the Choke Mountain Range-Abay an issue was raised about the fact that lands above 2800 are already owned hence compensation is required. How would this be addressed? On the question of plantation of fast growing trees, which would be the best species to plant on such Biospheres. Emphasis should also be put on the promotion of sustainable management and use of natural resources as opposed to sustainable management alone.

**Ethiopia:** is there a possibility of planting high value crops or crops with medicinal value in the proposed Biospheres? Could these plants be considered as an alternative or as livelihoods in the region?

**Kenya:** issues that we should look at as concerns livelihood include water which is being sold within the region. The region should also be concerned not only food security but water security as well. Catchment areas are being destroyed and this is of great concern to the whole region. It is important to note that cities have stopped growing due to lack of or distraction of catchment areas. As concerns energy recent trends have given emphasis on solar and geothermal thus fuel wood has completely been ignored. This lack of interest has caused the price to go up as the resource continues to diminish. Biodiesel (Jatropha) is



a new alternative that should be looked into with great detail. We should also get together and identify non-timber sources of livelihood.

### 2.1.3 Responses

It is important to use energy savings stops. Emphasis should also be put on effective utilization of available resources. Bamboo is a tree of choice for plantations as it requires very little rain. Eucalyptus trees however when planted at specific distances do not require not so much water, and this could also be an option. On the issue of compensation, these Biospheres are to be created for their own good it would therefore be a community driven project. When people have security of land tenure they tend to be more cooperative in projects that would benefit them and make them use their land properly.

Bio-fuels were introduced by Brazil as a result of the crunch in fossil fuels in the 1970's. The problem with bio-fuels is that good agricultural land is being used for the production of plants that will produce bio-fuels. It should therefore be clearly put as a matter of policy that plants that produce bio-fuels can only be planted on land that cannot produce staple agricultural food.

As concerns energy we should first of all work with what we know (fuel wood) then move on to other sources of energy. Medicinal plants are a viable introduction into these Biospheres. A case in point is Ethiopia. 85% of its population lives in the rural areas, 60% of this population consumes fibre copia from the wild. If we decide to wholly depend on fossil fuels it would cripple our economies. We should therefore first strengthen local capacity in order to reduce out dependency on fossil fuels.

## 2.2 Theme 2: Value Adding, Markets & Trade

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### 2.2.1 Presentation

Background Market for what products?

- Wild foods & fruits – honey, fish, tamarind, for dry contingency times
- Biomass products – fuel wood, charcoal, ... – 80% (Su) to nearly 98% region use biomass fuel
- Health products trade – herbal medicines – ex. of *Prunus africana* and many others & often very high value – but “hidden” (ex. of medicinal trade in Durban S.A - \$20m per annum – all “informal”)
- Specials health related products – cosmetics (frankincense), gums, resins, dyes, soaps – niche market so little understanding of dynamics
- Timber/poles products – construction & furniture
- Fodder trade & markets - to meet contingencies (e.g. sale of forage in dry/drought times)

#### Some figures

- Uganda – non wood forest products account for 74% of wild product trade (\$100 mill p.a.)
- Kenya – charcoal trade worth \$0.4bill & over 50% from indigenous trees in dry lands – employs .5m people with 2m dependants
- Somalia - fishery is 95% based on “wild fish” – inland lakes & rivers, the coast (Illegal fishery worth ~\$100 mill p.a. along Somalia coast)
- Sudan - world's largest producer of gum Arabic (40,000 ton p.a.), Somalia for Myrrh & Frankincense

- Aloe vera - Annual global market = \$20 bill & growing

**Challenges: Why are the markets not developing better than this?**

- Many natural resource products suffer from “scale” issues – too small to be important (yet can be locally very important, esp. if aggregated with other products)
- Markets & market chains not well developed/organised; Products not well developed and branded - except fish?
- Free trade barriers – little information, regulatory barriers due to lack of product quality standards and certification
- Generally, lack of comprehensive policy & incentives on natural products development and marketing

**Where are the incentives?**

- With few exceptions incentives focus on “normal” products (industry, agriculture, livestock, tourism)
- Incentives (where they exist) focus on the product – not the chain (from sustainable use/management, value adding & marketing)
- Gum Arabic in Sudan – has incentives (could be better – fair and organic trade for ex.), which make it work

**Incentives are few to enable community engagement in the market & are often perverse**

- Access to credit – financial services not favour NR sector
- Short termism for credit – yet environment often long term
- Little support to value addition & low overall investment
- Value chains poorly understood and exploitative
- Ignorance, exploitation, weak property rights
- Economies of scale as much NR trade is small scale
- Over regulation (permits) – need for one stop permit shop
- Low investment in fair trade, organic

**But there is support**

- Sudan is decentralizing gum Arabic trade to get value addition as much as possible
- FOODNET in Uganda provides information on processing, markets & value chains – & where used returns to farmers have increased by 5-15% (role of cell phones)
- PRISM (Poverty Reduction through irrigation and small scale markets) being tested in Ethiopia
- Increasing community and national realization of the cumulative value of such products to livelihoods (honey, resins, foods & fruits)
- Savings & Credit Orgs can be a vehicle for community engagements – but need ability to work with NR area

**If Region agrees that NR markets & trade are important then -**

- What is the value of these markets as a basis for investment and value addition, & how can this best be done?
- Where are the incentives in existing policy (& conversely the perverse incentives) how can they be removed?
- What are the impediments for rural people to engage & how can they be removed?
- How can rural people better engage & benefit (processing, value adding)?

- How can regional trade in NR products be promoted?
- What are the market chains? & how can they be made fairer & more equitable
- What measures are needed to build capacity for small scale market enterprises in sustainable NRM and value addition? (and how can this be done)
- How can small holder market development become a reality – and what will it take to go beyond “pilot”

### 2.2.2 Issues Raised

**Sudan:** the issue as concerns gum Arabic has been a monopoly that is enjoyed by a few well placed middle men, the solution is therefore free trade.

**Ethiopia:** Gum Arabic is not just present in Sudan it is also present in Ethiopia where it is a developed trade. An issue was raised on how governments can strike a balance between small and large enterprises as concerns Natural Resource exploitation. It is noted that due to the differences in policy in different countries i.e. the regional countries have differences in policy on natural resources, agriculture, trade etc. it would be difficult to address natural resource issues. It was suggested that the differences be reconciled before any meaningful progress is made.

**Uganda:** The consultant was only focused on fish and fauna; we should also look at other examples e.g. communities that engage in game ranching, sale in butterflies etc.

### 2.2.3 Responses

The issue of balancing between small and big enterprises will not arise as we are talking about natural resources which are an informal sector. Governments are therefore not involved as this is a small market. We should create a market and develop it in order to gain from the true price of the natural resource commodity.

## 2.3 Theme 3: Governance

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### 2.3.1 Presentation

#### Key areas

- Decentralization, devolution, deconcentration – are we really devolving to rural people their rights & responsibilities or is it the rhetoric of participation
- Gender & equity in decision making – who is making decisions, why? – who is included & excluded?
- NR conflict (water, land, resources)
- Importance of pastoralism – esp. in Horn of Africa – 75%+ Arid/Semi-arid
- Relating wider governance issues to environmental governance – how to make environmental governance more friendly to rural people

#### Centrality of Land

- Rights to land (individual, common property) – security of rights – can rural people assert their claims? – how to democratise land administration?
- Access to land & security of tenure is key to rights & responsibilities & as basis for longer term sustainable management
- Eth – 3 waves of land distribution & re-allocation – leads to tenure insecurity & reduced incentives for improvement
- Often too much control at Gov level – esp. for NR assets (but changing)

- Land Administration inextricably linked to Environment – both a political, administrative & social issue

### **In terms of rights whose are the NRs anyway??**

- Tension between state & people (reserved forest & PA estate) leading to revenue sharing (UWA approx \$0.75 mill p.a.), & various forms of collaborative management & community management
- Promoting decentralized NR management (forests, fisheries, range) – do Gov (& “experts”) trust the people to be able to? – or is such decentralization clouded with management plans & permits?
- Real decentralization (rights/responsibilities) of NRs – part of the solution for improving conservation & livelihoods – not the continuing problem of conservation.
- In Kenya many 100’s of sacred groves with little or no formal protection, yet are managed & often contain unique biodiversity & other products

### **Gender & Equity in terms of**

- Rights in land & decision making
- Access to information & awareness
- Balance & real recognition of roles
- Environment mismanagement increases pressure on women (fuel, water, food), and especially poor women
- Poor likely to depend more on NRs

### **Many, many Environment related policies!**

- Most countries have many & varied policies & laws relating to Environment (e.g. Sudan 150, since 1903 instruments relating to Environment)
- Where is the implementation? How relevant are Environment instruments with respect to centrality of economic growth & livelihood improvement?
- How can region deliver on its International Environment commitments with a Livelihood lens?
- Short-termism of many instruments (e.g. PRSP) vs. long term implications of addressing environmental issues

### **Decentralization**

- Huge focus – but what is it? – decentralization, devolution or deconcentration from centre to periphery? – has there been a real shift to devolution to communities & people?
- Environment spread across many (5+) sectors with often unsatisfactory coordination – which makes for some confusion at local level
- What will make for real devolution of environmental management & accountability? – ex. of local associations (forest, fish, wildlife), producer groups (e.g. gum Arabic), beach management units, grazing associations – all show local empowerment

### **Good policies are only a part of the solution**

- Needs to be linked to local ownership & sustainable land management
- Translate policy & legal rhetoric into local action
- Getting to local sustainable land management is as much a process (empowerment) as it is about the technical aspects of management

### **Some Key Questions from National Studies**

- How can NR & environmental governance be improved within & between countries & what will it take to make it work?
- To what extent has NR governance been devolved to lowest accountable level?
- How can improved NR governance improve livelihoods & reduce risk?
- Where is policy on improved local level ENR governance moving in practical terms & what can we learn?
- Is their equity (i/c gender) in ENR governance, & distribution of costs & benefits?
- Do rural people know their rights & responsibilities in law? – are they informed?
- Are land rights fair & equitable? – How can it be improved?
- How can we move from regulation & sanction to sound environmental land use management
- What aspects of Government need to be improved for creating/fostering an enabling environment for NRs & Economy? How?
- How can ENR Governance be improved as a pre-requisite for sustainable social & economic development?
- What will get the environment on the political (not just the technical) screen?
- Are the users of the land part of the decision making with respect to use? How?

### 2.3.2 Issues Raised

The issues raised were in the form of questions asked by Mr. E. Barrow of IUCN, they were:

- Decentralization, devolution, deconcentration – are we really devolving to rural people their rights & responsibilities or is it the rhetoric of participation?
- Gender & equity in decision making – who is making decisions, why? – Who is included & excluded?
- NR conflict (water, land, resources)
- What are the key emerging issues? How do they impact on, or are impacted by the environment and natural resource base?
- What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?
- Importance of pastoralism – esp. in Horn of Africa – 75%+ Arid/Semi-arid
- Relating wider governance issues to environmental governance – how to make environmental governance more friendly to rural people
- How can NR & environmental governance be improved within & between countries & what will it take to make it work?
- To what extent has NR governance been devolved to lowest accountable level?
- How can improved NR governance improve livelihoods & reduce risk?
- Where is policy on improved local level Environment and Natural Resource governance moving in practical terms & what can we learn?
- Is their equity (i/c gender) in ENR governance, & distribution of costs & benefits?
- Do rural people know their rights & responsibilities in law? – are they informed?
- Are land rights fair & equitable? – How can it be improved?
- How can we move from regulation & sanction to sound environmental land use management
- What aspects of Government need to be improved for creating/fostering an enabling environment for NRs & Economy? How?
- How can ENR Governance be improved as a pre-requisite for sustainable social & economic development?
- What will get the environment on the political (not just the technical) screen?



- Are the users of the land part of the decision making with respect to use? How?

### 2.3.3 Responses

The answers to the issues raised were discussed during the group discussions.

## 2.4 Theme 4: Economics & National Accounting

### 2.4.1 Presentation

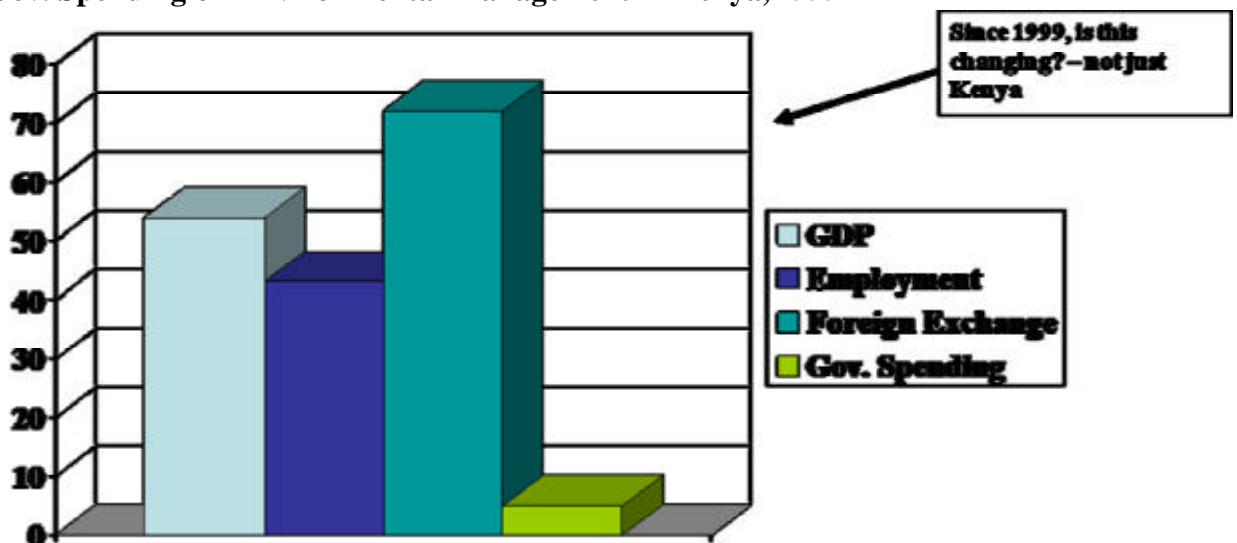
Our challenge: By not investing in sustainable environmental management, we undermine the very development & livelihood security & improvement we so desperately seek

- Climate change a stark example of that – Sudan – worst floods in living memory affect 400,000; Uganda – heavy rains affect 300,000 (together with other countries in Africa – mean that 4.6 million affected – what is economic cost (never mind huge social cost)? & now how will we cope & still improve our lives?
- Econ growth *will depend* on how well we manage our environmental assets

#### Some Figures

- 1997 – 2000 El Nino – La Nina years cost Kenya approx \$3.7 billion or over 17% of GDP for that period
- Nakivubo Swamp (Uganda): Land reclamation reduces swamp wastewater treatment functions – costing \$2 million a year
- Tana River (Kenya): Dams alter hydrology, impacts downstream ecosystems & economies - \$27 million estimated costs
- Cost of Natural Resources degradation in Uganda approx 17% of gross national income p.a. (6% due to forests, & 11% due to soils) – cost between \$1.3 & \$3.8 bill
- In Uganda – net annual income & consumption from around forest area is 20% of house hold income (of which 75% is for home use)

**Yet Environmental and Natural Resources Investment's: Contribution of Environmental Goods & Services to GDP, Employment & Foreign Exchange vs. Gov. Spending on Environmental Management in Kenya, 1999**



**Figure 2.1:** Contribution of Environmental Goods & Services to GDP, Employment & Foreign Exchange vs. Gov. Spending on Environmental Management in Kenya, 1999

### **So**

- Does environmental sector talk with economic sense – or only as environmentalists?
- Does Economic planning sector talk with environmental sense – or only as economists?
- What about political sector – what voice do they talk with?

### **Our fixation with GDP!**

- Reality is that most of GDP still natural resource based (agric, forests, tourism, water etc.), But GDP appropriate for environment? as
- It does not really take into account depletion & degradation of natural resources (except when crop yields go down)
- Tends to focus on goods, not “bads”
- ANS (Adjusted national saving) could be used to better embrace real environmental issues

### **Ex of Forest Restoration in Shinyanga Tanzania – illustrating importance of NRs to people**

- Nearly 0.5 Mill Ha restored across over 830 villages (2.25 mill people) over 20 year period – individual & community levels
- Significant income source - \$14 per month from Ngitili per person – supplemental & diversification (nearly \$0.5 per day from forest products. Approx \$1,000+ extra p.a. per family (at region level this is approx \$275 mill p.a.)
- This is higher than Nat average rural consumption of \$8.50 p.m. – all from environmental products
- Over 64% households significant benefit from forest restoration – fuel wood (60%), Education (fees, buildings - 35%), Medicinals (15%), Nutrition (20%), fodder (20%) + huge reductions in effort to collect (4 hours to 20 minutes for fuel)

### **What are real contributions of environment in terms of?**

- Fuel from natural resources (charcoal, fuel wood, building timber)
- livestock sector (esp. those found in pastoralist & drier landscapes)
- From tourism (esp. Kenya, Uganda, Ethiopia) most of which depends on environment
- All other NRs goods – medicinals, foods & fruits, contingency values of NRs

### **But how will we know if we don't measure them!**

- Where are indicators (in PRSPs) to demonstrate importance of NRs?
- Who is measuring what? – National Bureaus of Statistics? – What do they measure?
- Where are real examples of ENR in national accounts? & use of that data as basis for action and budgeting?
- Is natural resource accounting happening? – If so is it part of national accounts?
- How are Dev & Recurrent expenditures decided (who?) to take into account real contribution of, and need to invest in environment?

### **PRSP indicators – Uganda ex**

- Costs of NR degradation 17% GNI (Gross National Income) p.a.
- Forests provide \$360 mill, of which \$112 mill captured in official figures {*indicator = % land under forests*}
- In 1992 distance to collect fuel wood = 0.6 Km; now (2002) it is 0.73 Km. Time to collect water = 30 min {*Indicator = time to collect*}

- Annual direct productive value of wetlands \$300 to \$600 per HH p.a.

### **Evolving role of Private Sector**

- Growing CSR, & ESR – & it's not just PR – but a means to improve income
- Promoting fair & sustainable (certification – fair, organic) trade
- How to support private sector initiatives – esp. those that work with rural people

### **Case is clear**

- Increasing amount of facts & figures
- Can no longer ignore (ex. of climate change)
- But how to ensure responsible investment – as it is political as much as technical
- Need for accountable indicators (& means to measure) in all sectors & in PRSP type instruments (get beyond rhetoric of mainstreaming to accountability)

### **Some Question Areas**

- How are natural resources reflected in national accounting, & other measures of national growth? How can this be improved?
- Does country have indicators (& means to measure) that reflect value of environment & natural resources in PRSPs & performance of all MDGs? – What about next generation PRSPs??
- To what extent are natural resource assets reflected in national & regional marketing & trade? How can this be improved?
- Is Strategic Environment Assessments (SEA) used in a practical & functional manner so that different sectors (& programmes) responsibly integrate environmental aspects of direct relevance to sector?
- What is true economic importance of ENR to GDP how significant are these for HHs & livelihoods – esp. poor?
- What criteria should Gov put in place to guide future decisions to inform scale at which interventions will be more cost effective & environmentally sustainable?
- What packages of incentives are needed to promote & sustain strategic private-public partnerships for ENR management – esp. marketing?

