



# MAKING THE CONNECTION: Economic Growth, Poverty and the Environment



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Kenya's main economic sectors and largely rural population are dependent on the country's natural resources and environmental services, which provide life supporting and basic economic functions. However, the forests, water, marine and coastal and land resources are becoming increasingly stressed due to uncontrolled use, degradation, pollution and environmental shocks. With the population expected to reach 50 million in 2030, there is a real need to invest in and manage our natural heritage to ensure that economic growth is sustained and poverty reduced.

This briefing paper makes the case for mainstreaming environmental considerations into policy, planning and budgeting processes at the national and district level. It substantiates the linkages between economic growth, poverty and the environment and highlights strategies for reducing poverty and boosting economic growth for both rural and urban dwellers, whilst safeguarding Kenya's natural heritage for current and future generations.

# The environment - at the heart of economic development policy and planning

The environment is the bedrock of economic and social development in Kenya. Access to natural resources is crucial for sustaining rural livelihoods, facilitating district level economic activities and social services as well as for supporting the informal urban economy.

The environment, as a provider of environmental goods and services, also contributes significantly to meeting key social and economic sector objectives. Consequently, environmental considerations need to be incorporated into the policy and planning frameworks of these sectors. The environment can no longer be treated as an externality. Sound environmental management is a profitable investment, not an unproductive cost.



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Approximately 80% of the population derives their livelihood from agricultural activities. Agriculture also contributes around 26% of GDP.

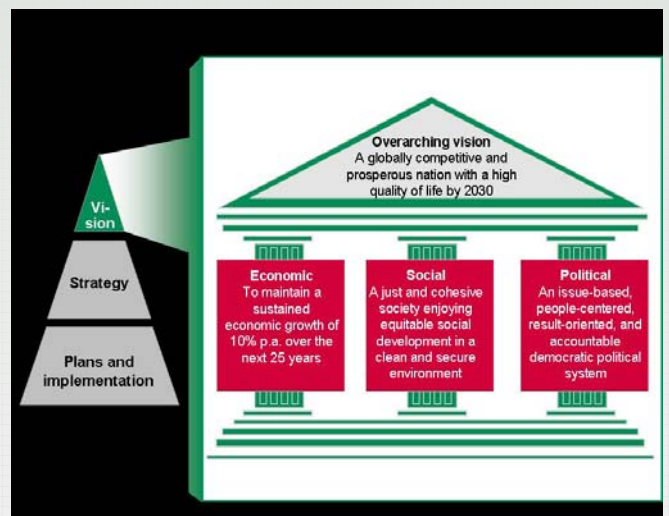
The tourism sector, which provides around 11% of GDP, is largely dependent on healthy woody savanna, coastal, marine and forest ecosystems.

Safeguarding these ecosystems is also vital for maintaining adequate water supplies from the five main "water towers" (Aberdares, Mt. Kenya, Mt. Elgon, Cherangani Hills and the Mau escarpment). Reduced hydroelectricity generation due to insufficient dam water levels, results in load shedding and can paralyse the manufacturing sector, among others, as experienced in 2000 where the economic cost of unmet electricity demand was estimated at US\$400 to \$630 million over a nine month period.

## Looking to the future: Vision 2030

The Government is developing Vision 2030: *Transforming National Development*, as its long-term strategy for sustained economic and social development in the country. This strategy acknowledges that success in achieving Kenya's social and poverty reduction objectives is contingent on making sound decisions on how the environment is managed.

Medium-term planning processes, such as the Economic Recovery Strategy and National Development Plans will aim to deliver Vision 2030 and also endeavor to achieve the Millennium Development Goals (MDGs) by 2015. The long-term success of achieving Vision 2030 targets will largely be dependent on ensuring that environmental management is addressed in medium term plans as an enabler for sustained pro-poor development rather than as an inhibitor to development.





## Environmental sustainability helps achieve the MDGs

MILLENNIUM DEVELOPMENT GOALS	EXAMPLES OF LINKS TO THE ENVIRONMENT
1. Eradicate poverty and hunger	Livelihood strategies and food security of poor households often depend directly on the health and productivity of ecosystems and the diversity of goods and ecological services that they provide.
2. Achieve universal primary education	Time spent by children fetching water and collecting fuel wood can compromise school attendance.
3. Promote gender equality and empower women	<p>Women often lack equal and secure access to land and other natural resources which limits their opportunities to access other productive assets and gives them little incentive to manage resources in a sustainable manner.</p> <p>Women often suffer more than men from the consequences of environmental degradation because they are usually more dependant on natural resources for productive activities.</p> <p>When conversant with environmental issues, women as natural resource managers can exert a positive influence and be powerful agents for change and sustainable development.</p>
4. Reduce child mortality	Water and sanitation-related diseases such as diarrhoea, and acute respiratory infections primarily from indoor air pollution, are two of the leading causes of under-five child mortality.
5. Improve maternal health	Indoor air pollution and carrying heavy loads of water and fuel wood adversely affect women's health, and can also lead to complications during pregnancy and childbirth .
6. Combat major diseases	Preventive environmental health measures are vital and can be more cost-effective than health treatment.
7. Ensure environmental sustainability	Degradation of land and marine resources undermines healthy and productive ecosystems, and in turn the provision of livelihood and economic benefits.

