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Kenya's Natural Capital

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Kenya's Natural Capital - Business and Biodiversity

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Natural capital underpins business growth

Kenya is endowed with rich natural capital¹ and biodiversity². Its diverse landscapes range from the Chalbi Desert in the north to the snow-clad peaks of Mt. Kenya, from the white beaches of the Indian Ocean to the shores of Lake Victoria, and from the rolling plains of Maasai Mara to the floor of the Great Rift Valley. The interactions between topography, soils, hydrology, plants, animals and peoples within each eco-climatic zone create locally distinctive ecosystems, including different types of forests, woodlands, shrublands, grasslands, deserts, wetlands, lakes and rivers, montane, afro-alpine and marine ecosystems. Kenya ranks among the world's richest biodiversity nations and hosts over 35 000 species, including more than 7000 plant species and many endemic, rare, endangered and threatened species.

Kenya is also home to over forty ethnic groups with varied cultures and lifestyles rooted in the



Figure 1: The structure and distribution of Kenya's major ecosystems reflect local climate, topography, soils and biota, modified by human activity.

productivity and diversity of its landscapes. Kenyans from every walk of life depend on ecosystem services for their livelihood and well-being. The services include wild and cultivated foods, medicinal plants used by 80 percent of Kenyans, soil erosion control, crop pollination, and cultural services such as the spiritual kayas of the coastal Mjikenda, outdoor recreation and enjoying nature. Kenya's forests and woodlands provide timber, fibre and fuelwoods to urban and rural communities. Acting like water factories, forests are the main source of water for industry, farmers, bever-

¹ The stock of living and non-living natural resources (e.g. plants, animals, air, water, soils, minerals) yielding a flow of benefits, such as ecosystem services, to people.

² According to the Convention on Biological Diversity, biodiversity means the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. Biodiversity represents the foundation of ecosystems that, through the services they provide, affect and critically contribute to human wellbeing.

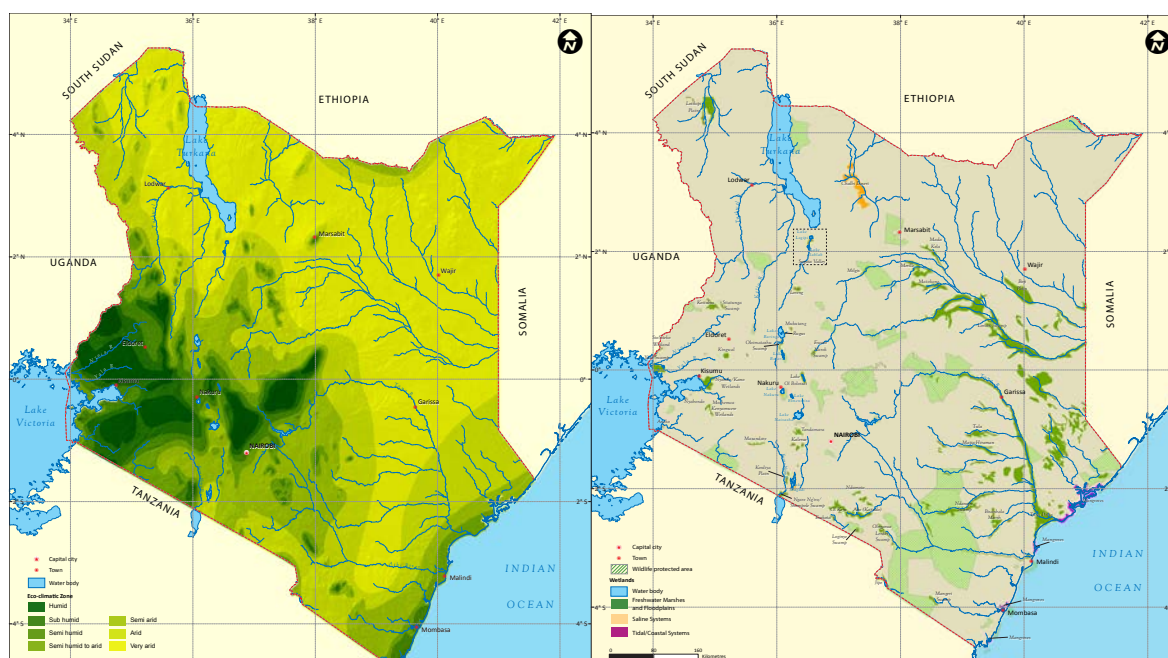


Figure 2: (a) Kenya's eco-climatic zones and (b) surface water condition business activities