## **2.4.2 Issues Raised**

**Ethiopia:** the issues raised by the delegates were as follows: Ethiopia has National biodiversity indicators; we have tried to incorporate and address environmental issues in our PRSP papers and as a result there has been marked increase in awareness of environmental issues etc.; nations need resources to implement the plans they have for environment and the management of natural resources. There is therefore a need for economic justification for the resources being asked for in order for the environment to be given the importance it deserves. There is also need to convince governments and donors to plan for the changes we want to see and to plan for the environment; there is need for us to clarify what we mean by economic indicators; there is a need for guidelines in the preparation of national accounts. This would also contribute to the region approaching the issues as a block as opposed to individual states and therefore the region would have similar accounting systems. Some countries do not have national accounting systems in place and this would impede the process of generating a region wide accounting policy (one that incorporates production, income and expenditure) the system should be consistent throughout the region. In order to develop a sustainable accounting system we need to link Natural Resource management and environment to the GDP of all member

states in addition to this we also need to be careful and sensitive when implementing this system

**Uganda:** The issues raised by the delegates were as follows: Most of the environmental issues are in the informal sector and experts therefore need to advise planners and economists on how best to incorporate these issues into their measurements of economic indicators etc.; currently Uganda has in place a Sustainable Development Index (SDI) which they use in environmental accounting. This should be looked at by the consultants as a case study for duplication in the region; the role women play in the conservation of the environment and natural resources is important and should therefore be addressed and looked into for further exploitation. Women need to be involved and used in the management of natural resources and afforestation.

**Sudan:** The comments, suggestions and questions raised by the delegates were as follows: it is important that we integrate Natural Resource planning into our economies; the role the environment plays in any economy is important but is rarely given the importance it deserves. Fossil fuels are just as important as any other sources of fuel and they should not be completely ignored as we discuss alternative sources of fuel; there is need for organizations such as the IUCN and IGAD to help partner states such as Sudan build capacity to be able to integrate environment and Natural resources into planning; and we should be at the very forefront of the change we want to see and be the change we want to happen for us to make any headway in the implementation of all the discussion we have had and the policies we wish to make.

**Kenya:** The comments, suggestions and questions raised by the delegates were as follows: the problem or the issues in environment are broad and many; there is therefore a need for development of a policy that covers all elements of environment. Once this policy is developed it would also be prudent to submit a protocol (Framework for implementation) which would be legally binding to partner states; the approach to policy generation needs to be holistic as regards the IGAD region and the formulation should also consider an approach that is region wide in nature and relevance; existing institutions that deal with the environment should approach the ministry of planning and finance and work with them to form productive synergies that would be of benefit to the environment and all natural resources. There is need to conduct sensitization of environmental and natural resource issues to the public at large. In relation to this we need facts and figures that will accompany us in making a case for the environment; we need to appreciate that there is currently someone or some people footing the environmental bill i.e. the cost of management of the NR and the Environment, so how are the regional governments and other organizations working to help this people. Do they have adequate support; we need to attach some value to the resources available to us (figures that quantify the value of resources available to us in the IGAD Region) this valuation needs to be carried out per area/sector/ region/ country etc to ensure that no areas and or places are left out; and there is a need for us to appreciate land use in order for us to account for the different agro-ecological regions. We therefore need to look at the market value of the NR and the products derived from them and the willingness from consumers or would be consumers to pay for these resources. We should also look at the geographical distribution of resources in order for us to properly account for these resources and utilise them sensibly. We also need to look at environmental degradation country wide and region wide in order for us to intervene in a prudent manner. Conservation and interventions though they be well meaning have sometime have biased attention accorded to them e.g. the project that seeks to fence off the Aberdares mountains it being the source of water for all of Nairobi though well meaning was not as urgent as the need to address landslides in some parts of

the country caused by siltation, erosion etc. there is also need for lobbying campaigning, engagements, etc. only then can the issue of environment get its right full place in our region.

## 2.5 Theme 5: Emerging Issues

### 2.5.1 Presentation

#### 1. INTRODUCTION

This begins from the premise that discussions on the environment and natural resources, and their interface with planning at national levels is devoid of one key ingredient, namely cognition of politics and appreciation of the policy environment within to pursue sound environmental and natural resources policies and practice. Furthermore, it is critical for actors in these three sectors to conceive environmental and natural resources issues as strategic imperatives that bare on the security of our countries and region. That rationalization is likely to add value to the economic returns argument in mobilizing the requisite political will and support to take this agenda forward. The reflections presented in this paper go beyond the economic, livelihood debate that has dominated discussions on the environment and natural resources to some of the emerging security issues that are likely to impact these two core assets of wealth creation. I employ a broad definition of natural resources to include the environment. The notion of security encompasses human security, elaborated as freedom from want, freedom from harm and opportunity to actualize the full potential of all human beings, as conceived in the basic African Union documents (such as the Constitutive Act (2000), the NEPAD Framework document (2002) )

Based on this argument this presentation focuses on six issues: a) the policy environment- which I argue matters most, and the opportunities that arise within this environment for advancing this agenda, b) the need to focus on the nexus between security and the environment, c) the nexus between security and natural resources, d) the impact of globalization on the governance of Africa's natural resources, e) issues of state capability to effectively manage both their environment and natural resources, and f) reflections on emerging issues.

#### 2. CONTEXTUALISING THE POLICY ENVIRONMENT IN IGAD

The policy environment and political support matters and sometimes matters most particularly in a situation when we need to push an agenda up on the ladder of a government's priorities. Issues of the environment and natural resource governance are not new. Since 1975 when the world committed itself to environmental protection, there has been laudable development of methodologies, approaches, programmes and activities, to improve the environment. However, we have not had significant improvement in all the issues of concern for this seminar, namely people's livelihoods, in value adding, markets and trade of natural resources; governance of the environment and resources; and economic and national accounting. Fortunately, the tide is changing and the policy environment is becoming favorable and actors in these sectors need to seize. As has been said before "no idea is as powerful as one whose time has come"

**At the continental level:** At the AU-NEPAD Peace and Security consultations held in February 2003, the imperative to generate "standards for application in the exploitation and management of Africa's natural resources in situations of conflict," was identified as one of the eight priority areas that constitute the African Peace and Security Agenda (APSA). This decision catapulted the debate on natural resources, previously conceived



largely as falling within the bio-physical, technical realm that related to the apolitical sphere of “development” as defined traditionally, to the sphere of top priority - Security. Prior to this decision there had been efforts, including the promulgation of laws and policies, seeking to address various aspects of Africa’s resources. However, these were piece meal and resource specific. By locating the issue of Africa’s resources within the peace and security agenda, African leaders had not only acknowledged the centrality of these resources to the continent’s agenda for renewal and regeneration, but also their value to the African people’s human security.

Since 2003, the African Union has embarked on a process towards a continental framework that elaborates common standards for the governance of Africa’s natural resources in line with its Common Africa Defence and Security Policy. Although the focus of that decision was on “areas affected by conflicts” the scope of work has expanded to include all of the continent, as a basis for conflict prevention, to enhance the value of resources through adequate management, increase African countries leverage and negotiating power with other stakeholders and trading partners, and to ensure that conflict from one county is not displaced to its neighbors.

**International environment:** The African position has been reinforced by the growing scientific evidence that links trends in environmental changes, access, management and control of natural resources to future (in) security. More than anything else the awarding of two Nobel prices to Wangari Mathai and Al Gore, adherent campaigners on environment in 2005 and 2007, is proof to the growing link between natural resources and global security. Today, there is a growing debate on the need to make improvements and commitments beyond Kyoto, which is accompanied by mounting global pressure on the world largest degraders and polluters, including the USA and India, to take measures that improve the status of the environment. This global movement presents a rare opportunity that needs to be converted into political support within the IGAD region.

**IGAD level:** Unlike other African regional economic communities whose basic mandate was development, the IGAD was created to address an environmental and resource management mandate viz. Desertification, drought and famine. This has since expanded to include peace, security and development. However, in spite of the strong relationship between the environmental and resource management mandate, and the security and strategic value of the region, the environment and natural resources issues are pursued separately from IGAD’s peace and security agenda. The opportunity at the regional level is to reclaim IGAD’s original mandate and to link it to its security and strategic priorities.

### 3. NEXUS BETWEEN SECURITY AND ENVIRONMENT

This nexus is captured in the OAU Convention on the conservation of Nature and Natural Resources of 1969 which states that Africa natural resources, renewable and non-renewable, with which Africa is endowed are *an irreplaceable part of the African heritage and constitute a capital of vital importance to the continent and humankind* as a whole. Fundamental threat to this natural wealth (real or potential is environmental change whether, as caused by man but as accelerated by the climate changes taking place. Today projected climate changes are likely to pose a serious threat to IGAD region’s security. Extreme weather events, droughts, flooding, rising sea level and increased spread of life-threatening diseases are likely to add new hostile and stress factors in a region that ecologically fragile.

- a) Climatic changes – impact on vital resources, Lack of access to vital resources, primarily food and food can be an additional causative or trigger factor of conflict - probably the best known of such conflicts is between herders and farmers whenever there is a period of prolonged droughts that result in the loss of both farmland and grazing lands. In the cases of repeated events of this kind, we have almost intractable

- conflicts as in Darfur. If the region continues to experience extreme droughts and famines then we are likely to see increased conflicts as pastoralists move southwards in search of grazing areas deeper into areas that were previously seen as agricultural zones.
- b) Impact of climate change on human and state capacities. A situation of floods can lead to a threat of spread of conditions favorable for vector-borne diseases such as malaria. For instance, estimates indicate that an increase in the temperatures of up to 2 degrees Fahrenheit can trigger a malaria epidemic in Kenya; the recent floods in Uganda and Western Kenya could have the potential of triggering a health emergency – because excessive flooding can lead to poor sanitation and trigger diseases such as cholera. Any health emergency involving large numbers of casualties and probably death can quickly expand into a major regional or global security crisis (avian flu; Ebola, etc.) Besides affecting basic livelihoods including food production, such conditions have a huge negative impact in terms of reducing the productive capacity of any country economically – at all levels
  - c) Land loss. Sea level rise could result in the displacement of large numbers of people in Africa where generally more than 25% of our population lives within 100 kilometers of the coast and shores of various large lakes or the river Nile. A number of cities in IGAD region that are key entry ports to the hinterland are on the coast and therefore vulnerable to any rise in water levels. The recent floods in Uganda, Western Kenya and the threat on some of the coastal communities of Somalia in December 2005 attest to the vulnerability of our key strategic cities, towns and communities. Given the centrality of land as an element of production, any stress on land could trigger hostilities between various communities – particularly where people have fled to (case of xenophobia against refugees).
  - d) Combined these factors can bring great stress to the capacities of an affected government to deliver -

If the force of nature has such great potential – what needs to be done? In addition to the activities that take place at community and other levels, there is need to a good understanding of the (national) security consequences of climate change and to integrate these into national security and defence strategies. When addressing Africa top military and civilian leaders in February 2007, Wangari Mathai argued that military and defence establishments needed to focus squarely on addressing the silent enemy that is more deadlier than any army - That why in my view this is not a meeting of environmental and planning experts but should have also included officers from the security establishments. The challenge involves the need to develop climate mitigation strategies, to build varied capacities to bolster environmental protection, undertaking relevant research and development, and looking at the interdependence of the various sectors in order to build sustainable environmental strategies that enhance human security.

#### **4. THE NEXUS BETWEEN SECURITY AND NATURAL RESOURCES**

The nexus between security and natural resources is viewed as core to the three prerequisites for Africa’s development, namely Peace and Security; Good governance and Regional Integration.

- a) Peace and security: the access, exploitation, management of natural resources has been at the heart of instability and conflict on the continent, with competition over access to, and control over natural resources leading to human rights violations and deterioration of human security. Throughout the 1990s, most wars on the continent were funded by Africa’s natural resources. During this period there was a large body of research that focused on the role of these resources in conflict and that primarily labeled Africa’s enormous natural resources a “curse”. The core argument of this

literature – championed by, among others Paul Collier in the greed and grievance theory, was that Africa’s resources had become central to the implosion of the continent as they triggered, accentuated and prolonged conflicts. Among the policy responses to this literature were campaigns to isolate resources that may have been extracted illegally or that had been sold to further wars. These included the Amnesty International Blood Diamond campaign and the Kimberley certification processes. Most recently, there have been tensions between Uganda and CAR over Lake Albert last week– suspected to be an issue of control of an island believed to have deposits of natural wealth.

- b) Governance of resources: A second prerequisite to Africa’s development in good accountable governance – which is key to the nexus between security and natural resources. Historically, poor governance in Africa generally often has led to inequitable access to natural resources and national wealth and has been a root cause of conflict in many countries. Conversely, good governance of natural resource can contribute significantly to sustainable growth and development. This is particularly so given the shrinking ODA flows into Africa as against the imperative to turn the continent around. Thus, since 2005 African leaders within various forums have been debating ways of transforming Africa’s wealth into its blessings. Central to this debate has been the notion of good accountable governance of the wealth of this continent. In 2005, for the first time discussion were held about the possibility of using Africa’s public savings to finance mega projects relating to its natural wealth. Within this framework are issues of the role of the communities where this wealth is located and how this endowment translates in terms of enhancing their livelihoods. For instance a crucial lesson that has emerged within the Sudan peace process the ingenuity of incorporating the issue of resource governance and wealth sharing provisions within the comprehensive peace agreement as a framework for conflict resolution and future prevention of further attrition.
- c) Regional integration: A third prerequisite for Africa’s development is regional integration – because of the interconnectedness of countries in the region. Furthermore, no country can deal effectively with the effects of either war or climatic change by itself. Likewise the consequences of war and environmental degradation or climate change are likely to spill over beyond borders. For this reason, it is critical the IGAD region pursue a regional framework where attempts are made to bolster each countries capacities’’ to ensure some levels of harmonized capabilities to deal with these changes.

## **5. THE IMPACT OF GLOBALISATION**

For some analysts, the increasing geo-strategic significance of Africa’s resources to the world is evident of the continent facing a second scramble. This situation presents both opportunities for the advancement of the agenda on the environment and the governance of natural resources.

The IGAD region is endowed with significant reserves of some of the world’s most strategic resources, is rich in marine resources, is host to some of the most important river basins, in this case the Nile basin, and is beginning to demonstrate tremendous potential as a fossil fuels supplier. Such endowment of natural resources has not escaped the interests of major corporations, countries and private investors. As a result the IGAD region is attracting a significant proportion of the exploration spending. Global demand for and consumption of strategic resources such as oil, gas, non-metallic and metallic minerals, marine resources and timber are set to increase over the foreseeable future, the need to enhance political and economic cooperation within African states features more prominently in the foreign, trade and security policies of many countries of the world.

Today, the Gulf of Guinea is written into the USA security strategy as an area of interest, so is the East African Indian coast where IGAD countries lie. In addition to governmental security strategy, multinational corporation from Brazil, Canada, China, India, Japan, South Korea, the USA and several other developing countries have either secured or are exploring various opportunities for such cooperation. An interesting aspect of these engagements is the symbiotic relationship between the private sector and the strategic objectives of governments in pursuit of national interests. This multitude of interests creates an environment of intense competition and predatory behavior, with serious implications for peace, security, stability and sustainable development in IGAD Member States, individually and collectively.

### **Implications:**

- a) Most of the projected growth in consumption of natural resources is expected to come from developing countries, especially china and India. This introduces new dynamics into an already highly competitive sector, pitting the various interest groups in a still battle to gain influence, access, effective control and the right to benefit from exploitation of resources, including at community level. Managing this intricate web of interests effectively and in a manner that will benefit local populations remains the single biggest challenge for IGAD member states individually and collectively, at least from a strategic perspective.
- b) Despite constitutional provisions stipulating that ownership of natural resources is vested in the state on behalf of the people, de facto ownership is largely exercised by foreign entities whose interests do not always coincide with those of the state and/or its people. Africa countries rely heavily on external resources for capital as well as technical and technological know-how in activities ranging from exploration, extraction and processing, to marketing and sales. This overdependence renders Africa states vulnerable to external pressures and has the potential to undermine the state's ability to exercise its sovereign right over natural resources. It can also seriously compromise the state's ability to exploit and manage natural resources in a manner that enhances human security.
- c) Africa has failed to transform the enormous economic potential of their natural resource wealth into tangible benefits in terms of human security, sustainable peace and development. Instead abundance of natural resources has fuelled conflicts over access to, and control of, natural resource wealth. While some analysts attribute this phenomena to greed and corruption, the monies siphoned off through such illicit means represent only a fraction of all the revenue that should under normal circumstances accrue to IGAD Member States. Rather, the inability of Members States to exercise effective control over the means of production throughout the value chain, or to dictate the terms for resource exploitation, has hampered their ability to maximize the revenues and benefits from arising from the exploitation of these resources. This then translates into serious human security challenges in the form of high levels of poverty, unemployment and other social ills and creates a fertile ground for disenchantment, dissent and ultimately confrontation with government.

## **6. STATE CAPACITY**

Whether the IGAD region will be able to exploit the potential of its natural wealth is dependent squarely on the capacity at state and the regional levels, to control and manage resources in terms of the following:

- a) Ability to determine the scale of resources in their territory through sound research and documentation. Without this, the region will continue to depend on external capacity for surveying, demarcation etc. Most countries have no clue about

subterranean wealth deposits. What minerals are in the subterranean surfaces of the IGA region? How many of these countries have deposits. Where we know of the wealth, how much fossil fuels does Sudan, or even Somalia have? In Angola – questioning some of the companies undertaking offshore drilling. Concessions are granted on terms determined by outsiders.

- b) Development of a technological base to help explore, exploit and increase the value of resources (process of beneficiation);
- c) Accountability and ensuring that the exploitation and management of natural resources enhances peace, security, stability and sustainable development domestically, at present and the future generations. Key to this, are processes for determining concessions for exploration and exploitations – including taxation regimes etc. In addition is the capacity to bargain favorable terms of investment, in line with countries and regions security and development interests.
- d) Having an empowered population to control and manage access and exploitation of resources. In most cases, resources are control by governments, their agents or external investors, and in most cases, the populations sitting on these resources do not benefit.
- e) Capacity to guarantee security across all territory and to all populations/citizens in a country. Increasingly governments are losing control of resource rich regions leaving them under the control of negative and militia forces – that sometimes use such resources to wage war or to terrorize populations (mungiki and the transport industry in Kenya).

## **7. CHANGING GLOBAL SECURITY THREATS**

Emerging international security threats are spurning dynamics that are likely to impact on the environmental and natural resources issues in the IGAD region. Specifically, the Western countries catalogues of security threats to include terrorism, international crime such as trafficking of drugs, etc., is likely to put pressure on IGAD countries to identify these as their security priority areas. Today, counter terrorism and counter trafficking efforts in the Indian Ocean belt could have huge negative impacts on the marine resources of IGAD. This could take international support away from the environmental and natural resources agenda. It is therefore critical that actors in this sector generate sound analysis to demonstrate the extent to which environment rather than other issues are the primary security threats to the region.

