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PROTECTED AREAS MANAGED BY PRIVATE LANDOWNERS

THE CASE FOR PRIVATE SECTOR INVESTMENT IN CONSERVATION: AN AFRICAN PERSPECTIVE

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The basis of the conflict between conservation and development is Land Conversion, the activity through which natural landscapes are developed and transformed by people into a less natural and a more managed state. This process of conversion is driven primarily by land rents, the net returns to landowners from their land. In Kenya, the higher the land rents the greater is the proportion of land converted to agriculture.

Land Rents are themselves influenced by many factors, primarily rainfall. In Kenya, land rents rise steeply with rainfall, from some $10/ha/yr at 300mm rainfall to some $200/ha/yr at 1200mm, before falling again in the face of lower temperatures and higher altitudes. Accordingly, the amount of still land available for conversion decreases along this same rainfall gradient.

Clearly, the rates of land conversion should slow if land rents from conservation, as opposed to development, were to be made more equitable. In areas of lower rainfall, rents from conservation activities may well equal or exceed those from converting land to agricultural production. The real challenge lies in areas of higher rainfall, for example around forest areas, where land rents are potentially very much higher. Here, massive interventions in the form of external subsidies to conservation may be required.

Ideally some form of dynamic equilibrium should arise where the relative benefits of each roughly balance out. But while the myriad values of conservation are now widely recognised and should push the equilibrium towards more conservation and less development, the forces of development seem always stronger: new agricultural technology, population growth, expansion of both domestic and overseas markets, all act to displace the equilibrium towards more development and less conservation. Indeed, in many developed countries the benefits from development have so completely overwhelmed those of conservation that little natural or undisturbed land is left at all.

In Africa, the protected areas provide a necessary bulwark against the forces of development, however large they may become. Secure and enforceable property rights give the state absolute control over access and use, even though the end result can be protected areas isolated in a sea of development.

But protected areas involve costs: direct costs for management and enforcement; and indirect costs, primarily the foregone benefits of development, the opportunity costs of conservation, which are awesome – some 3% of GDP in Kenya. Now environmental economists will have it that the benefits of conservation vastly outweigh these costs, not just the direct benefits from access fees and the like, but from all the other indirect benefits represented by existence values, option values and ecosystem services such as carbon sequestration.

As a sceptical economist I now doubt the reality of much of this - I mean fine if the GEF will divert the odd million or so for carbon sequestration, but don't hold your breath. Part of modern statehood is to have standing armies, national museums, multilane highways, national airlines and protected areas – and that's all there really is to it. While theoretically there may be both an ecological and economic optimum for the number of protected areas, to the state the only real item of interest seems to be that revenues should if possible cover operational costs. And with secure property rights over access, any half competent authority should be able to attract investment, cover operational costs and have a surplus.

The real problem facing protected areas throughout most of Africa is that they are in thrall to state conservation monopolies. The parlous state of their finances is rarely symptomatic of a lack of resources *per se* but of three closely related failures. First, institutional failures, in the form of bloated, self perpetuating bureaucracies, characterised by deeply embedded inefficiencies and unwillingness either to acknowledge, accept or effect change; second, policy failures which, by restricting and impeding the potential revenue streams from both within and outside protected areas, reduce these state institutions to near impoverishment while providing few incentives for investment; and third, a lack of both business acumen and management capabilities so the resources under their tutelage neither flourish nor prosper.

Kenya's state conservation monopoly, the Kenya Wildlife Service (KWS), offers a prime example. Over the last quarter century it has received literally hundreds of millions of dollars in subsidies, revenues, grants and gifts; yet not only are they always broke, but over half the wildlife which they were entrusted to conserve and protect has been eradicated from under their very noses. More

recently they have unilaterally withdrawn all cropping permits, many of which have been in force for over ten years, thus antagonising literally hundreds of private landowners and compromising years of investment in wildlife conservation on private land; and if that were not enough, very recently most of the remaining lions from Nairobi National Park were speared to death almost within sight of their headquarters where some 500 bureaucrats sat paralysed at their desks.

Only a state monopoly could hope to attain such breathtaking heights of incompetence and ineptitude – and hope to get away with it.

All state monopolies are inefficient, effortlessly consuming resources while delivering few benefits, and state conservation monopolies are no different in this respect. Yet in eastern Africa they have embarked upon an absurd effort to establish a multi-million dollar regional trust fund to support conservation. This is no more than a thinly veiled plea for increased subsidies, in this instance to state conservation monopolies rather than, say, to state airline monopolies (some of which were allowed to go bankrupt). But such subsidies will simply perpetuate and entrench inefficiencies and make it even less likely that the root problems of failed policies and poor management are addressed.

