



Water Towers, Forests and Green Economy

Outcome of the First High Level National Dialogue in Kenya

Nairobi, 5-7 November 2012

Deforestation in Kenya's water towers deprives the Kenyan economy of 6 billion Shillings annually and threatens the supply of more than 70 per cent of the country's water supply. The dialogue commended the vision and leadership of the government, and calls on all political leaders to ensure that the emerging forest sector transformation and sustainable water management should remain a high priority for the country, to be championed by the highest political level.

Kenya's water towers and forests contribute more than 3.6 per cent of national Gross Domestic Product, and economic benefits of forest ecosystem services are more than four times higher than the short-term gains of deforestation. Preventing the further destruction of Kenya's forests and wetlands and investing in their restoration and sustainable use is one of the smartest and cost-effective natural capital investments Kenya can make, to not only combat climate change, but to create jobs and wealth, ensure water and food security, and deliver Vision 2030. Kenya needs strong political, fiscal, and technical support and commitment for the restoration and sustainable management of this critical resource.

Growing public demand to save water towers and forests

'The objectives of management of land, water and living resources are a matter of societal choices.' - First Principle of the Ecosystem Approach

Based on the increasing public, regional and international demand to halt and reverse deforestation and restoring natural forests, dialogue participants identified a unique opportunity in coming months and years to build up Kenya's natural capital as a vibrant and sustainable engine for growth and prosperity, with the new constitution as the catalyst for this transformation. Increasing forest cover to 10 per cent would trigger unprecedented investments into the forest sector.

The dialogue also recognized the importance of Kenya's water towers for all of Eastern Africa, which implies an important responsibility for the Kenyan government to ensure their sustainable management.

Key factors of success

'Failure is not an option. Our livelihoods, water security, energy security, and food security, and regional peace and stability depend on sustainable ecosystem management.' - Dialogue on Water Towers, Forests and Green Economy

Sustained high level cross-Party support and commitment is essential to achieve transformational change in the management of Kenya's natural capital. Alongside the high level momentum, enabling conditions for private sector investments should be established, through a clear and conducive legal framework. Secure land tenure, good natural resource governance, equitable benefit sharing, and law enforcement have been identified as the most important enabling conditions for improved management and increased investments, leading to sustainable livelihoods. Clear institutional arrangements should be in place to ensure efficient coordination between relevant government sectors, and with stakeholders. Unless significant investments are made to conserve and sustainably manage critical ecosystems, including forests and the water towers, Kenya's Green Economy aspirations will be difficult to achieve.

Role of the private sector and communities

'Support and action cannot come from public sources alone. The private sector is ready to engage.'
- Dialogue on Water Towers, Forests and Green Economy

The dialogue stressed the need for stronger engagement with communities and the private sector¹ to ensure an enabling environment for investments in sustainable forest management and utilization. The dialogue identified barriers to long-term private and public investments in sustainable forest management, and provided recommendations for overcoming these barriers, and moving towards the development of a multisource investment portfolio for development and the long-term delivery of forest ecosystem services in Kenya. Sustainable forestry concessions, including for plantations, could generate revenues for the protection of natural forests, and also decrease the pressure on natural forest ecosystems.

Call to Action: Roadmap for the next five years

'Kenya can no longer ignore the question of Payments for Ecosystem Services. Someone has to pay for keeping our forests intact.' - Hon. Noah Wekesa, Minister for Forests and Wildlife

The dialogue recommended that the following next steps should be achieved within the next five years, supported by a public-private partnership that would support the government in implementing these steps:

Implementation, implementation, implementation. Kenya has a range of well-crafted policies that can be the basis of sustainable management of its water towers and forests but implementation has been slow. The dialogue participants call on government to strengthen the implementation and enforcement of relevant existing policies and measures, including through transparent monitoring and performance appraisal. Emerging key policies and strategies such as the Water Master Plan and the REDD+ Strategy

¹ The dialogue participants and organizers thank the private sector companies that actively participated in discussions, including Finlays, African Development Bank, Equity Bank, Barclays Bank, Ecobank, East African Development Bank, Unilever East Africa Tea, KenGen, Kenya Power and Lighting Company, East Africa Breweries Ltd, East African Portland Cement, Better Globe Forestry Ltd, Ecotourism Kenya, Kenya Bankers Association, and encourages these and other private sector actors, both domestic and international, to become fully engaged in conserving, restoring and sustainably managing Kenya's forests and other critical ecosystems.

should have a clear focus on contributing to the sustainable management of forests and other ecosystems. They should in particular contribute to sustainable livelihoods.