## **8. AREAS OF FOCUSS AND QUESTIONS**

### **At the strategic level:**

- a) There is need to link natural resources, including the environment to security at both the national and regional levels. This requires linking the emerging bilateral and multilateral initiatives on natural resources management to the national and regional imperative for peace, security, stability and sustainable development in Africa. This means going beyond sectoral mandates and allowing for engagement with political actors who are critical for the mobilization of resources and support for the environmental and natural resources agenda.
- b) There is need to determine the resources of strategic value at the national level. At the governmental level, there is need to determine the resources of strategic value. In addition is critical to determine how to deal with the growing (sometimes conflicting) international interests on the identified strategic resources, particularly the influence of China.

### **At operational level:**



- c) The key challenge is to build effective operational capability and forging value adding partnerships at various levels. At the national level, there is need to build inter-departmental relationship to ensure synergy and coherence. One way of ensuring this is deploying a cluster approach to enable the relevant structures of the government to work in cohort. However, partnerships need to go beyond the government and specifically to research institutions in order to generate field-based information and sound analysis as a basis for guiding governmental policies, strategies, action and implementation options. It is also critical to work with the NGO sector particularly in mobilising political will and support as well as raising awareness on the security imperatives of the environment in the countries and IGAD.
- d) Critical at the operational level is building on the progress achieved so far and grounding work on existing commitments at regional, continental and international levels.

**Technological base:**

- e) It is critical for the countries and the IGAD region to build a technological platform to support the environmental and natural resources agenda, and as a basis for reducing the heavy dependency on investors, who are largely from outside the region for technical information and capabilities. Key to the issue of technology is ensuring that they are appropriate and efficient.

**Broadening participation of the populations:**

- f) Among the overarching imperatives for the effective governance of the environment and resources ensuring the institutionalisation of the role of women in terms of their full and meaningful participation, in line with all African instruments, in particular the protocol to the African Charter on Human and People's Rights and the AU Solemn Declaration on Gender Equality, together with the bill of rights enshrined in the constitutions, which guarantee equal rights and opportunities for women to participate fully in all spheres of society.

**The Process level:**

- f) It is imperative that operators in this areas maintain the interconnectedness between the various resources and issues e.g. land is inextricably linked to other resources such as minerals, water, and is also linked to issues of empowerment and equity, as they relate, for instance to whether women can have ownership, access or control, or use of land. This linkage needs to be captured from the policy to the operational/technical levels and structures created to deal with the environment have to allow for the necessary inter-action.
- g) Regionally, it is critical that IGAD commences discussions on the specific strategic resources identified as a basis for creating an overall framework for the governance of natural resources and its implication for the future human security. In other words, as a region IGAD needs to answer the question, how it can use its resources not only to realise the MDGS but go beyond 2015 in line with the aspiration of achieving sustainable peace, security and development.
- h) IGAD region needs to draw on the experiences and lessons from other regions of the African continent, and improve knowledge around its region as a basis for its contribution towards the continental Africa common position on the governance of natural resources. Such a process would go a long way in helping to map out a regional common position for the governance of natural resources, that would form the basis:
  - To clarify regional standards, indicators and benchmarks of planning and implementation of commitments,
  - For comparability and monitoring of performance

- For contributing to the continental process towards minimum standards for the governance of natural resources, in line the African Union Peace and Security.

### 2.5.2 Issues Raised

**Eritrea:** It was observed that due to America's dominance, China's coming provided an alternative however ambivalent. The fact that it is the only alternative to America's dominance this has contributed to the ease with which they have penetrated certain areas of our economies and their continued exploitation of our resources. Their passiveness is elusive and acts as a cover up for more sinister motives, which is pushing their own agenda of satisfying the need for resources to satisfy the increasing demand for raw material in China.

**Sudan:** A delegate from Sudan stated that, it is claimed that China disregards environmental issues when they exploit resources in Africa. The question was is it possible for the interaction between china and Africa to save the environmental issues we have?

**Ethiopia:** It is important that we do our homework as countries, regions, and people etc. to establish our own position in regards to China. We also however need to work together in our approach to this matter. In relation to this how and when, can we talk to each other was the question raised by the Ethiopian delegate. They also added that in order to achieve all that we are discussing political commitment is key so how would we then manage to bring this to the political level. In addition to this, what should IGAD and the technical committee do?

**Kenya:** Kenya's comments were as follows: Globalization is an issue that urgently needs to be addressed; Africa is facing problems caused by the dumping of electronic and nuclear waste how do we address this; How do we also engage the powers that be to make them push NR and environment to be part and parcel of governments' strategies and policy; Due to the environment being used for various purposes e.g. military training by UK troupes etc. we need to avail money for restoration of this lands how can we integrate this into the military budget; In the IGAD Region we do have early warning systems, how can we integrate this with local early warning systems and also the other technologies to this regard; From past experiences with SADCC who have managed to sustain different interfaces how can IGAD learn from their experiences and sustainably implement the same to sustain the debate. How far has SADCC gone as regards the five key strategic resources they identified i.e. land, water, marine resources, fossil fuels and minerals, how do they protect them, how have they been linked to security; IGAD was being charged with coming up with key resources which they did but this was not put in place; Recently the EU was making policies concerning Africa, the strategies included:

- strategies to combat terrorism,
- trafficking of small arms through the coast of Africa and ASAL areas,
- drug trafficking,
- curbing immigration, and
- Peace and security.

This was done without the knowledge of and consultation with African countries; The resources we have are important to them (Europe) hence their interest in the region, these resources can be used as bargaining chips during negotiations; What Africa needs is a

strategy on peace development and security; The solution to the China syndrome is to find out exactly what they want with Africa; The popular notion is that Africa is suffering from a resource curse, we are therefore prone to attacks from economic barracudas, financial piranhas etc. their attraction being the resources we have, this should however not be the case; and How can we hold governments to task? Can we make them all sign performance contracts?

**Uganda:** the comments put across were as follows: Globalization in and of itself is good but as usual Africa was not prepared it is therefore important for us to look at the weaknesses prevalent in the region and quickly address them; on the issue of China we need to strategize and know what our priorities are before we engage the Chinese and dictate the terms of engagement in lieu of our priorities; as regards resources as individual countries and as a region we are not starved of resources, the problem is the resources being directed to causes that are not beneficial and do not have direct benefits for the environment; In answer to this a fellow Ugandan said that most of this resources are brought in by donors they therefore dictate how it's to be used; how are we to use Natural and Human Resources within Africa for our own benefit, we focus too much on what is coming in from outside and ignore the resources available to us from within; It's time for us to utilize these resources to a maximum; and Due to Africa's un-preparedness any Tom, Dick or Harry can come in and exploit us we should therefore be prepared

### 2.5.3 Responses

- We need to understand that China is not in this for our benefit. Our approach should therefore be to draw from our experiences with interaction with the world for the last 40 years; the lessons learnt etc. and use this knowledge in our interaction with China. In this regards technical knowledge is important during the same if it causes us too source for it regional to engage countries such as China it is better than making the mistake of talking to them and regretting later. This having been said we can still negotiate with China on a country to country level but to our own expenses and detriment. Hence the idea of a common approach is extremely important
- Damping of both electronic and nuclear waste is a big problem that is almost impossible to deal with on a country to country basis it is therefore important that we have a common approach to this issue.
- Accountability is a key issue in all of this. The value in corporative approach is the returns. As a region and even as individual nations we stand to gain more if we approach these issues in a common manner. The issues we put across as a block are also of great importance to everyone concerned and hence interaction between ministries and various other players in the region is important.
- SADCC: within SADCC there are various protocols for different issues. (Forum for SADCC consultations) there are also variations depending on the resource in question e.g. diamond in SADCC is highly advanced. A lesson to be borrowed is that unofficial consultations can be organized by different government entities that can then give birth to formal frame works which can then be followed up on by various parties. It is also important to get someone high up in the government circles sympathetic to your cause to champion your cause this will ensure its given the importance it deserves and sees the light of day in terms of implementation
- It is important that we all appreciate the importance of political commitment. Until political commitment is given nothing will happen. Educate those in government who

would like to champion your cause if necessary so that they can do it with conviction knowing the implications and results to be born from the same.

# CHAPTER

## 3.0 GROUP DISCUSSIONS

### 3.1 Introduction

The delegates were divided into three groups to embark on the group discussions. The three groups were as follows:

- Group 1: Livelihoods
- Group 2: Economics, Markets & Trade
- Group 3: Governance and emerging Issues

The three groups were given a frame work to guide the discussions and various questions to aid in the discussions. The Matrix below and the questions below were the questions out forward for discussion by the delegates.

#### 3.1.1 Livelihoods and sustainable Developments (Group 1)

- What are the positive factors that encourage Livelihoods and sustainable Developments issues and what are the inhibiting factors that discourage Livelihoods and sustainable Developments issues?
- What are the major risks and vulnerabilities for any action taken for Livelihoods and sustainable Developments issues?
- What capacities do we have in the regional and sub regional level? What are the major / core / important capacity building needs that are there for Livelihoods and sustainable Developments issues how do we fill in the gaps that are identified required in Livelihoods and sustainable Developments issues?
- What actions require immediate regional and sub regional level (IGAD) attention as concerns Livelihoods and sustainable Developments issues?

The matrices provided for this group were:

**Table 3.1:** Question one, group one

<b>No. 1</b>	What are the positive factors that encourage Livelihoods and sustainable Developments issues and what are the inhibiting factors that discourage Livelihoods and sustainable Developments issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

**Table 3.2:** Question two, group one

<b>No. 2</b>	What are the major risks and vulnerabilities for any action taken for Livelihoods and sustainable Developments issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

**Table 3.3:** Question three, group one

<b>No. 3</b>	What capacities do we have in the regional and sub regional level? What are the major / core / important capacity building needs that are there for Livelihoods and sustainable Developments issues how do we fill in the gaps that are identified required in Livelihoods and sustainable Developments issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

**Table 3.4:** Question four, group one

<b>No. 4</b>	What actions require immediate regional and sub regional level (IGAD) attention as concerns Livelihoods and sustainable Developments issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

### 3.1.2 Economics and Markets (Group 2)

- What are the positive factors that encourage Economic and market issues and what are the inhibiting factors that discourage Economic and market issues?
- What are the major risks and vulnerabilities for any action taken for Economic and market issues?
- What capacities do we have in the regional and sub regional level? What are the major / core / important capacity building needs that are there for Livelihoods and Economic and market issues how do we fill in the gaps that are identified required in Economic and market issues?
- What actions require immediate regional and sub regional level (IGAD) attention as concerns Economic and market issues?

The matrices provided for this group were:

**Table 3.5:** Question one, group two

<b>No. 1</b>	What are the positive factors that encourage Economic and market issues and what are the inhibiting factors that discourage Economic and market issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

**Table 3.6:** Question two, group two

<b>No. 2</b>	What are the major risks and vulnerabilities for any action taken for Economic and market issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>



**Table 3.7:** Question three, group two

<b>No. 3</b>	What capacities do we have in the regional and sub regional level? What are the major / core / important capacity building needs that are there for Livelihoods and Economic and market issues how do we fill in the gaps that are identified required in Economic and market issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

**Table 3.8:** Question four, group two

<b>No. 4</b>	What actions require immediate regional and sub regional level (IGAD) attention as concerns Economic and market issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

### 3.1.3 Governance and Emerging Issues (Group 3)

- What are the positive factors that encourage Governance and Emerging issues and what are the inhibiting factors that discourage Governance and Emerging Issues?
- What are the major risks and vulnerabilities for any action taken for Governance and Emerging issues?
- What capacities do we have in the regional and sub regional level? What are the major / core / important capacity building needs that are there for Governance and Emerging issues how do we fill in the gaps that are identified required in Governance and Emerging issues.
- What actions require immediate regional and sub regional level (IGAD) attention as concerns Livelihoods and sustainable Developments issues?

The matrices provided for this group were:

**Table 3.9:** Question one, group three

<b>No. 1</b>	What are the positive factors that encourage Governance and Emerging issues and what are the inhibiting factors that discourage Governance and Emerging Issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

**Table 3.10:** Question two, group three

<b>No. 2</b>	What are the major risks and vulnerabilities for any action taken for Governance and Emerging issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

**Table 3.11:** Question three, group three

<b>No.</b> 3	What capacities do we have in the regional and sub regional level? What are the major / core / important capacity building needs that are there for Governance and Emerging issues how do we fill in the gaps that are identified required in Governance and Emerging issues.		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

**Table 3.12:** Question four, group three

<b>No.</b> 4	What actions require immediate regional and sub regional level (IGAD) attention as concerns Governance and Emerging issues?		
	<b>Responses</b>	<b>Actions to be taken</b>	<b>Specific Actions</b>

## 3.2 Results from the Group Discussions held

### 3.2.1 Group 1: Livelihoods and sustainable Developments

#### Group Members

- Prof. Shibru Tedla
- Ms. Lucy Iyango
- Mr. Hagos Yohannes
- Mr. Abel Ba Abdalla
- Mr. Joseph Tiba
- Mr. Abdalla Gaafar
- Mr. Damian Akankwasa
- Mr. Ahmed Aouled
- Mr. M. Omar Parah

#### Role natural resources in livelihood support and poverty reduction recognized but not valued in the region

- Yes, minimum of 70% are totally dependent on livelihoods (farming, hunter=gatherer)
- Support research to generate information on tenure issues:
  - Proper land use policy
  - Land classification
  - Incentives for proper land uses (recognition)
  - Clearly define land tenure (incorporating equity issues, promoting self accountability)
  - Provide information on the direct and indirect contribution of natural resources to the national economy
- Contribution of environment/natural resources/assets to achieve MDGs & PRSP
- Natural capital in form of goods and services

Provide information and fora for exchange of information and experiences on sustainable resource management

- Provision for (engagement of politician and decision makers, development partners)
- Budget for conservation (greening the environment)
- Capacity building for natural resource management
- Awareness and sensitization of all stakeholders
- Creation of appropriate and supporting legislation and institutional; framework (Lead Agency)

**Key emerging issues and impact or impact on/by the environment and natural resource base**

- Invasive species
- Crisis associated with climate change
  - Flooding
  - Rainfall variation
  - Temperature
  - Loss of traditional knowledge on land use (agriculture – planting crops, grazing)
- Build capacity to negotiate in carbon trading
  - Adaptation to existing situations
  - Mitigating the impact of the problem
  - Take advantage of the existing instruments to avert the emerging issues (carbon trade, clean development mechanism)

**Strategies/actions to better integrate the emerging issues into national development and environmental planning processes**

- Strategic management approaches
  - Promotion of Participatory management approaches
  - Build capacity for negotiation
  - Create an institution/department at Regional level to inform members about emerging issues & possible mitigation
- Formation of national and regional crisis/disaster management
- National governments to provide for research, monitoring and control of the crises

**Existing policy and legal initiatives**

- Convention and legal framework at national regional and international level in place - Popularization of the existing and new legislation
- Awareness creation and sensitization of all stakeholders
- Popularization of the existing and new legislation and related issues

**Perverse incentives**

- Proper valuation of resources - Lobby for or provide support for valuation (human & financial)
- Making punishment commensurate with value of the resource
- Incentive: sustainable utilization through involvement and empowerment of local people

**Combination of land use for improved livelihoods**

- Integrated land management systems - Facilitating information and experience exchange with in the region and internationally
- Formulation and implementation of land use policy e.g. Integrated watershed management
- Land classification

- Harmonization of the policies and laws that impact on natural resources ensuring that they contribute to sustainable livelihood
- Budgeting for capacity building and empowerment of stakeholder

**Management of tradeoffs in environmental management, agriculture, land management and population pressure**

- Cost-benefit analysis
- Capacity building on population management, negotiation and conflict management
- Build on traditional conflict resolution systems
- Promotion of viable alternatives
- Sensitization on effects of population growth on resource use and availability

**Risk and vulnerability issues to be addressed**

- Degradation
- Loss of benefits
- Marginalization of some vulnerable groups (women , children and pastoralists)
- Build on traditional conflict resolution systems
- Facilitating exchange of information and experiences on sustainable/wise use practices at regional and international levels
- Streamlining livelihoods into development plans
- Targeting vulnerable groups in development plans
- Promotion of wise use/sustainable practices

**The questions that guided the group were as follows:**

- How are natural resources a core component of people's livelihoods?
- What contribution do environmental and natural resource assets make to the achievement of the MDGs and PRSPs?
- What are the key emerging issues? How do they impact on, or are impacted by the environment and natural resource base?
- What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?
- What are the policy and legal incentive in place (or evolving) to make this happen?
- What are the perverse incentives (policy, law, markets) which prevent people from being able to benefit from their natural resource assets on a sustainable basis?
- What combination of land use can better promote and improve livelihoods and the Environment? How can this be done;
- There is an uneasy tension between Environmental management, agriculture, land management & population pressures – how can the trade-offs best be managed;
- What are some of the major risk & vulnerability issues which need to be addressed? And how can this be achieved in terms of livelihood improvement and sustainable environmental management;
- What are the key emerging issues? How do they impact on, or are impacted by the environment and natural resource base?
- What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?