age producers, and supply over half the country's electricity from hydropower. Wetlands support fisheries, control floods and decontaminate polluted water. The diversity and abundance of Kenya's world renowned wildlife is the main lure of the US\$1.3 billion tourist industry.

Business also depends heavily on natural capital for the natural productivity of the land and on biodiversity and ecosystem services underpinning the farming, ranching and horticultural sectors, as well as fisheries, forestry, wildlife and tourism. The building and retail trades and commerce and industry rely on the provision of water, solar and hydropower, minerals, raw materials from natural resources and the treatment of waste water and pollutants through natural processes. These sources of productivity and ecological services at the heart of Kenya's business enterprises have been taken for granted and are grossly undervalued in accounting procedures. The continued depletion and overuse of natural capital will place a growing burden on Kenya's industry and thwart Kenya's goal in Vision 2030 of moving towards a green economy.

In short, natural capital and biodiversity underpin Kenya's economic growth and the wellbeing of its citizens.

Poor business practices erode natural capital and productivity

Despite the importance of natural capital to industry and commerce, poor practices are depleting Kenya's natural resources and biodiversity. The main causes of loss are:

- Habitat conversion to cropland, urban areas and other human-dominated landscapes. More than 60 percent of land with 900mm and more annual rainfall has been converted to agriculture;
- Overexploitation and illegal offtake of renewable resources such as water, forestry, fisheries and wildlife. Forest and woodland cover has been severely depleted by cutting for fuelwood and charcoal. Fisheries stocks are falling due to unsustainable offtake and wildlife due to poaching, leading to a loss of range and migratory routes;
- Water, soil and air pollution, especially in urban and industrial areas of Nairobi and Mombasa;

- Invasive species such as water hyacinth, Nile perch, cactus species and Lantana.

Several factors acting in tandem drive the loss of natural capital. They include a growing human population, poverty, inequality in access to resources and lack of regulatory capacity. The rates of biodiversity loss are not the same for all counties. Counties with higher human population densities and rainfall are particularly affected. Changes in production and consumption patterns, human population and settlement as well as environmental deterioration all contribute to the decline of natural capital and affect livelihoods and business. Simply put, Kenyans are no longer living off the dividends of natural capital and are eroding the natural capital assets themselves.

The Kenya Government recognizes that the sustainable management and conservation of natural capital and biodiversity is essential for maximizing production of natural resources and sustaining growth. To this end, Kenya drew up the Environmental Management and Coordination Act of 1999 and other legislation after extensive public consultation in order to integrate environment and development plans. Kenyan legislation falls in line with international treaties such as the Convention of Biological Diversity (CBD), the Convention on International Trade in Endangered Species, the Ramsar Convention and the Migratory Species Convention. Although much progress has been made in the way of a protected area network, the conservation of threatened and endangered species and reforestation programs, much more needs to be done to draw up policies and strategies to encourage public and private sector activities and investments in sustaining natural capital and biodiversity as a shared responsibility.

Addressing the threats to Kenya's natural capital and biodiversity is a shared responsibility of the public and private sectors and civil society at a local, national and international level. The private sector should play a primary role given that it the largest beneficiary of Kenya's natural capital.

