



Kenya Montane Forest Ecosystem Services and Economy-wide—Project

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The Main Objectives of the Project

- Demonstrate how key economic sectors are dependent on ecosystem services such as forests and forest-related ecosystem services;
- Highlight the contribution of these services to the real economy;
- Construct resource account to supplement national account to monitor and report on forest trends and contribution to national GDP

What Did We learn About the Contribution of Forestry Sector to Kenya's Economy ?

- the value addition to forest products through the manufacturing sector;
- the provision of goods (timber and non-timber) to the subsistence economy (also referred to as the non-monetary economy);
- the supply of a set of cultural services to residents of and visitors to Kenya; and
- the supply of a set of ecosystem services that regulate ecological processes.

What Did We learn About the Contribution of Forestry Sector to Kenya's Economy (cont'd) ?

- The forestry sector is indispensable for the Kenyan economy
- Deforestation deprived Kenya's economy of 5.8 billion shillings in 2010; loss of regulating services was estimated at KSh 3 billion/yr - more than 4 times the cash revenue from deforestation
- Kenya's five water towers provide more than 15,800 million cubic metres of water per year

What Did Kenya's Statistics Reported on the Contribution of Forest?

- KNBS reported the contribution of forest at 1% of GDP!!! Or around Ksh15.333 million in 2005

And the Preliminary FRA told US:

- The sector provides the non-monetary economy with at least Ksh6,988 million per year worth of raw materials. This transaction is not accounted for in the national account;
- The charcoal manufacturing sector, attributing and estimated Ksh12,460 million per year to GDP, is not accounted for in the national accounts. The national GDP of Kenya is therefore understated by approximately 1.4%.

And the Preliminary FRA told US (Cont'd):

- The forestry and logging sector supplies roundwood to a manufacturing value chain with a combined VAD of Ksh21,587 million. The forestry and logging sector therefore has an economic production multiplier effect of 2.73;
- The VAD contribution to the water sector is Ksh1,287 million per year ;
- The contribution of forestry to the tourism sector and to carbon sequestration was not estimated here due to lack of adequate data.
- In conclusion, the preliminary estimate of the partial contribution of forestry in Kenya to the economy of Kenya, is **3.6% per year**, or Ksh44,441 million.

Impact of deforestation to sectors

- Incidence of malaria due to deforestation is estimated to have cost 237 million Kshs by 2010 in health costs to the government and losses in labour productivity
- Forest loss impacts the global carbon cycle. The above-ground carbon storage value forgone through deforestation was estimated at 511 million Ksh in 2010 (calculated at a value of US\$6 per ton under REDD+)

What is Kenya doing?

- Kenya is now being fitted with a fully functioning forest account
- institutional process underlying a functioning resource account is being organized;