### 3.2.2 Group 2: Economics and Markets

**Table 3.13: Group two results**

No.	Issues	Actions to be taken at National Level	Specific and Immediate Actions Sub-Regional Level
I	<u>Markets &amp; Trade</u>		
1.1	<u>Scale(Production)</u> <ul style="list-style-type: none"> <li>• Branding,</li> <li>• product development,</li> <li>• Quality &amp; Standard,</li> <li>• Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Create Enabling Environment(Policy and Registration)</li> <li>• Organize producers in to cooperatives</li> <li>• Strengthen Linkages between large and small-scale producers</li> <li>• Information and Awareness</li> <li>• Research and Development for High Yield Varieties</li> <li>• Transfer and Adoption of Technology;</li> <li>• Infrastructure</li> <li>• Capacity Building and Entrepreneurship</li> <li>• Access to Finance;</li> <li>• Access to Energy;</li> </ul>	<ul style="list-style-type: none"> <li>• Remove Trade Barriers</li> <li>• Markets</li> <li>• Develop Minimum Standards;</li> <li>• Regional Trade Protocols</li> <li>• Trade and Investment Protocols</li> </ul>
1.2	<u>Pricing</u> <ul style="list-style-type: none"> <li>• Monopoly,</li> <li>• Market Information,</li> <li>• Taxation,</li> <li>• Subsidy</li> <li>• Exchange Rate,</li> </ul>	<ul style="list-style-type: none"> <li>• Liberalized Markets (Policy and Legislations)</li> <li>• Market Information</li> <li>• Government Intervention</li> </ul>	<ul style="list-style-type: none"> <li>• Avoid Double Taxation</li> <li>• Negotiation on Subsidy</li> </ul>
1.3	<u>Markets</u> <ul style="list-style-type: none"> <li>• Market Information Systems</li> <li>• Market Infrastructures</li> <li>• Patents and Trade Marks</li> <li>• Storage and Transport</li> <li>• Promotion</li> <li>• Dumping/protection/barriers/tariffs</li> </ul>	<ul style="list-style-type: none"> <li>• Market Information System</li> <li>• Market Development</li> <li>• Product Promotion</li> <li>• Market Integration</li> <li>• Market Infrastructure</li> <li>• Physical Infrastructure(Roads, power, telecom, etc)</li> </ul>	<ul style="list-style-type: none"> <li>• Market Information System</li> <li>• Market Integration;</li> <li>• Regional Trade Protocols</li> </ul>
1.4	<u>Value Additions</u> <ul style="list-style-type: none"> <li>• Product Development</li> <li>• Packaging</li> <li>• Processing</li> <li>• Standards/quality</li> <li>• Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Enabling Environment(Policy and Legislation)</li> <li>• Technology</li> <li>• Capacity Building and Capacity Enhancement</li> <li>• Conducive Investment Climate</li> <li>• Quality and Standardization(Certification)</li> </ul>	<ul style="list-style-type: none"> <li>• Regional Market Intelligence to realize comparative advantage</li> <li>• Regional Trade Protocols</li> </ul>
II	<u>The Macro economy</u> <ul style="list-style-type: none"> <li>• Economic Structure</li> <li>• Economic Accounting</li> <li>• Economic Planning</li> <li>• Economic Integration</li> <li>• Economic Growth</li> <li>• Poverty</li> </ul>	<ul style="list-style-type: none"> <li>• Protocols</li> <li>• Custom Unions</li> <li>• Tariffs</li> <li>• Harmonization of Protocols</li> <li>• Socio-economic Statistics</li> <li>• Information</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity Building and Utilization</li> <li>• Regional Trade Protocols</li> </ul>

		<ul style="list-style-type: none"> <li>• Integration of National Economic Accounting Systems with Natural Resource Accounting Systems;</li> <li>• Mainstream Environment in to Poverty Reduction Strategies;</li> <li>• Encourage Economic Research</li> </ul>	<ul style="list-style-type: none"> <li>• Socio-economic Statistics</li> <li>• Information</li> </ul>
III	<p><u>Cross-Cutting</u></p> <ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Financial Resources</li> <li>• Policy and Legislation</li> <li>• Economic Research</li> <li>• Governance</li> <li>• Politics</li> <li>• Culture</li> <li>• Cooperatives</li> <li>• Unions</li> <li>• Regulatory Bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Protocols</li> <li>• Custom Unions</li> <li>• Tariffs</li> <li>• Harmonization of Protocols</li> <li>• Socio-economic Statistics</li> <li>• Information</li> <li>• Integration of National Economic Accounting Systems with Natural Resource Accounting Systems;</li> <li>• Mainstream Environment in to Poverty Reduction Strategies;</li> <li>• Encourage Economic Research</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity Building and Utilization</li> <li>• Regional Trade Protocols</li> <li>• Socio-economic Statistics</li> <li>• Information</li> </ul>

**The questions that governed the group’s discussions were as follows:**

- How are natural resources reflected in national accounting, and other measures of national growth? How can this process be improved?
- Does the country have indicators (and means to measure) that reflect the value of the environment and natural resources in the PRSPs and the performance of all the MDGs?
- To what extent are natural resource assets reflected in national and regional marketing and trade? How can this be improved?
- Is Strategic Environment Assessments (SEA) used in a practical and function manner so that the different sectors (and programmes) responsibly integrate environmental aspects of direct relevance to the sector?
- What are the key emerging issues? How do they impact on, or are impacted by the environment and natural resource base?
- What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?
- Where are indicators (in PRSPs) to demonstrate importance of NRs?
- Who is measuring what? – National Bureaus of Statistics? – What do they measure?
- Where are real examples of ENR in national accounts? & use of that data as basis for action and budgeting?
- Is natural resource accounting happening? – If so is it part of national accounts?
- How are Dev & Recurrent expenditures decided (who?) to take into account real contribution of, and need to invest in environment?
- How are natural resources reflected in national accounting, & other measures of national growth? How can this be improved?
- Does country have indicators (& means to measure) that reflect value of environment & natural resources in PRSPs & performance of all MDGs? – What about next generation PRSPs??
- To what extent are natural resource assets reflected in national & regional marketing & trade? How can this be improved?



- Is Strategic Environment Assessments (SEA) used in a practical & functional manner so that different sectors (& programmes) responsibly integrate environmental aspects of direct relevance to sector?
- What is true economic importance of ENR to GDP how significant are these for HHs & livelihoods – especially. Poor?
- What criteria should Gov put in place to guide future decisions to inform scale at which interventions will be more cost effective & environmentally sustainable?
- What packages of incentives are needed to promote & sustain strategic private-public partnerships for ENR management – esp. marketing?
- How can experts advice planners and economist on how to incorporate this in the environment issues into their economic
- What is the economic cost of floods in the region
- Fuel wood resource is changing and with time i.e. in the future it will become an issue how are addressing this;
- How can the ministries of tourism in the region link the benefits of tourism to the direct economic contribution environment and natural resources makes to these industries
- Do we have any example(s) of environment an or natural resource audits or accounting if so how is it reflected in the national accounts or even in the PRSP papers
- How do we or how can we support the private sector initiatives especially those that work with the rural communities
- How do we get the environment and issue related to it discussed in the economic and government level
- How do we hold all sector of the economy and country accountable
- What are the key emerging issues? How do they impact on, or are impacted by the environment and natural resource base?
- What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?

### 3.2.3 Group 3: Governance and Emerging Issues

#### Definitions

- Governance is defined as good management in its entirety and includes policy, institutional and legal framework at all levels (formulation, implementation and monitoring of programmes and activities) from the national to the local levels.
- Emerging issues include Climate change, globalization, emerging security threats, GMOs).

**QUESTION ONE: What are the positive factors that encourage Governance and Emerging issues and what are the inhibiting factors that discourage Governance and Emerging Issues?**

#### Positive Factors

1. Increased accountability by stakeholders.
2. Enabling environment
  - Legal framework –ratification of regional, continental and international instruments
  - Existence of environmental action plans and strategies
  - Environmental institutions

- Policies
- 3. Effective leadership
- 4. Broad participation
- 5. Increased awareness through the media/IT/
- 6. Regional cooperation – common agenda
- 7. Environmental activism in the form of civil society

### **Negative Factors**

1. Conflicts over resources including environmental degradation.
2. Lack of commitment in leadership at political and technical level
3. Inadequate human, technical and financial resources
4. Inadequate implementation of policies, guidelines, and strategies
5. Failure to priorities environment within the government
6. Lack of regional coherence
7. Corruption at all levels
8. Ineffective decentralization of resources
9. Gender inequity
10. Land tenure issue: in terms of allocation, access, use and management of land.

### **Recommendations:**

1. Harmonization of policies, legislation and procedures on environmental management
2. Conserve and restore natural resources.
3. Gazette reserves and forests at national level.
4. Sensitization of policy makers, technical officers from the highest to the local level.
5. Capacity building including training and retain qualified staff.
6. Develop indicators and benchmarks demonstrating impact of environmental degradation, and benefit of environmental conservation.
7. Establish a sub-regional database and resource centre on the various natural resources.

### **Specific Immediate action**

1. IGAD secretariat needs to be proactive – regular update on environmental situation in IGAD.
2. Have ministers involved in Environment and Planning/finance meeting.
3. Establish a panel of experts to advise IGAD structures on environmental issues.
4. Involve parliamentary committees on the environment and natural resources.
5. Briefings to sector working groups on environment and natural resources.
6. More important, IGAD needs to commence a process towards a common regional approach on the governance of resources of strategic value in the region – this should be in line with all the continental positions as minimum standards for the governance of resources as part of the peace and security agenda. This should provide a basis for standardization and harmonization of practices as well as a basis for common platform / conditions for negotiations with international investors. This would also promote a regional guideline to monitor performance and national alignment with various obligations.

### **QUESTION 2: What are the major risks and vulnerabilities for any action taken for Governance and Emerging issues?**

1. Harmonization of policies, legislation and procedures on environmental management.
2. Lack/insufficient resources
3. Lack of political will
4. National peculiarities

5. Foreign interference – which is divisive
6. Lack of coordination and follow-up capacity at IGAD Secretariat level

#### **Actions to be taken**

1. Harmonization of policies:
2. Engagement of IGAD members states in terms of awareness
3. Mobilization of resources internally
4. Diplomacy and awareness to improve on political will. Engagement of political committees and improved knowledge sharing among member states.

#### **Specific Actions**

1. Motivate for reallocation of resources to the environmental agenda (regional)
2. Mobilization of resources (national level)
3. Involve politicians especially the parliamentary committees involved with the environment.
4. Sharing experiences and drawing on the experience of other countries in the region.
5. Engagement of IGAD Member states to promote awareness and advocacy
6. Diplomacy and awareness to improve on political will. Knowledge sharing through field visits
7. Involve stakeholders to cater for national peculiarities
8. Adopt a common agenda or position against foreign interference. Raising our own resources
9. Improve on advocacy and lobbying

**QUESTION 3: What capacities do we have in the regional and sub regional level? What are the major / core / important capacity building needs that are there for Governance and Emerging issues how do we fill in the gaps that are identified required in Governance and Emerging issues**

#### **Responses**

- These capacities to the regional and sub-regional level include:
- Human resource
- Diverse Natural resources
- Regional bodies and organs like IGAD and EAC, research institutions and universities

The core important capacity building needs include:

- Deficiency of awareness on the importance of natural resource conservation.
- Information is inadequate on all issues relating to natural resources.
- Poor accountability of our governments in following basic guidelines.
- Inadequate resources financial, material and technical.
- Stake holder participation is low.
- Follow up (implementation is poor)
- There is low public/private engagement e.g. Governments, the Private sector and NGOs.

#### **Remedies / Solutions**

1. Education and awareness campaigns.
2. Advocacy.
3. Establishment of national data bases in environmental bodies.
4. Improved research.

5. Set up an ombudsman to monitor performance of governments or independent bodies that can check performance of governments regarding environmental issues.
6. Resources: Mobilization of resources locally; partnership with private institutions and universities.
7. Enhanced stake holder participation: advocacy and awareness.
8. Improve information flow.

**QUESTION 4: What actions require immediate regional and sub regional level (IGAD) attention as concerns Livelihoods and sustainable Developments issues?**

**Responses**

1. Globalization
2. Climate change
3. Democratization
4. Conflicts (Regional)
5. HIV / Aids
6. Invasive avian species.
7. Genetically Modified Organisms (GMOs)

**Actions to be Taken**

1. Common positions and standards: Harmonization to internationally accepted benchmarks regarding trade and environment
2. Capacity building to mitigate against climate change
3. Research on climatic change and advice appropriate action plans
4. IGADs increased engagement in conflict resolution
5. Improve natural resource management and utilization including distribution
6. Linkage in terms of awareness about HIV / Aids and environmental management especially the loss of productive human capital
7. Management interventions at regional and sub-regional levels: technology towards elimination of these invasive species. Improve on their monitoring.
8. GMOs: this are a danger to our food security since our locally produced seeds will disappear. I.e. genetic erosion. We should improve on monitoring and evaluation, discourage foreign ones, and improve the quality of our locals' seeds to yield and produce more.

**Specific Actions**

1. Come up with a common sub-regional approach to negotiate with the international community on globalization, climatic change, democratization, conflicts and GMOs. Taking care of national priorities.
2. Capacity building in terms of research on climatic change and logistical support.
3. Carbon trade project preparation and implementation.
4. Information sharing and exchange in the region.
5. In trade and environment, our organic products in the sub-region should be promoted for the international market

**The issues that contributed to the group's discussion were as follows:**

- Decentralization, devolution, deconcentration – are we really devolving to rural people their rights & responsibilities or is it the rhetoric of participation
- Gender & equity in decision making – who is making decisions, why? – Who is included & excluded?
- NR conflict (water, land, resources)

- What are the key emerging issues? How do they impact on, or are impacted by the environment and natural resource base?
- What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?
- Importance of pastoralism – esp. in Horn of Africa – 75%+ Arid/Semi-arid
- Relating wider governance issues to environmental governance – how to make environmental governance more friendly to rural people
- How can NR & environmental governance be improved within & between countries & what will it take to make it work?
- To what extent has NR governance been devolved to lowest accountable level?
- How can improved NR governance improve livelihoods & reduce risk?
- Where is policy on improved local level ENR governance moving in practical terms & what can we learn?
- Is their equity (i/c gender) in ENR governance, & distribution of costs & benefits?
- Do rural people know their rights & responsibilities in law? – are they informed?
- Are land rights fair & equitable? – How can it be improved?
- How can we move from regulation & sanction to sound environmental land use management
- What aspects of Government need to be improved for creating/fostering an enabling environment for NRs & Economy? How?
- How can ENR Governance be improved as a pre-requisite for sustainable social & economic development?
- What will get the environment on the political (not just the technical) screen?
- Are the users of the land part of the decision making with respect to use? How?
- What are the key emerging issues? How do they impact on, or are impacted by the environment and natural resource base?
- What strategies and actions can be suggested to better integrate these emerging issues into national development and environmental planning processes?

# CHAPTER

## 4.0 CLOSING SESSION

The workshop came to a close with the delegates representing each country in the region being asked to give feedback to the workshop organizers and the facilitator. This was done in alphabetic order. Their comments are given below.

### 4.1 Feed Back From the Participants

**Djibouti:** They said they were satisfied with the conference and they would be handing in their comments in writing at a later stage.

**Eritrea:** The delegate from Eritrea stated that the workshop was a success but in future there should be training on the use of a microphone to avoid participants being lost due to the wrongful use of the same. He stressed on the need of having a good public address system and everyone using it properly as this aids in the participants understanding the proceedings by virtue of them hearing clearly what is going on. This would then increase participation and liven then discussions.

**Ethiopia:** The delegates begun by first of all thanking IGAD, IUCN and Kenya for hosting them. They stressed on the importance of this particular theme to the region as it is appropriate for the times. They were saddened by the fact that there were huge issues the workshop did not address but this can be tackled at a later stage. The workshop was a success in their eyes but they cautioned that the secretariat should follow up on the issues discussed thus taking them to the highest level possible i.e. to the politicians, ministers etc. Only then can we say that the workshop was a true success. They requested to have reports from all the countries, this information would then be taken to everyone's respective countries and circulated for the benefit of the individual states.

**Kenya:** The delegates acknowledged the fact that the workshop has played a big role as concerns awareness creation. It was noted that it is necessary to integrate the environment into national development and planning. In addition to integrating it into the national development plan we should also allocate resources to environment and natural resource management. The delegates also suggested getting together at a national level to come up with follow up actions. The Kenyans also requested the organizers and countries alike to ensure that the process is not marred by inconsistency on the part of the people attending the workshops and conference in regard to the discussions held in order to ensure continuity of the process. In conclusion they thanked all the delegates present for making time to attend the workshop.

**Sudan:** The delegates first thanked the Hosts (Kenya), IGAD and IUCN for organizing and hosting the workshop. They however were not happy with the airport delays and the fact that they were not well informed of the programme, however these minor setbacks were offset by the lively discussions during the workshop. They were in agreement with their Kenyan counterparts as regards the continuity of the process. They were of the opinion that the continuity of such meetings should be safeguarded to perpetuate the results of the workshop held.



**Uganda:** The delegates began by thanking the organizers and participants. They also said that the objective of the workshop was met, by virtue of the fact that they were made of the dire need for policy and strategies for environmental and natural resources management. They requested that IGAD, IUCN, National Organization etc. Should attach value to the resources we have. They emphasised on the need to have a time bound plan for the various actions suggested during the course of the workshop. They also suggested that we should from time to time evaluate the progress made. In line with this suggestion it was also suggested that we make an action plan and time frame. They expressed their concern that they missed the detailed country reports and requested that this be put in the report to be circulated.

## 4.2 Closing Remark

**Chairman Dr. Kennedy Ondimu (Ministry of Environment and Natural Resources Kenya):** The chairman appreciated the fact that one can create awareness that would then enable the people use the resources available to them i.e. build the capacity for people to utilize their resources. The challenge however is how we use awareness to resolve conflicts on natural resources. It is also important that we appreciate the fact that many insecurity hotspots in the region and in Kenya are as a result of Natural resources. The question therefore begs, how do we best engage communities in the exploitation of natural resources for their own benefit, in areas such as South Sudan, Somalia, etc. The other question we would ask ourselves is how we resolve conflicts resulting from natural resources. In relation to this how can we account for and what does it mean to take stock of our Natural resources? In conclusion he stated that we should ensure that we have mechanisms in place that would help in creating awareness.

**Mr. Ed Barrow (IUCN – World Conservation Union):** Mr. E. Barrow began by thanking the participants for attending the workshop, he thanked the facilitator (Mr. Stanley Mbagathi) for his good work, Kenya as chair of the IGAD, Mr. Maina Karaba (IGAD acting director) and IDRC for funding provided. On the various actions to be taken, he suggested that we look at what we can actually do in the immediate future and focus on that i.e. what can be implemented in the coming year. He said as IGAD and IUCN they would reconvene a similar meeting and the question they would be asking is what have we done? He appreciated the importance of continuity mentioned earlier by the delegates from Kenya and Sudan. Mr. Barrow also stressed on the significance of parliamentary involvement as they are the one who will eventually vote on the passage of some of the policy issues discussed during the workshop. He noted specifically that IUCN partners with various organizations, members etc. On issues such as livelihood, poverty eradication, climate change (adaptation and mitigation), energy fuels and bio fuels all of which are the pillars of IUCN. In retrospect these were the issues being discussed at the workshop in Mombasa. In conclusion he said that all information on the workshop will be made available to the countries in a CD. His hope was that we have now found a basis for addressing the issues of environment from an economic and environmental point of view. This he said should be a stepping stone for bigger things to come.

**Mr. Maina Karaba (IGAD):** Mr. M. Karaba began by thanking everyone who made time to come for the workshop. He appreciated the fact that they were hit by some technical and bureaucratic hiccups when organizing and sending out the invitations hence some of the invitations came in late. He noted that such forums (the workshop) created opportunities for networking and this then creates an opportunity to bypass some bureaucracy in future such like events. He said that the issues discussed will be

communicated to the council of ministers which is the highest decision making organ of IGAD. He noted that a high turnover of participants in/during the process is a problem that undermines strides made in the negotiations and efforts made. On the issue of a time line and action plan he said that it would be put into consideration as it is a valid and relevant idea to restrain ourselves into a specific time line. All in all he was happy that the workshop was able to bring together economists and planners to discuss the environmental and natural resources. He suggested that we as a region and as countries should weigh the costs and penalties of inaction versus the benefits and fruits of action. He said that they (IGAD) will put in place follow up mechanisms in addition to this he mentioned the fact that the council of ministers had asked for a panel of specialists / technicians to advice them. He said he would be calling on certain people to do the same.

### 4.3 Vote of thanks

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The vote of thanks was given by the delegate from Eritrea. He started by thanking IUCN, IGAD and the host country Kenya. He made specific mention of Ms Florence. He quoted Mr. Francis B. Who said “We can’t command nature except by obeying it”. He noted that we are currently facing the consequences of not respecting / obeying nature. He also noted that we have a tendency of not valuing the social aspect of such meetings which is sad for it is important. He gave an example of a social aspect that would have been lost to some i.e. Eritrea and Ethiopian delegates sat, ate and interacted together. In conclusion he acknowledged the organizers initiative to bring together people from different backgrounds (Economists / planners and environmentalists) as a timely intervention to an increasingly complicated issue.

After this the meeting was ended by the chairman Dr. Kennedy Ondimu who expressed his pleasure in the workshop having achieved its objective.