While the precarious state of biodiversity conservation throughout most of Africa is the direct responsibility of these incompetent state monopolies, it must be recognised that the fault lies also with the plethora of international conservation NGOs which aid and abet them. These Gollum-like creatures, with their hidden agendas and seemingly limitless resources, wield inordinate power and influence, yet lack any accountability. Many of these NGOs are outspokenly pro “animal rights” – whatever that might mean – and are virulently anti-utilisation and anti-private sector. Yet by virtue of their financial resources they are able to impose policy on financially vulnerable state organisations, against which there is no comeback if these polices prove to be either inappropriate or downright disastrous – indeed perversely they can raise more money from the new crisis which they themselves have generated. Yet together with the state monopolies they have created an unholy alliance that perpetuates on the one hand inefficiency and misuse of conservation resources and on the other a perverse policy environment that creates disincentives for investment in conservation. Are they part of the solution or part of the problem?

To my mind these entire rotten edifices must be swept way – not perpetuated through a regional trust fund.

One very positive development is the emergence of Public-Private-Partnerships (PPPs) in protected areas. The basis of a PPP is that a state conservation organisation enters into a long term agreement to contract out the management, but not the ownership, of a protected area, under any one of a number of innovative licensing and leasing schemes, but while still retaining a firm regulatory and oversight role at Board level. In Malawi, Mozambique, South Africa, Zambia and Swaziland, PPPs are providing efficient protected area management and increased and diversified revenue flows, which are in turn attracting more investment.

Outside the protected areas everything is different because property rights now lie with landowners and landusers who, within reason, can do what they wish on their land. If they wish to convert a wetland to irrigated horticulture, or plough up rangeland and grow wheat, thus displacing wildlife and disrupting migratory routes, then there is little the state can do about it.

To landowners, the costs of conservation are very real indeed. Opportunity costs, of not developing land, are high and tangible and increase year on year. Direct costs from damage to crops, loss of grazing, livestock predation, increased incidence of disease, property damage, and loss of life all raise the costs of production and can even render production uneconomic. The cost:benefit analysis to landowners is simple. Unless the benefit streams from conservation match or even exceed these direct costs and opportunity costs then they will neither promote nor invest in conservation.

Governments have long recognised the futility of coercing farmers into growing crops and have instead adopted market forces and economic incentives. Yet they still persist in attempting to coerce farmers and landusers into growing conservation. Outside the protected areas conservation can succeed only by offsetting one set of market forces and incentives against the other. Indeed, the only effective instruments of conservation policy can be economic ones, by boosting conservation revenues relative to development revenues.

State agricultural and livestock agencies deliberately harness market forces to create both an enabling environment and incentives for producers to invest in

production. They promote production through training and extension, by research and development of new germplasms and new technologies and by creating and supporting both markets and producer prices. Furthermore, they support infrastructure through subsidies, capital and loans.

In contrast, most state conservation monopolies support little research or development into conservation or utilisation techniques; provide few subsidies, capital or loans to support infrastructure; neither create nor support markets; often passively condone the diversion of revenues away from the producers and custodians of Nature and wildlife to central Government and to tourism cartels; and usually impose a range of policy instruments which create a disabling environment and disincentives to investment. For many landowners life is greatly simplified, and more profitable, if there are no wildlife around. No wonder there is so little left.

For if market forces can be harnessed to meet national agricultural production targets then they can be harnessed to meet national conservation goals. Provided the returns and conditions are right, landowners will, and do, grow wildebeest, lions, elephants and rhinoceroses rather than livestock and crops.

But to achieve this, conservation policies must be redesigned and the requisite economic instruments adopted to create the enabling environment necessary to attract investment. This calls for well defined property rights; diversified revenue streams; rights to use wildlife and trade in wildlife products and live game; payments for ecosystem services; grants for maintaining important habitats or species; and selective land use and development taxes. Strange grist indeed for the conservationists' mill.

Outside the protected areas all conservation is *de facto* private sector conservation, carried out on private land by private individuals. And given the right conditions the growth of private sector investment is truly astonishing. Already in southern Africa there are over nine thousand private game ranches, over eleven hundred privately managed nature reserves and more than four hundred private conservancies. Many march with public sector reserves and are managed collaboratively. And unlike most state and NGO sponsored community conservation projects, which invariably fizzle out in a morass of committees, sub-committees,

stakeholder meetings and unread reports, the private sector has proved spectacularly successful in collaborating with communities to achieve conservation goals, wealth creation and poverty reduction. Collaboration implies a measure of equality and a free market approach: you've got something, I've got something; let's get together and party – and we'll all benefit.

Even here in Kenya the growing involvement of the private sector in conservation is rendering almost meaningless the KWS efforts to manage wildlife outside protected areas. Concessions, conservancies and reserves are springing up everywhere, either as collaborative ventures between operators and landowners, or as landowners themselves establish their own tourism and utilisation operations. Wildlife flourishes and increases where landowners and operators are involved: elsewhere it still withers away.

For this is where the real expertise lies, expertise in animal husbandry, expertise in habitat management, expertise in business operations – with landowners, not with state monopolies: and if it is accepted that landowners can successfully herd hundreds of millions of livestock across the continent of Africa, and can successfully cultivate hundreds of millions of hectares of crops, then it is inconceivable to deny to them either their ability or their right to herd a few hundreds of thousand head of wildlife.