### *Climate change impacts the economy and livelihoods*

**E**nvironmental shocks and stresses brought about by droughts and floods worsen poverty and affect the poor disproportionately because the poor tend to live in marginal and vulnerable areas. Extreme weather events are likely to become more frequent and more severe as a result of climate change. Environmental shocks also have a negative impact on the economy. For example, four successive droughts between 1991 and 2000 and the effects of prolonged water and energy rationing and reduced agricultural output resulted in 0.2 per cent decrease in GDP in 2000.



PER-ANDERS PETTERSSON-UNEP/ Still Pictures

### *Priority actions for the Government to promote environmental mainstreaming:*

- Working to ensure that Vision 2030 and medium term planning frameworks take on board environmental considerations as reflected in the National Environment Action Plan (NEAP) 1994 and 2007 (in preparation ), as well as emerging priorities at local and district levels.
- Ensuring the Mid-Term Expenditure Framework and Public Expenditure Review processes support priorities that provide social and economic benefits whilst safeguarding the integrity of natural resources and environmental services to sustain benefits. Key sectors include Agriculture and Rural Development, Tourism and Infrastructure.
- Strengthening inter-ministerial coordination to enable the Ministry of Environment and Natural Resources to influence and engage with other ministries with a view to effectively integrating environmental issues into policy and planning.

## People's livelihoods are linked to the environment

Poor communities suffer when environmental resources are threatened or exhausted. Surveys on poverty and environment linkages in Bondo, Murang'a North and Meru South Districts, point to a direct link between environmental degradation and increasing poverty. People are pushed to use natural resources in an unsustainable manner to cope with their urgent, basic needs. Unsustainable practices include: sand harvesting; juvenile fish catches; charcoal burning; draining of wetlands; inappropriate farming methods; and, deforestation.

*"We indulge in illegal logging, honey harvesting and farming in the forest to make ends meet. We find farming along the river bank much easier because water is near".* **Villager, Meru South District**

*"I had lost the whole of my farm to sand harvesters. All the fertile soil was removed and washed into the lake causing me to abandon the farm and I have only returned to it after stoppage of sand mining in the area by the District Environment Officer, Bondo. I can now grow some crops although I have lost all the fertile soils"* **Woman, Bondo District**

*"I wish I never uprooted the coffee trees from my farm, it had soil retention capacity that I don't see with food crops and the exotic trees that we have now planted..."* **Elderly Man, Murang'a**

## Engaging and empowering communities by facilitating participation

Despite being disproportionately dependent on natural resources, poor people often have little voice in decisions affecting them. Environmental sustainability cannot be achieved without community participation. Institutional structures and processes from the grassroots to the national level greatly influence how poor communities are able to control, manage and access environmental resources.

In order to be effective, poverty and environmental strategies have to be informed by the district and community level and implemented both nationally and district wide. Successful community interventions are typically locally driven, involve the private sector and safeguard the environment to sustain livelihood benefits in the longer term.

## Maximising Benefits from the Environment

### Aloe Bio Enterprise

Approximately 57 species of aloe grow naturally in Kenya, mainly in the semi-arid areas. Aloe is used to cure headaches, stomach upsets and to treat burns and skin ailments and has commercial value in the cosmetics and pharmaceutical industries. A new factory, Baringo Aloe Bioenterprise has been set up in Baringo with support from the European Commission. Baringo is a region which is estimated to have over two million indigenous wild aloes with commercial value. It provides a market outlet for communities engaged in controlled harvesting of the plants in accordance with guidelines issued by the Kenya Wildlife Service (KWS). Nurseries and plantations have also been established in Baringo, Laikipia, Taita Taveta and West Pokot Districts. Aloe is providing economic benefits to poor communities in the ASAL areas and environmental sound harvesting approaches are minimizing negative impacts on the fragile environment.



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### Nyandera Green Valley Conservation Group, Bondo District

The Nyandera Green Valley Conservation Group (NGVCG) is a CBO established to improve members' livelihoods. NGVCG's tree nursery, stocked with over 100,000 seedlings, supplies indigenous and some exotic tree species of different use, such as medicinal, timber and fruits, for sale locally. The sale of tree seedlings provide an income to the members as well as ecological benefits in the form of improved soil fertility and vegetation cover.