## **ANNEX**

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## A1: The conference Flyer



### **IGAD Directors of Conservation and Directors of Economic Planning Conference: “Environment and Natural Resources as a Core Asset in the IGAD Region for Wealth Creation, Poverty Reduction, and Sustainable Development”**

IGAD – the Inter-Governmental Authority on Development, and IUCN – The World Conservation Union are convening a major and high level conference on the importance of environment and natural resources in poverty reduction, wealth creation and sustainable development. This conference will be attended by senior (Director) level participation from the countries of the IGAD region (Sudan, Eritrea, Djibouti, Ethiopia, Kenya, Uganda, and Somalia) with some observers from neighboring countries. It is expected that senior decision makers from the Ministries with responsibility for macro-economic planning (Ministries of Planning and National Development, Presidents Office, Ministries of Finance) and Conservation (Forestry, Wildlife, Environment, Fishery, Water, Range management). Other Ministries will also be invited, for example Agriculture and Health (with respect to HIV/AIDS and the use of herbal medicines), as well as some representation from civil society.

This conference which will be held at an appropriate conference centre on the Kenya coast during October 2007, will address the following major issues:

1. **Livelihoods (wealth creation, poverty reduction):** This will explore how natural resources are a core component of people’s livelihoods in the region and make major contributions to the achievement of the MDGs and PRSPs;
2. **Natural resource governance (rights, equity including gender, devolution):** Devolved governance structures are becoming an increasingly important component in the region. This will be explored in the context of natural resource governance and how this improves rural people’s livelihoods and reduces risk;
3. **Market chains and value adding on Natural Resources:** Rural people need to be better able to engage in the market place so that larger proportions of income from natural resources are trapped at the community levels. This theme will analyze the incentives and perverse incentives that either support or mitigate entry into such markets;
4. **Natural resource economics and national accounting:** Natural resources are a central aspect of rural people’s livelihood strategies, yet are, to a large degree not reflected in national accounting, PRSP indicators and other measures of national growth. This theme will explore how this can be improved in practical ways, including Strategic Environment Assessments (SEA), and market and trade analysis; and
5. **Emerging issues:** There are a variety of emerging issues which have a potential important impact on the overall theme for the conference. These include Invasive species, Climate change and adaptation, GMOs, Carbon trade, “food miles”, and pandemics such as HIV/AIDS, effects of globalization, and conflict and insecurity.

**The Overall theme of the Conference is** “Environment and Natural Resources as a Core Asset in the IGAD Region for Wealth Creation, Poverty Reduction, and Sustainable Development”. While the purpose is to understand the extent to which environmental assets (goods and services) are important to livelihoods of people in the IGAD region and the extent to which such values are integrated into macro-economic planning (PRSPs) and so support national and regional delivery on the MDGs.

**There are four main Objectives** for senior decision makers in National Planning and Conservation related Ministries to:

1. Create Awareness and understand of the importance of the environment, and in particular the natural resources in improving the livelihoods of people in the IGAD region;
2. Demonstrate the importance of the environment and natural resource base as a key asset in livelihoods (PRSPs, MDGs, performance – indicators);
3. Focus and explore linkages and possible interventions with existing instruments and facilities; and
4. Discuss and agree to actions that will need to be undertaken to improve the integration of the environmental goods and services into macro-economic planning and PRSP performance towards the achievement of the MDGs.

In preparation for the conference national situation papers will be prepared by consultants. These will be summarized in focused two page summary sheets. A regional synthesis will also be provided and summarized.

This is a technical meeting designed to explore the interface between livelihood improvement and sustainable development and so to the achievement of both the MDGs and PRSPs in the countries in the region. It will agree on a variety of suggested actions and interventions for implementation at both national and regional levels.



## A2 Introductory Speeches

### A2.1 Speech by Dr. Alice Kaundia

**Dr. Alice Kaundia (IUCN REGIONAL DIRECTOR, THE WORLD CONSERVATION UNION (IUCN) EASTERN AFRICA):** Representative of the Executive Secretary of IGAD, representative of IDRC, representative of the Director General, National Environment Management Authority, distinguished delegates from IGAD Member States, Ladies and Gentlemen,

This morning, I have the humble responsibility and privilege of delivering a welcoming remark. I note, like all of you do; that the diversity of plants and animals on his planet is the basis of human survival. Such diversity supports a healthy environment that supports human life. Yet, in terms of national investment as guided by our national policies, budgets for environmental programmes and related activities that enhance livelihood, supporting biodiversity conservation receives very limited financial allocation. And variously this situation has been explained by limited knowledge of the financial and economic contribution that biodiversity conservation and environmental goods and services to national economies. It is therefore envisaged that this meeting of directors from Ministries of Planning the Treasuries and Environment will result in specific action plans for development on national programs that integrate investment on biodiversity conservation and environmental management in the IGAD region.

IUCN and IGAD with support from IDRC have therefore convened this meeting at a very appropriate time when globally, the threat from global warming is heightening flows on environment and biodiversity conservation.

With this brief profile, may I warmly welcome all distinguished delegates to this conference. Thank you and welcome.

### A2.2 Speech by Mr. Maina Karaba

**Mr. Maina Karaba (IGAD):**The Opening statement by the IGAD Executive Secretary at the IGAD-IUCN Directors of Conservation and Directors of Planning meeting 22-25 October 2007, Mombasa, Kenya. Chairperson, the IUCN Regional Director, Delegates from IGAD Member States, Ladies and Gentlemen. First of all, allow me, Mr. Chairman, on behalf of IGAD Secretariat and on my own behalf to thank the Government of the Republic of Kenya for inviting us to meet in this city of Mombasa. I wish to take this opportunity to thank the organizers of this important meeting for the excellent work they have done within such a short time. It is not easy to arrange a meeting of six countries when the organizers are in Nairobi and Djibouti respectively. This required corresponding changes in peoples schedule and planned arrangements at such short notice to be able to be in Mombasa in time for this meeting. I also wish to welcome those of you who are visiting Mombasa for the first time. It is the historical gateway to East Africa. That you are here now gives me confidence and reflects the seriousness and importance our Member States attach to Regional Cooperation in the IGAD Sub-region.

Mr. Chairman, We live in a sub region which has extraordinary physical biological and human resources on which we have so far not been able to fully capitalize. In our struggle to develop, the paths we have chosen have posed major threats to the stability of the natural environment which we occupy and also failed to deliver what we hoped. Yet all is not lost. It and could be redeemed and exploited to feed, clothe and shelter our people.

In this opening address, I wish to point at some concepts that are fundamental to our mapping of the road ahead since this path may well have to be different to what we have followed in the past. This also implies re-examining the content of concepts such as conservation, sustainability, and ecological footprints, food miles, carbon foot prints and others that have originated largely from the international fora and often come to us as conditions for assistance. The most current is neither desertification nor loss of biodiversity but the Climate Change! It is my contention that unless we give these concepts content that is relevant to our own conditions and understood by people, we may miss both the opportunity to achieve ecological balance and sustainable growth.

Mr. Chairman, Many times when we talk about development we should be specific and close to what was defined by the MDGs. Development to the industrialized countries might not be understood or mean the same thing as in our region. The historical development path from hunter gatherer society to agrarian to industrial to information society has been compressed into one small space and time in our part of the world. While the region contains a mixture of all these development stages, we are quickly being turned into a voracious consumer society who grow what they do not eat and eat what they do not grow. This poses a threat to ecological balance because the consumer expects the environment to deliver from the natural resource base what it cannot produce. The media particularly the internet has globalised us to where essentially there is nowhere to hide. Indeed global and local insecurity from degraded life support systems is therefore a reality and not limited to apocalyptic projections of few conservationist. Our own IGAD CEWARN has correlated the occurrences of local clashes with environmental degradation.

Dear delegates, It is my feeling that we need paradigm shifts in managing our resources. Most of our strategies for managing our environment have addressed overall, near-global contexts. Conservation strategies are not the least due to the international community feeling the need to preserve a dwindling natural resource, where joint action is assumed by a reasonably solidaric society with surplus in the economy. Strategies have evolved in contemporary global discussions with a global bias in the concepts. Now there is a need to incorporate our emerging ambitions and address the real issues. We need not hide that conservation has largely failed in our region. The pressure on land has been enormous, yet our strategies for intervention have failed to address the individual land user. Thus we have failed to appreciate the need for individual incentives for each one of us to manage our respective environments in a wise way. Conservation without appeal, incentives and profits to the individual is quickly becoming a none-starter. Without these personalized benefits we have little hope of seeing conservation self-driven. It is for this that planners and conservationist should design a common approach that brings out conservation as a core asset for livelihoods.

Mr. Chairman, IGAD region is not the only region in the world in search of new environmental policies. The MDGs and other international and national initiatives have strengthened ongoing moves towards a critical assessment of the foundations of growth. Rich access to inputs makes almost any development seem sustainable. In this region we lack both the internal and the external inputs for sustainable development. The only logical question is whether the level of sustainability we have been giving ourselves is socially sustainable, even if' it were technologically and biologically so. Unfortunately we have not yet a standardized way of expressing productivity in terms of impact on environmental assets on which our land and water-based occupations depend. Neither do we have a measure of sustainability itself. The smallest irreversible erosion of our

environment base is the hardest to detect. It is not even reflected in the national Accounting systems. I am yet to see a country where environmental damage is debited from GDP.

Mr. Chairman, Following the most recent series of floods, droughts, genetic erosion, HIV/AIDS pandemic, threat of avian flu pandemics, governments may be wise to consider a wider context of their actions than within national boundaries that were rarely defined from environmental considerations. There are other emerging challenges such as insecurity, rebel activities in large areas of our land, trafficking of small arms and the whole issue of globalization and the **China syndrome** that have become real challenge to the environment. By accepting a wider context, economically poor countries signal by such actions a willingness to share more global environmental responsibility. Whilst physical rehabilitation may be possible, there is little doubt that ecological collapses of any kind reduce both carrying capacity and biodiversity in the ecosystems. Few other countries appear to be richer in biodiversity than our region. As custodians of this biodiversity we have a duty to preserve it. And in a biotechnological world we will do well to play the genetic card wisely. It is for this that we should be aware of what the various international conventions mean for us in the region.

Mr. Chairman, The issues I have pointed out in this presentation are not new. Neither are sub-regional or national strategies the final prescription for the sub regional or national development problems. However in search for solutions to future problems and other emerging challenges that arise from politically and ecologically changing world, we should be both innovative and creative. But as I emphasized earlier, the strategies we identify should be focused on fundamental problems of the sub region bearing in mind the aspirations of each individual inhabitant. We should therefore come out with supportive elements in self reliance and aim at regional integration, alternative livelihoods, on/off farm job and income generation, maximum utilization of existing national and regional institution and Food, fuel, and fodder self sufficiency.

Finally, I wish to conclude by expressing my gratitude to the World Conservation Union willingness to cooperate and forming partnership with IGAD. They have a role particularly in activating and organizing such special forums like this one. They have also expertise and experience in management of environment and natural resources. Together we can translate the outcomes of this meeting into useful policies for implementation by our governments to improve the livelihoods of our populations.

Thank for your attention.

### **A2.3 Speech by Dr. Kennedy Ondimu**

**Dr. Kennedy Ondimu (Ministry of Environment and Natural Resources): Speech by Hon. ... Minister for Environment and Natural Resources of the, Republic of Kenya, at the Opening of the IGAD Directors of Conservation and Directors of Economic Planning Conference on: “Environment and Natural Resources as a Core Asset in the IGAD Region for Wealth Creation, Poverty Reduction, and Sustainable Development”, 22 – 26 October 2007, Mombasa, Kenya:** The Executive Secretary of IGAD, The Representative of IUCN, Representatives of Regional Organizations, Delegates from IGAD member states, Ladies and Gentlemen. It is a great honor and pleasure to welcome you all to Mombasa and particularly to this important Meeting of the IGAD Directors of Conservation and Directors of Economic Planning on “Environment and Natural Resources as a Core Asset in the IGAD Region for Wealth Creation, Poverty

Reduction, and Sustainable Development. I hope you will find some time to visit our touristic town of Mombasa and its environs.

Distinguished Delegates, Ladies and Gentlemen when IGAD was created, its mandate was to coordinate member states efforts in combating drought and desertification. Some 20 years down the road, IGAD has grown from strength to strength and has become a vehicle for forging and implementing developmental policies and strategies in the sub-region. The Authority has been revitalized and its mandate expanded to include environment and food security, political and humanitarian affairs and economic cooperation, including infrastructure development, tourism and telecommunications.

Distinguished Delegates, Ladies and Gentlemen, I am encouraged to note that IGAD has embarked on some of the critical issue in socio-economic development and sustainable natural resources management in the region. In this regard, the nexus between livelihoods and natural resources management, natural resources governance and economic development, market chains and value adding on natural resources, natural resources economics and national accounting and emerging issues and their potential impacts on the natural resources and the sustainable economic growth of the region are to be deliberated on.. The outcome of such a discourse, I believe will lead us to the development and implementation of sustainable natural resources and environment management strategies and practices in our countries so as to guarantee sustained economic growth in the region, not only for current generation, but also for generations to come.

We all know that twenty years after IGAD was created environmental problems have increased despite the efforts by IGAD in seeking for solutions. The population dynamics of the region continue to be very vibrant; it is growing fast with lots of movements between and within rural areas as well as rural urban migrations. With the movements new consumption patterns are acquired which lead to higher demands for food, raw materials and recreation space.

These rapid changes in the socio-economic dynamic of our people do not necessarily change in tandem with regulatory regimes for the management of our lands and natural resources. Thus our resources continue to be degraded not because we are not aware but that the institutional and legal frameworks have remained stagnant and out of context. The new socio-economic settings of our societies need to be well understood if new regimes have to be responsive to the current needs.

IGAD has not managed to get all solutions for the degradation of our environment and natural resources because with the growth of populations and exposure to world markets there is pressure to exploit and market them including our valuable biodiversity, minerals, forest products, wildlife, water and forage for livestock production. These are the root causes of many conflicts in the region. The search for conflict resolutions for the myriad of these conflicts have taken a toll on IGAD and whatever progress is made in any area is negated sometimes.

The need to conserve our resources has become more urgent because of the pressure that is also coming from other parts of the globe. Some of our resources are unique to our region but significant to the development of the global community. In this respect we need to know how our actions new or old impact on everyone else.

I therefore think that the outcomes and recommendations of this important meeting, which will have gathered different ideas from the conservation and economic development point

of view, have come at the right time during a critical transition period in the history of IGAD.

Distinguished Delegates, Ladies and Gentlemen, The importance of appropriate policies and strategies in sustainable livelihoods and sustainable natural resources management in achieving sustainable development cannot be underscored. The ability to have the right policy and strategy at the right time to make the right decision is crucial to achieve such lofty goal. I am therefore convinced that the current debate and its outcome will contribute to strengthening the environmental institutions in the IGAD region, but most of all, to the protection and prudent use of the natural resources base of the region.

Distinguished Delegates, Ladies and Gentlemen, I thank IGAD for giving us the opportunity to host this important meeting. I also wish to thank IUCN for co-organizing this meeting.

With this few remarks I wish you very successful deliberations and a nice stay in Mombasa. Thank You.

## A3 Workshop Agenda

**The Overall theme of the workshop was** “Environment and Natural Resources as a Core Asset in the IGAD Region for Wealth Creation, Poverty Reduction, and Sustainable Development”. While the purpose was to understand the extent to which environmental assets (goods and services) are important to livelihoods of people in the IGAD region and the extent to which such values are integrated into macro-economic planning (PRSPs) and so support national and regional delivery on the MDGs.

**There were four main Objectives** for senior decision makers in National Planning and Conservation related Ministries this was to:

1. Create Awareness and understand the importance of the environment, and in particular the natural resources in improving the livelihoods of people in the IGAD region;
2. Demonstrate the importance of the environment and natural resource base as a key asset in livelihoods (PRSPs, MDGs, performance – indicators);
3. Focus and explore linkages and possible interventions with existing instruments and facilities; and
4. Discuss and agree to actions that will need to be undertaken to improve the integration of the environmental goods and services into macro-economic planning and PRSP performance towards the achievement of the MDGs.



## A4: List of participants and Contacts

IUCN /IGAD Directors of Conservation, Directors of Finance & Planning Meeting, Sun-n-Sand Hotel, Mombasa, 22-26 October 2007 (Delegates List)					
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## **A5 Executive Summaries of all the National Studies**

### **A5.1 DJIBOUTI REPORT: By Nabil Mohamed September 2007**

#### **Executive Summary**

Djibouti's main assets are its strategic location on the Horn of Africa and its harbour and associated infrastructure which made the third sector (based on services and banks) very important compared to the primary and secondary sectors. Djibouti's economy is characterized by an extreme duality, as it is divided between a modern outward-looking urban commercial sector and a rural subsistence-based pastoralism economy which has little access to infrastructure, services and markets. Changes which have taken place over recent decades in national economic indicators and activities had little impact on the rural population, who continue to engage semi-nomadic, subsistence-level livestock production activities. The major part of this rural population lives under absolute poverty conditions. Poverty is omnipresent and very widespread. 2/3 of the population live below the poverty threshold, among which more than 50% are urban and the major part of the rural population who lives under absolute poverty conditions.

In this global context of poverty, environment and natural resources play special role in the life of the poor and particularly in rural areas where more than one third of the population depends on livestock, fisheries, remaining forests, woody areas, agriculture... for employment and/or survival. Much of the potential to diversify national economic production in Djibouti depends on the development of various different natural resources-dependent sectors such as, livestock, fisheries and agriculture. All these sectors already make an important contribution to national food security, employment, income and – potentially – exports but are not really reflected in national accounting or other measures of national growth. Although their importance in the livelihood of people in Djibouti, environmental assets is poorly integrated into the macro-economic planning to efficiently support the Djibouti Millennium objectives and the New Initiative for Development).

The evolution of society, globalisation of the exchanges and emerging issues (climatic changes, GMO'S...) oblige the countries to adapt the performances of their economy in a context of disengagement of the state. For that purpose, natural resources are a major asset for rural people. The question is how to reconcile, the Djiboutian social requirements of poorest people and the performance of the economy?

Some opportunities (favourable institutional context, international conventions and agreements...) are already in place in Djibouti to empower communities so that natural resources can serve as platform of economic opportunity onto which social capital can be built. The Decentralization policy engaged by the government aims to transfer some of the central government functions and powers to the regions (regional policy of development as well as responsibilities, education, social services...) to ensure good governance. The questions are: at which level these communities are able to take in charge such responsibilities? How important is the articulation between the communities and the local governments?

Some difficulties of various natures (absence of organization, assistance, low financial resources, low technical capabilities, no access to information, and no clear vision in the long term which is based strategic orientations, access to land, property rights...) prevent rural people to take in charge the management of their natural resources and improve their livelihood.

The solution mainly lies in the capacity of these communities to be implied in the construction of strong institutions: co-operatives and associations which are invested in the organization of market chains and installation of social services on the rural territory. These co-operatives will have to function as professional organizations which help the producers to recover a greater added value of their production. They will accompany the exploitations in the technical and economic improvement and their performances and will manage infrastructures. Lastly, they will constitute a force of negotiation face of markets, public authority and local authorities. The future of these communities confronted to the liberalization of the markets and to the disengagement of the state passes by the recognition and the reinforcement of these professional Community organizations, within the framework of the partnership between the public and private sectors. It is today one of the conditions of the rural development and the connection of the producers to the national and international markets.