Improved coordination and synergies. A proliferation of responsibilities across government departments, leading to multiple policies, plans and strategies with overlapping mandates should be avoided, and instead synergies should be sought. The new constitutional limit on government departments is an opportunity to achieve streamlining and rationalizing of roles and responsibilities, and to establish performance based monitoring.

Establish Payments for Ecosystem Services schemes to conserve and restore forests and inland waters. For example, this could be based on industrial use and private use of water. Payments should be socially just and be beneficial for communities and land owners, and directly support the conservation of the catchment areas, and performance based monitoring should be in place. Similar existing schemes in countries such as Mexico, Costa Rica, China or the United States could inform the development of such PES schemes. The dialogue on opportunities and modalities for PES in Kenya should be intensified in coming months. UNEP offered to support such a dialogue.

Capture forest landscape restoration potential. Deforestation cost the Kenyan economy an estimated 5.8 billion KSh per year. The potential return of restoring degraded forest landscapes is therefore significant. Applying spatial planning tools, such as maps and remote sensing, and creating an inventory of natural capital, can enable landscape-level planning and investments to optimize different land-use objectives, and can support monitoring efforts.

Develop a multi-source investment portfolio. A public-private partnership should be established which can support the development and employment of a multisource investment portfolio for the sustainable management and utilization of forest ecosystems. This requires that remaining key barriers for private investment are removed and transparency and accountability are enhanced.

Build on research. Data and knowledge management for the critical role and economic importance of forest ecosystems for Kenya's well-being must be up to date, and should also include traditional ecological knowledge. Both water availability and water quality must be kept in view.

Promote participation, education and training. Capacity building should be offered to all relevant stakeholders, and awareness should be raised in the general public. The crucial role of forest ecosystem to economic and sectoral development needs to be communicated widely to sectoral ministries and institutions, private sector and media. The Dialogue further called for investment in capacity building and technological transfer for the establishment of a vibrant small and middle sized enterprise sector which delivers forest ecosystem services and goods and related value addition.

Dialogue participants invite the Permanent Secretary for Forests and Wildlife to bring the outcome statement to the attention of the Sector Chairs in relation to future planning of Kenya's Water Towers, Forests and Green Economy, and to facilitate a continuation of this dialogue. Participants found it important to continue the dialogue at the highest possible level, with effective participation of all relevant

stakeholders, and to monitor the progress made. The dialogue should help to effectively mainstreaming forest ecosystems and their services and goods into sectoral development planning as a mean to capturing the opportunities presented by forests for the delivery of Kenya's Vision 2030 and green economy development aspirations.

Finally, the participants expressed their appreciation to the Kenyan government for organizing the dialogue, and for its leadership in placing sustainable forest management high on the political agenda, and calls for the government to continue on this path towards a socially equitable, green economy.

The high level dialogue featured a number of distinguished personalities including Hon. Noah Wekesa, Minister of Forestry and Wildlife, Hon. Dalmas Otieno, Minister of State In Charge of Public Service, Achim Steiner, Executive Director of the United Nations Environment Programme, H.E. Mr. Lodewijk Briët, Ambassador European Union, and was held between 5-7 November, 2012, at United Nations Environment Programme's Headquarters in Nairobi, Kenya.

The dialogue was held as part of Kenya's follow-up to the Rio+20 outcome "The Future We Want" and as part of the Government of Kenya's efforts to implement its Vision 2030 and environment and forest policies. The three days brought together more than 200 key decision-makers from the twelve Ministries and government agencies, the private sector, development partners, the civil society and the media, as well as international observers.

The purpose of the dialogue was to raise awareness of the socioeconomic role of water towers and forests in the Kenyan economy and identify the enabling conditions which deliver long-term investments into sustainable forest management. The purpose was further to initiate discourse and actions for capturing finance and investment opportunities as they relate to Vision 2030 and the green economy.