Table 1: Summary of main threats to vertebrates, per group

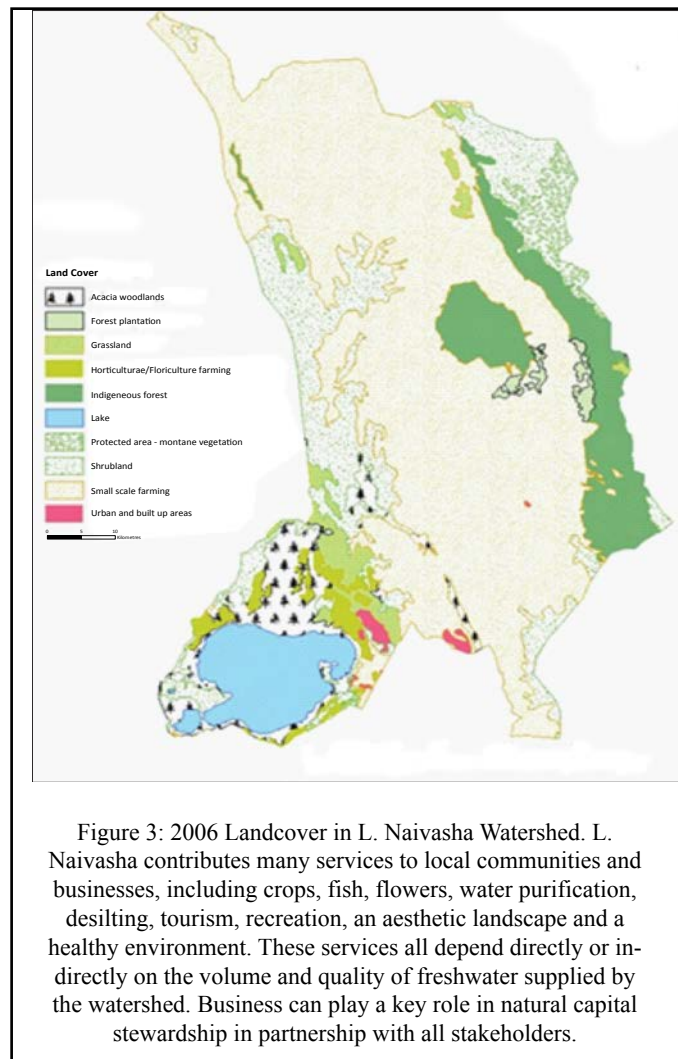
Taxon	Habitat	Over-exploitation	Invasive species	Pollutants	Climate change
Large mammals	●	●	●	●	●
Small mammals	●	●	●	●	●
Birds	●	●	●	●	●
Reptiles	●	●	●	●	●
Amphibians	●	●	●	●	●
Fish	●	●	●	●	●

● Low ● Intermediate ● High

Integrating biodiversity in business strategies and operations

Developing and implementing industry and business-specific strategies and operating procedures for sustaining natural capital should be a top priority for the Kenya's private sector and based on internationally recognized and practiced guidelines (Natural Capital Coalition 2014; TEEB 2011; WBCSD 2011). Four recommendations arising out of Kenya's Natural Capital atlas should guide business initiatives:

1. Adopt Natural Capital Assessments to better understand and quantify both business impacts and dependencies on natural capital, using guidelines from the forthcoming Natural Capital Protocol. This will help you better manage your operations and supply chains towards increased productivity.
2. Use the results of Natural Capital Assessments to develop and implement industry and business-specific biodiversity strategies and action plans which should contribute to a green economy. These should help you better manage and restore the natural capital assets on which your business depends as well as support the full implementation of the impact mitigation hierarchy, from impact avoidance to offset measures.
3. Mobilize and use voluntary business contributions to support local, county and national efforts to conserve biodiversity and natural capital. Tangible benefits from ecosystem services should flow to resident and local communities and private landowners.



4. Provide voluntary disclosure of natural capital use, impact and conservation measures in annual

reports to your shareholders and stakeholders, as per the CBD CoP 12 decision on business and available reporting guidelines (e.g. Global Reporting Initiative G4).

The further loss of biodiversity will irretrievably damage the natural capital and biodiversity of countries, impoverish livelihoods and undermine the goal of creating the green economy outlined in Vision 2030. Taking action now to incorporate natural capital planning into the county policy, planning and budgeting process will increase the productivity of natural resources, ensure their sustainable use and conserve Kenya's unrivalled natural heritage underpinning its economy.

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