In addition, in spite of the decentralization policy encouraged by the state, there is still a weak articulation between the rural organizations and the local governments. However, a greater synergy should help the local communities to be interested more in these Community organizations which are their natural prolongation in particular with regard to information, sensitizing and training of their members on the aspects related to decentralization, the natural resources management strategies and citizenship. This articulation should also help to solve the question related to the access to land whose management is entrusted to the local governments and traditional rules.

Whatever the activity (pastoralism, fisheries, agriculture, tourism) depending on natural resources, it is urgent to strengthen the Djiboutian communities capacities so that they can better process and value-add on natural resource based products in a manner that is socially beneficial and environmentally sustainable. Such interventions should help to enhance economic opportunities, reduce vulnerability and enhance security.

## **A5.2 ERITREA REPORT: By Seife M. Berhe PhD, Global Resources Development & Management Consultants, September 2007, Asmara, Eritrea**

### **Executive Summary**

#### **Background of the Study**

Land degradation and desertification are the most serious and widespread problems facing Eritrea and the IGAD region. Hence the purpose of the study is to understand the extent to which environmental assets (goods and services) are important to livelihoods of people in the IGAD region and the extent to which such values are integrated into macro-economic planning (PRSPs) and so support national and regional delivery on the MDGs.

Environmental and Natural Resource as Key Assets for Rural Economic Growth and Livelihood Improvement

A study done in Gash Barka area in western Eritrea has shown that:

- The riverine forest generate more value per capita for the local population than any other form of land use;
- The riverine forest of Eritrea form also an essential component of the traditional livestock production as they provide fodder and/or browse and shelter during the dry season.
- The riverine forest provides ecological goods and services;

- Large proportions of the households (45% in Barka and 59% in Gash) are dependent on forest resources for their livelihoods, which is in the range 15 – 30% of their total income.

Transitional Economic Growth and Poverty Reduction Strategy paper (TEGPRS), lays out the government's policies for macroeconomic management. I-PRSP is anchored mainly on restoring economic growth, while maintaining macro-economic stability and raising Income of the poor segments of the population and putting in place the enabling environment. The Food Security Strategy which is based on improving agricultural productivity and marketing of agricultural output; enhancing national capacity to import food, including keeping a strategic reserve, and using international food assistance more efficiently.

Food Aid policy is based on Legal Notice 26/96 – Food Monetization Policy in 1996, which would make Eritrea less dependent on foreign aid. The aim of the Medium Term Agricultural Sector Development Plan is to achieve food security by identifying potential areas and deploying resources in a co-ordinated fashion. The aim of the Energy Sector Development Plan is to increase alternative energy resources. The perverse incentives (policy, law, markets) that hinder progress are:

- Lack of an umbrella **Environmental Law and Sectoral legislation**;
- Government's inability to **enforce laws** governing use of, and access to land and/ or natural resources can lead to widespread exploitation of Natural Resources.
- An **Agricultural Development Policy** that focuses mainly on increasing the production of goods without addressing the sustainability of the resources;
- **Transforming** naturally rich range vegetation to cultivated farms and farming into marginal areas and/or farming along the banks of major rivers of Gash Barka;
- Eritrea does not have land use planning regulatory framework.
- The new **land proclamation** (Law No.58/1994) has not been implemented fully;
- The border **conflict** with Ethiopia is also one of the major barriers that prevent people from being able to benefit from their natural resource assets on a sustainable manner.

### **Natural Resource Governance at the Core of Sustainable Development and Livelihood Improvement**

#### **Natural Resources Governance, Devolution and Rights and Gender**

The Proclamation for the Establishment of Regional Administrations (No. 86/1996) and the Land Reform Proclamation No. 58/1994 provides the necessary legal basis for implementing decentralized governance of natural resources. Insecurity of land tenure in rural areas in Eritrea prevents people from investing in long-term activities, which may contribute to the protection of the environment and natural resources. The Land Proclamation 58/1994 has solved the gender discrimination, because traditional land tenure system had discriminated women's right in land use.

Extent of policy and legal implementation:

- Not many of the Line Ministries had given emphasis to environmental issues;
- There is as such no policy or laws that hinder local communities, however, there are a lot of modalities and market access that need to be made available for poor people;
- The rural communities are adequately informed about their rights and responsibilities; however modern methods of Governance structures have being introduced without proper technical and financial support.

### **Rural People and Communities Being Able To Process and Value Add On Natural Resource Products and Can Fairly and Equitably Enter the Market Place**

Rural people can engage better in the market to increase their income from natural resources by:

- Creating access to markets through community empowerment, resource development and market linkages to enhance the income of small-scale producers; through improvements in production, value add processing, and marketing;
- Local and Regional Procurement (LRP) of Food Aid by international agencies such as the WFP could improve the marketing of staple foods and stabilising prices;
- Value-chain production is required in which raw materials are processed according to a series of discrete value added steps.

Policy and structural impediments include:

- Policies and development programmes to help farmers will always be limited without parallel support to marketing;
- There is no efficient grain marketing board, which assures sustainable pricing for the farmers.

Value-adding on natural resource based products: The Government has made several attempts to Value Add on Natural Resources. For example value-added processing of fish and other marine resources in order to get foreign exchange. While for the Sustainable use of natural resources / agricultural income:

- a). Increasing land under cultivation* by providing infrastructure, essential services, access to credit and farm inputs, and secure rights of tenure to individuals and groups.
- b). Encouraging production of high-value commodities for export* and to produce goods that can be used as raw materials for industry and high-value cash crops.
- c). Accelerated and sustainable afforestation program* by encouraging communities to establish woodlots on community lands.
- d). Marketing co-operatives for Gum Arabic and Incense Plantations.*
- e). Value adding of livestock production in Eritrea* through production diversification, quality improvement and enhancing market opportunities for various animal products.

Environment And Natural Resources in National Accounting, PRSP's And MDG Performance

#### **Natural resources and national accounting, and other measures of national growth:**

Due to lack of data very little empirical work on Natural Resources Accounting (NRA) can be presented about the Eritrean natural resources and environmental issue.

#### **Indicators or means to measure the value of the environment and natural resources:**

The Ministry of Land, Water and Environment is in charge of preparing, in collaboration with all stakeholders indicators that measure the value of the environment and natural resources.

#### **Natural resource assets reflected in national and regional marketing and trade:**

Since there is lack of capacity in accurately assessing the value of natural resources and costs of environmental protection measures it has not been possible to accurately reflect natural resources in national and regional marketing and trade.

**Use of Strategic Environment Assessment (SEA):** So far no SEA has been carried out of major resettlement programs as well as cement factories. However all mineral



exploration companies are by law required to carry out SEIA, before the granting of mining licenses.

### **Analysis of the Important Emerging Issues With Respect To the Environment and Natural Resources**

The key emerging issues in Eritrea are the following:-

1. **Invasive Species:** The fragile and degraded ecology of much of the landscape provides great opportunities for alien invasive plant species such as *Prosopis chiliensis*, to establish themselves and spread.
2. **Climate Change and Adaptation:** As identified by the INC and NAPA studies, the groups that are most vulnerable to climate risks are those that directly depend upon natural resources for their livelihood. These are: subsistence farmers, rural dwellers, pastoralists, urban poor, fishermen and island residents
3. **Genetically Modified Organisms (GMOs):** Though GMOs do not pose immediate significant threat, nevertheless Eritrea has drafted a National Biosafety Framework, to put biotechnology and biosafety regulatory mechanism in place to enable it check and control the safe transfer, handling and use of the products of Biotechnology.
4. **Carbon Trade:** Traditional stoves, “Mogogo” have been improved to increase their efficiency. Each improved stove reduces fuel wood consumption by 21 % and reduction of 0.6 tone of CO<sub>2</sub> per year. So far 22,000 have been disseminated nationwide since 2005.
5. **HIV/Aids:** Although HIV/AIDS is not an environmentally related disease, nevertheless it has an impact on household structures, incomes; labour and cost of caring for people with AIDS are high.
6. **Effects of Globalization:** Although globalisation has encouraged free trade, economic integration and competition, the main beneficiaries so far have been the advanced developed countries.
7. **Conflicts, Insecurity and Environment:** Disasters such as conflicts, insecurity, drought, and environmental degradation have affected the poor substantially and clearly exacerbate economic deprivation in the short term. They can also compromise a household’s long-term economic well being if survival requires the sale of assets, such as those the family had planned to use to finance their children’s education.

### **The main questions that need to be addressed in terms of integrating the environment into poverty reduction include:**

1. How can National Food Security be achieved sustainably and can international food assistance be used more efficiently and effectively?
2. African countries are carrying out major promotional campaigns not only internationally but also regionally for markets, however it seems a daunting task as even the Western countries are protecting their markets. What can be done to resolve this issue?
3. Although no nation can claim to be totally self-reliant it is believed that self-dependence enhances people’s independence of thinking, innovativeness, perseverance and pride in work and these attitudes permit and accelerate economic development. Hence can one say that the policy of self-reliance is a fallacy?
4. Can natural resource governance and sustainable development and livelihood improvement be achieved in countries that do not practise good governance?

### **A5.3 ETHIOPIA REPORT: By Shibru Tedla, PhD, October 15, 2007, Addis Ababa, Ethiopia**

#### **Executive Summary**

The natural resources base (land, water forest, wildlife and biodiversity), which is the basis of Ethiopia's economic development and food security of the people, is under intense pressure from population growth and inappropriate traditional farming and management practices. The livelihoods of the farming communities that provides over 85 percent of the total employment and foreign exchange earnings and approximately 47 percent of the GDP are facing severe constraints related to intensive cultivation, overgrazing and deforestation, soil erosion and soil fertility decline, water scarcity, shortage of livestock feed, and fuel wood crisis. These factors often interact with one another resulting in a reinforcing cycle of "poverty, food insecurity and natural resources degradation trap".

Securing food and a livelihood is inextricably linked to the exploitation of natural resources including land; however, the soils are being degraded at an alarming rate, and there is very little, if any, replenishing of soil nutrients taken by crops in the traditional agricultural system; thus affecting nearly half of the agricultural land. This results in soil loss of 1.5 to 2 billion tones annually, with monetary value of US\$1 to 2 billion per annum. Large parts of woodlands are increasingly threatened by shifting cultivation, growth of livestock, expansion of agriculture, and an increasing demand for fuel wood and construction by the urban sector. Recurrent famine is commonplace despite the immense potential for irrigated agriculture; only one percent of the estimated annual surface water of 110 billion cubic meters is used for irrigation and hydropower.

Ethiopia has laid down development strategies in line with the principles of the Millennium Development Goals (MDG), and plans to reduce the level of poverty significantly. This could only be achieved through better management of the natural resource base (land, water, forest, and biodiversity). Scarcity of land with increased population density and the frequent reallocation of land by peasant associations all over Ethiopia in the past, created a strong feeling of tenure insecurity among land users. The way in which landownership is assigned and secured can determine (a) a household's ability to produce its subsistence and generate market surplus; (b) its social economic status; (c) its incentive to exert non observable efforts, make investments, use resources sustainably; (d) and its ability to self-insure and /or access financial markets and better access to social services.

The links between poverty and the environment are quite apparent in Ethiopia. As rural and village populations grow, markets for wood become prevalent. Cutting wood from remnant forest generates income for peasant families who now burn crop residues and animal dung and less wood in their households. Removing crop residues, diverting dung from fields breaches the nutrient cycle and leads to degradation of the soil structure and leaves fields more vulnerable to erosion. The loss resulting from use of cow dung and crop residues for fuel is equivalent to 500,000 Mts of grain per annum. Improving access to efficient alternative supply sources of domestic energy improves the health and safety of women and children, reduces the burden of fuel wood collection, and also helps reduce the pressure on forests and soil nutrients. This will have the additional advantage of reducing indoor pollution that has serious impact on health of women who spend a lot of time indoors attending to domestic chores

The national economy is led by agricultural development that revolves around intensification of marketable farm products - both for domestic and export markets, and by both small and large farmers, including a shift to higher-valued crops. The lead role is

played by the private sector, which includes millions of small farmers; but given the early stages of transition to market agriculture, a range of public investments and services is needed to help jump-start the process, as envisaged in the PASDEP.

The disincentives that prevent farmers from investing and benefiting from their natural resources assets include (i) access to cultivable land is the most important factor for rural development and is a key issue in determining the livelihood strategies of the rural poor. There are still prevailing concerns in land security and tenure that impact on environmental management comprising (i) smallholders are not confident in the prevailing security of tenure arrangements; (ii) even though there is a positive change in recent years, the capacity of the local government (at Wereda and Kebele levels) to exercise sustainable environmental management is still far from what is expected to bring about sustainable development; (iii) information communication and advocacy regarding environmental issues despite the gravity of the problem is at its infancy; and (iv) absence of an incentive scheme for positive initiatives and parallel disincentive scheme for activities negative to the environment.

A joint governance of the natural resource by the government and the community is being exercised. Authority, responsibility and accountability are shared among different institutions, likely to include one or more government agencies, local communities, private landowners and other stakeholders. Despite the fact that there are policy frameworks and institutional mandates, the level of coordination and integration is far below of what is expected. This is much more so at regional and Wereda levels because of insufficient capacities and inadequate institutional arrangements. To register success stories in the management of natural resources and bringing sustainable development in Ethiopia is therefore, the result of the capacities created to enable relevant stakeholders effectively plan and implement projects addressing their felt and expressed needs at different levels. Realization of these in turn demands genuine participation of the local communities from the very onset of inception, identification, project formulation, and implementation stages.

Policy and legal issues that need further research and debate in relation to environmental and natural resources sustainable management include: (i) the inadequacy or ineffectiveness of environmental laws and procedures; (ii) redistribution of farm lands vis-à-vis the small land holding of the households and the pressure from the landless young rural communities; (iii) standardization of land valuation and compensation methods and procedures; (iv) using land rights as collateral for loans for investment; (v) institutional, technical and legal capacities of enforcing appropriate land use planning and proper use based on the land capabilities in a watershed approach; (vi) creating strong institutions and developing human and logistic capacity is required to create an efficient, affordable and sustainable land administration at the district and sub-district levels, the reality at Wereda and Kebele levels; and (vii) establishment of a research institute to address the problems on land administration and use to recommend solutions.

Sustainable local-level environmental action plan development and implementation requires active participation of the public throughout the entire process. However, most of the rural communities and local administration as well as the development practitioners are not well informed about the existing policy and legal frameworks of the country. They should be adequately informed and empowered about their rights and responsibilities in the pursuit of sustainable natural resource management in line with the existing policy and legal frameworks put in place in the country.

Well functioning markets, with appropriate and achievable standards and conditions that protect the farming community and environmental exploitation, are critical issues to equitable and sustainable development. Equitable trade of agricultural produces and value adding to primary products, has the potential to lift millions of farming

communities out of poverty in Ethiopia and subsequently invest on their lands. The new approaches to rural development, i.e., differentiated growth strategies according to agro-climatic factors, potential plant species, and market access, is a commendable start towards strategic environmental management. The major focus is on expanding the production, utilization and market opportunities of high value and including trees crops: 'A Value Chain Strategy'. However, many small farmers who tend to be illiterate and poorly connected with market systems lack the information and bargaining power to benefit fully from market transactions. As a result, they receive a smaller share of the consumer price of their products than they should; they have difficulty getting access to inputs, and in addition they pay higher prices for them.

The government of Ethiopia has a key primarily responsibility of ensuring that the benefits of economic growth are equitably distributed across society. It has to establish enabling environment that markets function efficiently and that the playing field is level for all participants, including the smallholders and traders. However, policies and institutions that best suit these responsibilities are not in place.

The memory of redistribution of land in the last three decades is one of the greatest sources of land tenure insecurity and anxiety among the rural population; current federal and regional land laws restrict inheritance of rural land to family members who are resident in rural areas while the country's succession law does not put any restriction to which one can bequeath their property and rights; this undermines investment on land.

Rural landholders cannot exercise their right nor could they discharge their obligations if they do not have adequate knowledge of their rights and responsibilities. Similarly, the judiciary and land administrators cannot uphold land laws and regulations and enforce them unless they are familiar with the laws, regulations and procedures. Other stakeholders such as investors, land renters, financial institutions and utility companies, municipal and township administrators need to know land laws and regulations as well to properly carryout their functions and discharge their responsibilities. To this end, concerted efforts need to be taken by regional states to create adequate public awareness on their land administration, land use, land valuation and compensation laws and regulations using various media and fora.

Natural resource accounts (NRA) and environmental indicators are widely recognized as providing a framework for information and analysis needed to support macroeconomic policy analysis for sustainable economic development. The national resources accounts are particularly important since they constitute the primary source of information about the whole economy and could widely be used for policy analysis and decision making. Despite this fact, NRA and environmental indicators are not instituted to date in Ethiopia.

There are several emerging issues that are taking centre stage in the development scene, among which are HIV/AIDS; expansion of the malaria infection area; the spread of invasive alien plant species including *Parthenium hysterophorus* (Parthenium weed), *Lantana camara*, *Prosopis juliflora*, *Eichhornia crassipes* (water hyacinth) that are altering the ecological relationships among native species and are affecting the ecosystem function, economic value of ecosystems, and human health; climate change inducing spread of disease, draught and floods; imposition to accept GMOs that Ethiopia will not accept in order to avert risk; carbon trading that has become an attractive option to environmental management, especially since biofuel production could be a part of the process; gender and environmental issues; concerns raised around the flower industry; and conflict and insecurity in resource use, especially in the pastoral areas of Ethiopia.

In conclusion, the key strategic issues that are necessary and need to be properly assessed and addressed in order to make the environment and natural resources as core assets in wealth creation, poverty reduction, and sustainable development in Ethiopia include, among others, creating an enabling policy environment; promoting appropriate and good

governance; strengthening human capacity at all levels; promoting effective interventions for smallholder market development; improving the extension approach and technology acquisition; revisiting the land tenure laws and resettlement programmes; improving institutional responsibilities; strengthening local level community base organization; empowering the local community; mainstreaming gender issues; enhancing private sector participation and strengthening public-private partnerships.

#### **A5.4 KENYA REPORT: By Reuben Sinage, For IUCN and IGAD, September 2007**

##### ***Livelihoods - wealth creation and poverty reduction***

**Natural resources as core component of people's livelihoods:** Although an ecosystem performs four major services (provisioning, regulating, cultural and supporting) for maintaining the ecosystem and survival of man. The critical natural resources of an ecosystem that perform the provisioning services for a household are: (i) land (landscape, soils, rock, minerals, agricultural, range, conservation areas etc); (ii) flora (micro & higher plants - terrestrial and aquatic, vegetation communities); (iii) fauna (micro-organisms, wildlife, terrestrial and aquatic); (iv) Atmosphere (air, weather, climate); and (v) water (in soils, atmosphere, flora, fauna, natural reservoirs like aquifers, rivers, lakes, seas and oceans). These are essentially ingredients to the livelihoods for every household.