During the dry season when adjacent surface pans and dams dry up the entire village relies on the Nyandera dam for its water supply. Upstream reforestation efforts and land management practices have reduced erosion and protected the Nyandera dam catchment area from siltation.



## Institutional frameworks for integrating the environment into policy and planning

People have little incentive to use resources sustainably when they do not own them or do not have clear responsibilities towards sustaining common access resources. It is therefore paramount to strengthen policy and institutional frameworks to protect and better manage the environment in ways that benefit the poor and sustain environmental services. Institutional and governance frameworks that promote transparent and accountable decision-making, coupled with secure property rights and user responsibilities are essential.

Recent developments with regard to the Water Resources Act (2002), the Forest Act (2005), and the Land Policy (under preparation) provide mechanisms for individuals and communities to have increased access to and control over key natural resources. They also provide for more efficient and effective engagement of public sector institutions.

### Bridging local community priorities through decentralized planning

The development of community-action plans (CAPs) can mobilize communities by enabling consensus on priorities and actions to be undertaken. CAPs are implemented at the local level and mostly address environmental management issues relating to livelihood benefits.

The Gakaki Smallholder Irrigation CBO, located in Kahuro Division of Muranga District, was one of five CBOs in the district selected by the district development office to undergo the Capacity 21 Kendelevu (UNDP) training in participatory planning methods. During the training workshop, consensus was reached on three major problems affecting the community: low agricultural production, lack of adequate water for domestic use and irrigation and inadequate health facilities and services.

The CAP highlighted these issues and outlined action plans to address each problem, including budgets and timelines. By collaborating with the district development office, the community obtained financial support to address the interrelated problem of low agricultural production and adequate water for irrigation. The Gakaki Small-scale Irrigation Group is now one of the most dynamic and successful CBOs in the district, producing substantial amounts of high value horticultural produce through the use of small scale irrigation.



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ment within these institutions and through the use of education, training and community outreach projects.

The challenge is to capture key community priorities within formal district planning processes and to secure financial resources to support their implementation. Funding available to local communities under the Constituency Development Fund (CDF) and the Local Authority Transfer Fund (LATF) do not adequately support initiatives centered on sustainable environmental management and livelihoods development. An overview of funding to 9 rural and 2 urban sample districts in the year 2004/05 highlights that very few CDF committees prioritized funding on the environment.

Key action areas being explored by Government include:

- Strengthening local government institutions and their technical capacity through human resource development within these institutions and through the use of education, training and community outreach projects.
- Identifying and supporting community environmental advocates or champions who can play a key role in mainstreaming good environmental management by highlighting the benefits from improving and maintaining environmental quality and draw attention to practices that lead to environmental degradation and unsustainable use of natural resources.
- Promoting the development of Community Action Plans (CAPs) to adequately involve and reflect community views and aim to channel resources to development priorities. In addition, ensure incorporation of CAPs into District Environment Action Plans and District Development Plans.
- Empowering district authorities and providing them with resources to coordinate development processes that fulfill environmental responsibilities.

## Conclusions

The case for integrating environmental considerations into development and planning processes at national and district level has never been more compelling as Kenya is faced with the challenge of alleviating poverty and delivering on sustainable economic development. Environmental problems such as increasing water insecurity and climate change make the achievement of Kenya's development objectives all the more critical and demanding.

The interconnectedness of the environment, poverty and economic development must be recognized and translated into coherent long term strategic planning as well as adequate budgetary provisioning. Investments in environmental management can generate significant returns, much of this benefiting poor people. Institutions and structures at the national and district level which also take into consideration local community needs in terms of access to and management of natural resources are a vital component in securing rural livelihoods.

### The GoK-UNDP-UNEP Poverty and Environment Initiative

The Poverty and Environment Initiative (PEI) aims to support the integration of environment into development policy, planning and budgeting processes in Kenya. The PEI programme responds to the Government's recognition of the importance of the environment in achieving its economic recovery and poverty reduction goals. The 9<sup>th</sup> National Development Plan (2002-2008) states *"the full integration of environmental concerns in development planning at all levels of decision making remains a challenge to the country"*. It acknowledges, *"in view of the high incidence of poverty in the country, the need to integrate environmental concerns in development activities should be given high priority"*.

The Ministry of Planning and National Development (MPND) leads the PEI in partnership with the Ministry of Environment and Natural Resources (MENR) and the National Environment Management Authority (NEMA). PEI-Kenya receives support from UNDP-Kenya and UNEP (through donations from the Governments of Belgium and Norway), and financial support from the UK's Department for International Development (DFID) and the Government of Luxembourg.

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