They are all being degraded through unsustainable utilization by the ever increasing populations. The per capita availability of resources like water and biomass fuels is now critical. This is exacerbated by lack of or inappropriate use of technology in the conservation and production and changing consumption patterns. This just spells gloom and doom to the communities concerned. People's livelihood systems, wealth creation and fight against poverty and disease revolve around basic needs that are in turn the provisioning and cultural services of ecosystems. Below is a summary on how the natural resources are core components of people's livelihoods in Kenya's socio-economic fabrics:

**Agriculture for poverty and food insecurity eradication:** Poverty and hunger (food insecurity) and diseases have been the 3 big challenges in Kenya since independence. Agriculture is key to Kenya's overall national economic and social development. It contributes about 26% of GDP and a further 27% through linkages with other sectors. It contributes about 60% of national export earnings. It is the main source of livelihoods for the majority (80%) of Kenyans who live in the rural areas. The ASALs alone host about 70% of the national livestock population with an estimated value of about Kshs 70 billion. Pastoralism provides direct employment and livelihood to over three million Kenyans. However due to population pressures and use of poor or inappropriate production technologies and marketing, >57% of the population live below the poverty line due to land degradation and declining productivity. This has resulted in over 50% of Kenyans being food insecure. These are indications that the ecosystems' natural resources are being overstretched and degraded leading to food insecurity, poor health and poverty intensification. *Sustainable and high productivity in the agriculture sector will depend on investments, technologies applied, seeds quality, marketing infrastructure, soil and water conservation. SLM is therefore the key to breaking the land degradation and poverty vicious cycle.*

**Production of fibers for clothing:** The production of fibres is part of the agricultural production systems. Industrial processing and value addition of the cotton, wool and hides contribute significantly to the livelihood systems of Kenyans. The industry has declined over the last 10-15 years due to the structure of world market. This decline has contributed to poverty intensification in the affected areas. *New production and protection policies are needed to address the unfair trading regimes in the world market.*

**Water for life, agriculture and industry:** Water is for domestic use, agriculture and livestock productions and hydropower production. It is the most limiting factor in the



provision of other services in the 80% of Kenya (ASALs) that host ~35% of Kenya's population. Rainfall is seasonal, low and erratic with uneven temporal and spatial distribution, resulting in uneven distribution of watering points. Therefore nomadic pastoralism is practiced as a production strategy by the nomads that follow water and forage. In contrast, the humid and marginal dry sub humid zones receive enough rainfall for sustaining rain fed agriculture for a range of crops for each sub zone and livestock keeping. In urban areas water is needed for domestic and industries which provide livelihoods to many families. Inter-basin transfers for Nairobi, Mombasa, and Nakuru have become necessary because of local shortages. Per capita freshwater availability is 930m<sup>3</sup>, below the internationally accepted 1000m<sup>3</sup>. This makes Kenya a water scarce area. Because of the climatic factors, rapid population growth and industrialization, per capita water availability will decline to only 235m<sup>3</sup> per capita per annum by the year 2025. In all ecosystems frequent drought and/or flood hazards threaten lives, property, infrastructure and cause food shortages and hunger, all of which affect the livelihoods of the communities. *Water harvesting and conservation measures including recycling must be put in place in order for this resource to continue sustaining livelihoods and industrialization of the country.*

**Energy for domestic and industrial services:** Energy is needed for cooking, heating, lighting, industry and transport. Kenya's total national energy demand relies on biomass (80.5%), petroleum (18.0%) and electricity (1.4%). Petroleum is imported and the rest is sourced from local ecosystems. This underscores the contribution of biomass fuels to livelihoods in the country. In the rural areas biomass energy accounts for 98% of energy needs. In 2000, it was estimated that the country experienced a deficit of 20million tones of biomass fuel which will rise to ~31.2 million tones in 2015. This demand is leading to over-harvesting and severe degradation of the forests. The business of selling firewood and charcoal making is a livelihood to a large number of farmers and traders. Woodlots for fuel are now a source of livelihood due to demand. The charcoal making and marketing chains employs ~500,000 persons with 2 million dependants. It is estimated that the industry's annual gross revenue is up to Khs.32 billion. Production of hydropower demands a good and constant supply of water to hydro reservoirs from the catchments areas. The reservoirs often have other uses including domestic water supplies, irrigation, fisheries and recreation. This means a number of livelihood systems revolve around hydro dams. *A strategy is needed to either increase fuel wood population, use of energy efficient technologies or switch use to electricity and fossil fuel.*

**Shelter (housing) and forestry:** The materials for shelter (housing) include timber, poles, thatching and walling and roofing blocks. Good housing is a function of availability of cheap materials. The timber industries has traditionally relied on protective and productive forest stocks, which, with pressure have declined to 1.7% of the country's land area against the recommended cover of at least 10%. Currently the forest / timber industry employs a large number of people and contributes about 8% GDP. The construction industries including electrical and telephone lines, depend on productive forestry for timber and poles. *With the high demand for timber, farmers are already responding by planting woodlots especially in the high potential areas where acute shortages are biting. They need national support.*

**Health - against diseases; peace of the mind:** Many livelihood systems revolve around provision of health services especially pharmaceuticals (herbal and industrial), gums and incense products and production of adequate nutritious foods. Recreation and tourism for peaceful minds are gotten from well conserved and healthy environment. Herbal medicine still plays a significant role in the health care of communities. About 80% of rural Kenyan populations rely on traditional/herbal medicinal where poor infrastructure and few doctors and few are found. Some herbal products have already started appearing in supermarkets.



The world market value of natural medicinal products is on the rise indications that they have great economic and social development potentials. *The government can help develop this market further.*

**Contribution of environmental assets to the achievement of the MDGs and PRSP:** PRSPs and MDGs are national vehicles for achieving Agenda 21 where sustainable development emphasizes the environmental, social and economic development as the pillars. The Government has carried out a needs assessment for a number of the 8 MDGs and 12 targets. Because some of the MDG and targets are directly or indirectly linked to environmental provisioning services, they form part of the recommended interventions. By establishing an MDG coordination office to integrate MDGs into the main development frameworks, the Government has indicated its determination to achieve the MDGs.

*Natural resource governance (rights, equity including gender, devolution)*

**Devolution of natural resource governance to people and communities:** Environmental governance in Kenya is through various legislations, standards, and regulations together with institutions that implement them. Before the enactment of EMCA in 1999 as an overarching framework law, environmental laws were scattered and many and some were out-dated. EMCA devolves administration of a number of environmental and natural resources management issues to communities. The devolvement includes the structures that oversee the issues at various levels. EMCA requires NEAPC, PECs and DECAs to prepare environment action plans and integrate environmental concerns into policies, plans, programs and projects at all levels. Further EMCA empowers organized communities to formulate environmental actions and /or conservation and management plans of areas of particular interest to them, which to be legal, must be vetted at various levels before approval and registration by NEMA. New and draft sectoral policies and laws are strengthening EMCA in these respects. Greatest challenges include land and tenure systems, education and awareness of communities, the applicable laws and politics at all levels. Despite these challenges community conservancy areas continue to grow in numbers.

**How improved governance improves rural people's livelihoods and reduces risks:** The finalization of the national land policy and anticipated act are critical to Kenyans. The draft policy proposes consolidation of the many land acts and tenure systems into one coded system. It will address the tenure issues of public land, community land, land rights of minorities, freeholds, leaseholds, informal settlements, resource tenure, community interests and benefit sharing, pastoral land tenure, and equitable and sustainable access to land. Further, the draft land policy addresses land use management issues including sustainable land use, land use planning, environmental management and ecosystems protection and management. Therefore when adopted the land policy and act will have far reaching implications on community ownership, access, rights, use, management, and sharing of benefits accruing from the land and natural resources thereon. This land policy will strengthen the other existing and proposed sectoral policies and acts. Communities will realize and value the resources and have a sense of security to create livelihoods around them.

**Extent to which policy and laws are being put into practice on the ground:** Policy and legal reforms on land and natural resources are very sensitive issues in Kenya. This is what led to the struggle for independence and the debate continues up to now and especially intensified in the last ten years. The political leaders have been calling for reforms starting with the constitution. But it has taken nearly two decades to finalize reforms in only three sectors (environment, water and forest), several draft sectoral policies and a rejected draft constitution. On the ground however some communities are ahead of policy and laws. For example community conservancies are in place and some

working well ahead of wildlife policy review; water user associations were formed ahead of the water policy and act; and individual and community forestry is ahead of the forest policy and act which will promote the activity. Success in implementation of existing policies and laws is always mixed because it depends on resources, capacity, determination and political will. Successes include community conservancies, Water Trust Fund, community forestry and failures include loss of state forests and biodiversity.

**Equitable distribution of costs and benefits of devolved natural resource governance:**

All new policy and legal reforms consider equity including gender equity. There is now a general sense that all governance structures should include at least 30% women to influence their own course. The draft land policy recognizes women among the vulnerable groups whose land rights have to be recognized and resolved. The governance structures will include gender balance while respecting community traditions as far as possible. The rejected draft constitution would have affirmed this in all sectoral reforms.

**Information, awareness and preparedness of communities on their rights and responsibilities for devolved NR governance:**

General awareness of the people's rights and responsibilities to a clean environment as enunciated by EMCA is inadequate. This implies that they cannot demand for equitable sharing of benefits from natural resources services like genetic resources, of which they are the custodians. Communities are therefore not ready for devolved NR governance. The challenges for information and awareness raising are many. A population that is aware of its rights and obligation will participate and contribute towards the management of the environment for its own benefits.

***Market chains and value adding on Natural Resources***

**How communities can better engage in the market to trap more income locally:** Over 57% of Kenya's rural population lives below the poverty line of \$1.00 a day and yet they live in ecosystems that fetch substantial national income through ecosystem services e.g. biodiversity (ecotourism, harvesting timber, fuel-wood, harvesting of genetic resources, livestock grazing). It is because of poverty and low pricing that they tend to over-exploit the resources, which lead to unsustainable land use and biodiversity resources. The loss is particularly severe where expansion of crop cultivation is possible. One way of tackling the two issues of poverty and unsustainable use of environmental resources is through organized entrepreneurial community-based natural resources management (CBNRM). The CBNRMs groups can take advantage of the growing global natural products industry that is currently valued at US\$65 billion per annum. These products represent key sub-sectors of food and beverages, cosmetics, herbal medicines, pharmaceutical, gums and resins and biofuels. The ecotourism industry is even larger. The benefits that trickle down to the community are meager when the value of the whole industry is examined because of various factors including complex and costly market chains with very many players. This erodes the proportion of gate price to the producer to less than half of the consumer price. The difference goes to various actors along the chains. Strategies for successful commercialization of natural resources include: supply chains development; trade services to the communities; products research and development; market development; long-term investments; negotiating for favourable market regulatory mechanisms; use new approaches and instruments carbon trade; shortening the market chains and control marketing cost elements; provision of market information to all players; and evolve governance structures that ensure active participation of all players – producers, businessmen (investors) and consumers.

**Policy, institutional and structural impediments for such engagements and the solutions:** There are four main challenges for the development of markets in order for communities to gain meaningful livelihoods from their natural resources and products:

- Weak policy, legal and institutional frameworks in support of local communities and their products;
- Poorly developed markets for natural resources products;
- Low productivity and lack of standards and quality control mechanisms;
- Inadequate market information to all players; and the unfair global trade regimes.

**How communities can sustainably process and value-add on NR based products:**

Lose of quality of rural produce during transportation to markets; the unnecessary take by middlemen, traders; and the excessive marketing costs leave the producer with very little reward for his labor. These can be avoided if processing were to be done close to production sites. This will, in addition, create employment to community members. However there should be in place several incentives for the investors, including tax breaks, assurance of a minimum production volume and quality, existence and access to the market and returns in shortest period.

**Market chains for NR products – their equity and efficient:** The market chains for the natural products have three layers with several players: (i) raw material layer - the producers, technical support from government departments and NGOs, raw material buyers/businessmen, transporters, and processing investors; (ii) finished product layer – product promoters, distributors, transporters and outlet traders; and (iii) consumers layer – traders and the products consumers. Without a demand for a product its value is zero. This demand or market can be developed through long term strategies by government, businessmen and other stakeholders. With such a market chain equity and efficiency can be created only if the government promotes the industry and avail information to all players so that pricing can find its optimal position for each player.

***Natural resource economics and national accounting***

**Reflection of NR in national accounting and other measures of national growth:**

Only part of environmental service provisions are accounted for in the national accounting system directly or indirectly in the GDP. Natural resources that are formally marketed as goods and services appear in the national accounting systems. Non-market environmental services and products are not reflected in GDP. For example, marketed timber is aggregated and given a value. The sector players are many and spread from the production sites to urban settlements where timber is needed for various industries like construction, furniture, and paper. The contribution of the timber industry in terms of employment and export earnings are also reflected in the national accounts. However the contributions of ecosystems to enable that timber grow to harvestable stage by various ecosystems is not reflected. The same complexity applies to others like tourism, water and biodiversity. There is therefore a need to map out services provided by various ecosystems to enable land use zoning as proposed in the draft land policy. The non-marketed services can be approximated and each ecosystem will have its importance and particular services that it offers and therefore be conserved appropriately.

**Extent to which NR assets are reflected in national and regional marketing and trade:**

A number of natural resources are traded and reflected in national trade including timber, fuel-wood and charcoal, non-timber forest products, mining, fish industry; hydropower, piped water and tourism. At the regional level little trade goes on in natural resources products. The main reason why there is little trade between the states is because the products are the same and there is no value addition to most of them. Cross-border can be improved by putting in place value addition processing plants in any of the countries to encourage export of the raw material and may be importation of the finished product.

### ***Emerging issues***

Key emerging issues in Kenya are HIV/AIDS and other pandemic, conflict and insecurity, effects of globalization, invasive species, climate change and adaptation, GMOs, and carbon trade. Each is impacted or impacts the environment differently.

**HIV/AIDS and other pandemic:** Since 1986 more than 75% of all AIDS cases occur in adults between the ages of 20-45, the most productive age bracket in society in every aspect. They are the main bread winners, field producers or workers in all sectors including agriculture. It therefore means that food production declines and the nutritional status of the affected family members deteriorate. Land and environmental care become secondary. Poverty becomes further entrenched and acute. Any opportunity to over-exploit natural resource just to survive becomes instinctive. This leads to further degradation of the environment including loss of biological diversity.

**Conflicts and insecurity:** Conflicts in Kenya are mainly over land and natural resource use. They affect all levels and are exacerbated failed governance mechanisms; acute poverty; frequent droughts and loss of animals leading to raids to restock, rampant circulation of small arms. They result in internally displaced persons. Conflicts lead to refugees concentrating in areas, points or centers with combined elements of security, grazing resources, watering resources, and sometimes at food aid centers. This strain the natural resources base to the extreme in terms of water, fuel-wood, grazing and herbal medicine and general degradation of the land.

**Effects of globalization:** Information and communication technology (ICT) has enhanced global economic integration and has turned the world into a global village. Globalization has also come to mean 'liberalized or free market'. The rich with technological advantages and stringent regulatory barriers, subsidies for their farmers, tax holidays for investors are enforcing 'free trade' on the poor developing countries. The result is uncompetitive pricing of commodities from poor countries. The poor farmer therefore has to cultivate large fields or over-harvest to produce enough to meet his needs. This contributes significantly to desertification in sub-Saharan countries, Kenya included.

**Invasive alien plant species:** Kenya has been adversely affected by invasive plant specie including the aquatic water hyacinth and the range plant *Prosopis spp*. These plants establish and colonize new environment rapidly causing fundamental changes to ecosystems structurally and services they provide to man and thus affecting the traditional socio-economic fabrics of the communities. Because of rapid of proliferation, eradication is difficulty and very costly. Their economic usefulness has become controversial especially that of the water hyacinth whose weight is ~98% water. Although good as livestock fodder, the *Prosopis* forms dense impenetrable thickets that bars livestock from effectively utilizing it apart from inconveniencing travel by people. However, some parties claim that *Prosopis* can be put into so many uses that there would be no need to attempt to eradicate it. These uses include fodder for livestock, honey from its flower, charcoal and fuel wood, is a shade tree, hard wood timber, may produce commercial gums.

### **Conclusions and Recommendations**

1. Development is about enhancing the livelihood of people, particularly the poor. A livelihood is the means of living that people in a household build through access to and use of the assets they need for this purpose. Of the five categories of livelihoods assets (human, social, natural, physical and financial), natural capital is most critical for livelihoods of communities. The natural capital include: natural resources stocks – the land, water, wildlife, biodiversity, grazing etc. Land degradation is a threat especially to rural livelihoods.
2. Ecosystem and their natural assets provide four major services to man: provisioning services; regulating services; cultural services; and supporting services. The

- provisioning services are the most directly relevant to livelihood systems for the creation of wealth and poverty reduction.
3. The ecosystems provisioning services are for the following man's basic needs that ensure his survival: food, clothing, water, energy, shelter, health, cultural fulfillment, security.
  4. The per capita availability of certain finite natural resources are increasingly becoming critical because of rapid population growth and demands. This is leading to the un-sustainability of their utilization and degradation and is exacerbated by changing consumption patterns and attitudes of the people.
  5. Low agricultural productivity, increasing population and high poverty levels have resulted in over 50% of Kenyans being food insecure. These are indications that the ecosystems' natural resources are being overstretched, degraded or even being inefficiently utilized in the provision of food production services. Land degradation and desertification are therefore of great concern to Kenya. They cause food insecurity, famines, poor health, and poverty intensification.
  6. The productions of fibers for clothing especially cotton and wool have significantly declined over the last ten years due to the structure of world market for these commodities rather than because of environmental degradation. This decline contributes greatly to poverty intensification to the production areas due to lack of alternative livelihoods.
  7. Annual per capita availability of fresh water is declining rapidly due population growth. The per capita water availability is already at 930m<sup>3</sup>, which is below the recommended 1000m<sup>3</sup>, making Kenya be designated as a water scarce area. It will be below 235m<sup>3</sup> by the year 2025 if appropriate conservation interventions are not put in place.
  8. Recommendation: Water harvesting and conservation measures including recycling must be put in place in order for this resource to continue sustaining livelihoods and industrialization of the country.
  9. Biomass energy contribution to total national energy demand by all sectors is 80.5%. The rest is from fossil fuel (18.0 %) and electricity (1.4%). This underscores the contribution of biomass fuels to livelihoods in the country. The scarcity of biomass fuel is already biting and measures are urgently required on the ground to address the situation. This is reflected in the rising prices of charcoal and firewood in the market.
  10. Timber for shelter – furniture, housing and settlements – relies on protective and productive forests which have continued to experience high pressure and now stands at 1.7% of the country's land area while the internationally recommended cover should be a minimum of 10%. Yet good housing and human settlements is a function of availability of cheap materials especially timber. Therefore in the long run private and community forests have to contribute significantly to meet the ever increasing demand for timber and poles. Farmers are already responding to the high demand for wood by planting woodlots in the land parcels especially in the high potential areas where the acute shortages are felt.
  11. Forests contribute significantly to people's health (fight against diseases and injuries and health of the mind through recreational activities. It is estimated that 33% of drugs produced in the developed countries are derivatives of compounds originally isolated from higher plants. Further, approximately about 80% of Kenyans rely on traditional and herbal medicinal due to poor infrastructure, few doctors and conventional medicine is more expensive. Some herbal products are now appearing in supermarkets. Annual global aloe market alone is valued at US\$20 billion. This has motivated some Kenyan communities start domesticating indigenous Aloe spp for the



- world market. Because of demand, it has also motivated traditional medicine practitioners to form associations and practice openly.
12. Contribution of environmental and natural resource assets to the achievement of the MDGs and PRSP have been recognized by the Government. Thus a needs assessment has been made to ensure that there are clear linkages between natural resources assets and the achievement of MDGs by mainstreaming them into the PRSP and Economic Recovery Strategy (ERS). This has particularly been carried out for Goal 1 on eradication of extreme poverty and hunger, Goal 7, target 10 on providing sustainable water and sanitation services, Goal 7, target 9 on ensuring environmental sustainability as well as for energy requirements. Establishment of a coordination office for MDGs indicates the government's determination to achieve the MDGs.
  13. Natural resource governance is in the process of being devolved to the lowest accountable bodies, people and communities through the EMCA and the new water and forest acts. Draft constitution, draft land policy, draft ASAL policy, draft wildlife management policy, all embrace the principle of devolution of powers and structures to the lowest level. Despite the on-going devolution processes, the thorniest issues are on tenure (ownership, rights and access), equity, and gender sensitivity at all levels. Traditional and customary institutions in the governance of natural resources are however strong in many communities.
  14. Improved natural resource governance will improve rural people's livelihoods and reduce risk mainly tremendously through the proposed national land policy and subsequent bill. The policy streamlines and strengthens the tenure systems is gender sensitive and devolves the administration of land issue to district levels. It further addresses issues and management of sustainable land use including ecosystems protection. Other policies under consideration under different laws are on access and equitable sharing of resources.
  15. Ownership of resources by the communities will give them rights to equitable share of the market value of various products from their land or ecosystems. They will therefore realize the value of the resources and form livelihoods around the resources. This will reduce the risk of environmental and natural resources degradation.
  16. Policy and legal rhetoric are being put into practice on the ground to some extent depending on resource availability and society's perceived needs, economic gains and socio-political sensitivity to the issue. Examples abound in the water and forest sector reforms.
  17. Processes of devolution of powers and gender sensitivity and equity are on-going debates and being implemented gradually sometimes ahead of legislations. It is therefore hope that equitable (including gender equity) distribution of the costs and benefits of devolved natural resource governance, including equity in access and ownership rights, land and resource tenure will soon be part of Kenyan society norms and practices with the backing of various laws and regulations including the constitution.
  18. Rural people and communities are not adequately informed about their rights and responsibilities for devolved natural resource governance, and may not be in position to take on such rights. This is because of difficulties in awareness raising and education level that make such an undertaking a big challenge.
  19. Rural people can better engage in the market so that larger proportions of income from natural resources are trapped at the community through four main actions:
    - a. Shorten market chains and control market cost elements to benefit producers.
    - b. Provide market information to all players to stabilize market prices.
    - c. Evolve governance structures that ensure active participation of all players – producers, businessmen (investors) and consumers and lead to local addition.



- d. Try new approaches and instruments being developed include payments for environmental services.
20. There are 4 main challenges for the development of markets in order for communities to gain meaningful livelihoods from their natural resources and products:
  - a. Weak policy/ legal frameworks in support of local communities and products.
  - b. Poorly developed markets and especially access to international market.
  - c. Low productivity and lack of standards and quality control mechanisms.
  - d. Inadequate market information - incentives to rural people and investors alike.
21. Rural people and communities can better process and value-add on natural resource based products in a manner that is socially beneficial and environmentally sustainable through cutting marketing costs and the government putting in place supportive policies like incentives for investors that include tax breaks, assurance of a minimum production volume and quality, existence and access to the market and returns in minimum time.
22. The market chain for the natural products at the lowest level includes the producers/suppliers who may be individuals or communities, who produce or gather the raw materials from the ecosystem. The communities may be supported to produce, gather the products by technical support for example line technical government departments or NGOs. Raw material buyers/businessmen together transporters are a set of players in the chain that will enable the processing investors receive the raw materials. Investors for processing the products locally or away from the producer community are an important group in the market chain.

#### **A5.5 SUDAN REPORT: By Mohamed Elamin Abdelrahman, Khartoum, Sudan, August 2007**

##### **Executive Summary**

Sudan the largest country in Africa covers an area of approximately 2,506,000 sq. km. It extends over six major ecological zones, namely, Desert, Semi-Desert, Low rainfall Woodland Savannah, High-Rainfall Woodland Savannah, Flood Region and the Montane Vegetation. Endowed with rich and varied natural resources both renewable and unrenowable, for its largeness and diverse physical elements, being reflected by its geological formations, climatic variance, ecological zones, and abundant water sources, of which the Nile and its tributaries constitute a major feature. This diversity is also reflected in its people, and as a result the country is multi-cultural, multi-ethnic, multi-lingual and multi-religious.

**Natural Resources Stock-taking:** The northern half of the country is arid and hyper arid, the rest ranging from arid to semi-arid with a greater part suffering from significant moisture deficit. Sudan has a few high land areas. In Darfur, Jebel Marra elevation 3100 meters above sea level, and mountain Kinyeti, on the forntier with Uganda reaches, nearly 3200 meters. This leaves the vast majority of the country under 800 meters, with the Nile valley lying between 300-400 meters. Several geographical regions are usually distinguished, based on the combination of climatic zones and topography. Rainfall averages less than 25mm annually in the northern most part of the country. It generally increases towards the south, averaging 200mm around Khartoum, and 800mm on the northern fringe of the swamps. The southern border lands receive over 1400mm annually.

**Forestry:** Figures on the forestry land are inconsistent, because of different definitions currently used. The figure of 96-106 million hectares is often quoted by different sources as classified forests, representing about 36% of Sudan's surface area

**Water Resources:** Basically Comprise the Nile and its tributaries from which we get 20000 million m<sup>3</sup> at Sennar Dam according to Nile water agreement. The renewable

underground water provides 4500 million m<sup>3</sup>, the seasonal streams give up to 6000 million m<sup>3</sup> while fall which varies from one year to another gives an average of 1000000 million m<sup>3</sup> water under normal rainy season.

Population projection for year 2006 reveals that Sudan total population (000) =36297.0 classified by mode of living as 29.09% Urban and 70.91 Rural, showing that more than 70% of the total population lives in rural areas. They are mainly traditional farmers and pastoralists directly depend on their natural environment for their livelihoods and survival. Crop production and animal raising depend entirely on the renewable natural resources. Food crops Dura, wheat, Millet and other cereals are grown over vast areas of central clay plains in central Sudan and on the undulating sand dunes of the West under rain-fed traditional and semi-mechanized systems. Cash crops cotton, sugar cane beside fodder crops and some food crops are grown in the irrigated projects. On the other hand sandy soils of the West provide the most suitable environment for sesame, ground nuts and others as cash crops. Range lands of total area reaching 68.45 million hectares provide more than 80% of the animals and wildlife feed. Recently petroleum as unrenovable Natural Resource adds nearly 9% to the country's GDP.

Inspite of the immense diversified resources assets the country possesses, Sudan is described as land of misused resources, hardship and poverty. It is rather difficult to reach an accurate estimation of the level of poverty in Sudan at present; due to lack of recent poverty data, it could be argued that poverty in Sudan may perhaps be in the range of 50-60%. Poverty rate is higher in the rural areas compared to urban centers.

Eradication of extreme poverty and hunger is the top listed goal under the UN Millennium Development Goals (MDG's). Sudan has unlimited opportunities to achieve this goal, because of its immense and diversified Natural Resources. (Vast agricultural land, surface and underground water resources, wealth of livestock of all kinds, minerals and other underground resources including oil and gold). Sudan economy is mainly agricultural and the agricultural sector constitutes the core of Sudan life and the main driving force of the economy even with the emerging oil sector.

To make Sustainable integrated rural development possible, we need rational integrated Natural Resources management, policies and legislations. Sudan was one of the first African countries to promulgate legislations concerning protection of the environment. Government records show that there are about 150 acts, orders, guide lines and regulations addressing environmental issues since 1903, the most recent and important ones are: 1- The Environmental protection act (2001). 2- Forest and Renewable Natural Resources Act (2202); and Sudan National Interim Constitution (2005) in which there is a clear commitment towards the environmental protection.

Sudan could be one of the richest countries in the World. However perverse incentives prohibited the rural poor to use their Natural Resources effectively. Lack of explicit land use policy supported by legislation, a situation that continues to generate intensified conflicts among the different land users.

**Land tenure:** Successive laws and decrees have undermined the legal rights of rural Sudanese communities in general, and the small producers (farmers and pastoralists) in particular. Especially egregious and repressive is the 1970 Unregistered Land Act that created land as a scarce commodity subject to privatization, accumulation by a minority and commercial speculation that resulted in modified local land tenure systems and conditions of popular access to and control over land and, therefore, setting in motion a process of continuous alienation of agro-pastoralists from their traditional homelands. The Act, a de facto nationalization by the state, denies any formal legitimacy or juridical status to traditional property rights and implies the cancellation of all rights relating to water,

land and grazing by pastoralists, as well as the suppression of any future income related to such rights.

The Act effectively enabled the government to implement its development policy based on the horizontal expansion of the agricultural sector, both irrigated and rain fed mechanized. By 2001, the total area under mechanized farming reached 8.5 million hectare compared to 0.96 million in 1970/71, an increase of 606%. In addition, and upon facilitation by the Investment Act of 1990, vast tracts of land have been allotted to private capital investments, including foreign capital, a situation that resulted in heavy cuts in rural communities' rights to land and dislocation of considerable people out of land.

**Emerging issues:** The various and recurring conflicts that have plagued Sudan since independence can be attributed to a host of inter-related, cumulative and complex factors, natural resources have played a key role in triggering and fuelling these civil wars. The issue of who controls natural resources, who has access to them, how they are distributed and who participates in the decision-making process, has often been among the root causes of the Sudanese conflicts. In this regard and since the vast majority of people depend on land and water resources to make a living; Issues of land degradation, desertification, deforestation, loss of biological diversity, resource base conflicts, land tenure etc are to be discussed critically.

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**Executive summary**

This report has been made as a contribution to the knowledge base on the linkage between environment and natural resource base as a core asset in the wealth creation, poverty reduction and sustainable development in Uganda. The importance of natural resources is reflected in the choice of the motto used to rebuild and market the image of Uganda abroad, namely: *Gifted by Nature*. The findings will form the basis for a regional conference for senior decision makers from Ministries and agencies responsible for macroeconomic planning and from those responsible for conservation as well as the civil society.

Economically, Uganda achieved strong economic growth and macroeconomic stability since the mid 1980s, largely the result of an ambitious programme of macroeconomic adjustment and structural reforms. Overall, the economy expanded at 6.0% per annum on average. The strong growth helped to reduce the proportion of Ugandans living in absolute poverty from 56% in 1992 to 35% in 2000 but with a slight rise to 38% in 2004, and a decline to 31% in 2007. However, despite the reduction in the headcount poverty, Uganda remains one of the poorest countries in the world. Moreover, the distribution of welfare gains has varied across regions, sectors and social/economic groups. For example, 63% of the population in Northern Uganda lives below the poverty line.

Nonetheless, accompanying the economic transformation has been a shift in the contribution of agriculture to GDP falling from 54% in 1990 to 31% in 2007. These shifts constitute the beginning of the process of structural transformation in the economy, whereby production slowly moves away from subsistence-based agricultural to a mix of commercial agriculture, services and industry as a result of shifts in demand and labour patterns in the economy. It is not expected that Uganda will move away from agricultural production altogether, but that it is orientating its agricultural output towards regional and international export markets. Most of this production is carried out by households and

small and medium enterprises. By implication the government has to put in place a package of measures to build the resilience of these institutions in propelling the economy, more so that it is pursuing a private sector led strategy in its poverty reduction efforts.

Natural resources are a core component of people's livelihoods in many ways. First, they put Uganda in a relative good food security position because of good climate and soils that favour agriculture. Some families also harvest directly e.g. fish, wild game, and vegetables, mushrooms, bamboos, fuel wood e.t.c. Current annual fish consumption is estimated to be 10kg per capita. It is often argued that Ugandans would have found it difficult to cope with scarcity of essential commodities during the 1971-1980 Idi Amin era of bad governance had it not been for the households' capacity to produce their own food.

Secondly, 72% of Uganda's labour forces derive their livelihood from agriculture-based farming. It is by no wonder that the government accepts that in the medium term, poverty reduction depends on expanding incomes from smallholder agriculture. This is because the incomes of the poor depend directly on agriculture, and secondly, farmers spend part of the income generated from cash sales on non- agricultural goods and services. It is the nature-based resources that contribute 80% of the inputs into the emerging agro-processing industry and support the service sector (transport, banking, trade and commerce, e.t.c). The contribution of ENR sectors is also reflected in foreign exchange generation amounting to \$682million in 2005/6 or 77% of all exports. Government accepts that the contribution of the sector would even be much higher if progress was made in improving climate for value-addition.

The improvements made by ENR sectors to livelihoods, GDP, industrialization, foreign exchange, MDGs and economic transformation are traced to a number of reforms that collectively provided incentives to make this happen. The relative political stability enjoyed since 1986, continuity of government and restoration of law and order to protect both human population and its property top the list. The 1987 Economic Recovery Programme (ERP) which was aimed at addressing deficiencies in Uganda's export competitiveness, introducing market reforms into its agriculture policy, attracting more foreign investment, and improving the effectiveness of fiscal and monetary policies.

Further, government pursued a policy to attract foreign investment, through enactment of Uganda Investment Code, and establishment of Uganda Investment Authority. The government also had to deal with one of the market failures related to macroeconomic instability by controlling inflation in order to create enabling environment for private sector investment.

However, effort is also needed to improve the monetary policy. Much of commercial bank lending does not favour agriculture and natural resources. The interest rates which average 20% at a time when inflation is controlled to less than 5 % is another disincentive. Yet many studies have recommended among others that Uganda needs to avail long-term financing at lower cost vis-à-vis favourable tax regime to stimulate domestic industrial productivity.

Further, sustaining high economic growth and low inflation in an environment of ever increasing international oil prices amidst persistent power shortage on the domestic scene is a big challenge. Industrialisation and value addition for increased overall competitiveness of the economy will be frustrated. Needless to mention, it calls for urgent steps to address this disincentive. Short of which many of the MDG targets may not be met. It cannot be expected that the recent discovery of oil will soon be translated into real gains, including addressing the energy shortage.

Incomplete markets failure is another source of disincentive. It occurs when markets fail to produce goods and services that are desired by the public but where the competitive

market cannot emerge because of missing prices, ignorance, lack of information, weak property rights and high transaction costs of looking after the resource. Under the circumstances the government is expected to be the leader in environmental management. It has to address the high levels of land degradation accompanying the rapid economic growth too.

It has been highlighted that abundant natural resources do not necessarily translate into prosperity for all. The State of the Environment Report 1994 underscored the importance of one factor of good governance if a fundamental change has to be noticed. Making governance friendlier to the poor means tackling issues of property rights, access to information and decision-making, adequate representation, institutional transparency, and fairness in sharing the costs and benefits of resource management.

Uganda's history has evidence that bad governance not only negatively affected natural resource management but equally undermined the rule of law and human rights. This was particularly true during the Idi Amin era, 1971-1979, and Obote II era of 1980 -1985. The macro-economic instability was a source of disincentive to investment and instead it promoted speculation in short-term investments like trade.

Although more resource specific studies need to be conducted to capture the level of wealth created by natural systems, the evidence to date strongly suggests that the livelihoods of the poor are built around access and tenure rights. For example, the key variable explaining income levels for rural households in Uganda is access to land and livestock.

Families owning cattle are four times more likely to come out of poverty than those solely dependent on crops. In villages near Lake Victoria, the key variable explaining wealth is access to fishing boats and gear.

Income-wise, these are found to be even more important than other wealth-associated factors such as access to education. By implication therefore, improving governance systems for common property resources like water, rangelands, fisheries, wetlands, and communal forests is going to remain an important factor.

Further, an area of interest in the market chain of different natural resource products is that there is a fairly level playing field so that the communities are gainers in the chain, and can therefore have incentives to sustainably use the natural resource base. An illustrative example of the long standing cash crop of coffee in Uganda shows that farmers globally on average obtain only 15% in its value-chain. In Uganda this proportion is about only 5%. Benefits to resource users are broadened where there is information about the product specifications, standards and markets, good infrastructure, appropriate and affordable technology and strong resource user institutions. Providing a clear policy framework is yet another example of creating a leveled playing field for allowing natural resource based products to integrate in the local and international market, let alone to have the benefits equitably shared. An example has been its policy for encouraging public-private partnerships for resource management and investment. It is starting to pay off in the forestry, fisheries, tourism, energy and water sectors to mention but a few.

Energy is a vital input into small-scale agro-processing (e.g. milling of cereals, cooling of milk, secondary timber-processing, fish storage e.t.c, e.t.c). As has been reported by UBOS the current policy on alternative energy sources and rural electrification needs to examine the cost of using alternative forms of energy. Failure to deliver on energy is going to remain a barrier to the attainment of MDGs.

An emerging recognition is that it is more environmentally sustainable to manage the resources at the appropriate scale that also takes into account the socio-cultural factors. While decentralization is good in encouraging public participation and service delivery, its demarcation around administrative boundaries does not in most cases match with



ecological boundaries. The mis-match of the two reduces the chances of cost effectiveness and harmonization in the management of the ecosystems. Within the constitution provision for local governments to cooperate on matters of development including conservation, Uganda should define criteria to guide management of shared resources by local governments and put in place support systems to ensure same standards and joint planning and management for those resources.

As the country prepares itself to evaluate PEAP and develop a new one, it must make choice on a few indicators that demonstrate a very powerful linkage between environment and development, and in turn rally political support. Beyond that, an institutionalized system to periodically carry out joint assessment of ENR sector must be put in place to measure progress. Such assessments are for example now a common feature of the sectors of Health, Local Government and Water and Sanitation.

By virtue of high dependence on agriculture and natural resources, Uganda faces numerous stresses and shocks, some potentially catastrophic. The Uganda National Household Survey 2005/2006 (Agriculture Module) revealed that 43% of all national crop plots suffered from damage, mainly due to rain shortage (19%), followed by crop disease (10%). The level of risk facing poor rural households has risen with increased market exposure linked to globalization matched by the withdrawal of the state for the direct provision of services such as those provided through state marketing boards, subsidies and price controls.

Households lost out when they responded to government call to plant vanilla whose prices subsequently fell on the world market. Climate change too is increasing vulnerability. Domestic shocks, such as the HIV/AIDS pandemic, have further weakened the position of many poor households.

Reducing levels of risk, where possible, and provision of instruments to reduce vulnerability has to be a central element of prop-poor development policy in Uganda. This not only provides social protection for poor people, but enables them to undertake new, viable but more risky livelihoods, increase their participation in markets and generate pro-poor economic growth. Once farmers cannot cope with risk and vulnerability, it is the whole economy to suffer. A challenge therefore is to mainstream risk and vulnerability in development.

Based on this study, the following questions are proposed for policy level discussions:

- What aspects of governance need to be improved for creating enabling environment for a natural resource base led economy?
- What package of measures should government put in place to build the capacities of SMEs in sustainable natural resource management and value-addition?
- What criteria should government put in place to guide future decisions to inform the scale at which interventions will be more cost-effective and environmentally sustainable?
- What package of policies, incentives and other measures should government put in place to promote and sustain strategic private-public partnerships for ENR management, processing and marketing?
- What are the major emerging risks and vulnerability issues for which government support is necessary to maintain the participation of households in natural resource based production?
- Should the government consider the establishment of Oil Trust Fund, and if yes, how should it be managed?
- What is the total environmental income generated in the economy and how is its use distributed?