

TOPIC: PUBLIC PRIVATE PARTNERSHIP TO LEVERAGE ON URBAN NATURE AND BIODIVERSITY FOR LOCAL DEVELOPMENT IN KENYA

INTRODUCTION

Kenya's biological resources are diverse with an estimated 35,000 known species of animals, plants and micro-organisms (KNBSAP,2005). As the country gears itself towards a newly industrialized status by 2030 (GoK, 2007), the importance of its biological resources cannot be overemphasized. Whether in the provision of food ,industrial inputs, pulpwood, firewood, construction materials, medicines, ecosystem functions or aesthetics, the conservation and sustainable utilization of biodiversity is a key factor in the country's stated goal of economic, social and political prosperity by the year 2030. A joint venture between the government and the private sector in the conservation of Biodiversity and protection of urban nature will no doubt yield better results in a shorter period of time while increasing opportunities for sustainable development of the country.

METHODOLOGY

The findings in this article are largely based on desk research from related publications, academic papers and reports from sources of authority. A case study on Nairobi River is predominantly quoted. The researcher has also borrowed a lot from the Weitz Institute training notes on Leveraging urban nature and biodiversity for local development.

PROBLEM STATEMENT:

Substantial investments are required to address the enormous threats and challenges to the conservation of biodiversity in Kenya (KNBSAP, 2005). The threat to ecosystems and biological resources is more pronounced in urban and urbanizing areas of the country. Government's budget resources are rarely adequate to meet recurrent costs or even financing key development sectors and therefore generally inadequate for biodiversity needs. Donor funding on its part has its limitations with regard to consistency, adequacy and conditionality.

RESEARCH QUESTION: Is PPP a viable option for leveraging urban nature and biodiversity for sustainable development in Kenya?

LITERATURE REVIEW AND ANALYSIS

GLOBAL SCENE

PPPs are arrangements between the government and the private sector with the main objective of securing investment and greater efficiency in the delivery of public infrastructure, community facilities and other related services. These partnerships are characterised by a sharing of investments, risks, rewards and responsibilities between the two parties. These take many forms, including concessions, service contracts, management contracts, franchises and joint ventures.

In many countries across the world, demand for public services is increasing. Insufficient public sector capital to meet this demand is leading to an unsustainable gap in investment. To bridge this gap governments are turning to Public Private Partnership (PPPs). In Malaysia PPP investments in 2010 are estimated at US\$ 50 Billion while in the UK the PPP investment is estimated at 56 Billion sterling pounds annually(www.pwc.com/my/./private_public_partnership/html).

British experience exemplifies an essential principle that in public management, public works and services may well be carried out by the private sector, while the public sector's role should focus on its core tasks (e.g. medical care and not hospital construction). It sets down new principles to conduct contract procedures in the very wide field of the delegations it promotes. The two main principles are Value for Money and Risk-Transfer. The policy of the Private Finance Initiative followed in Great Britain does not stop at infrastructure but includes service contracts or "assets and service clusters" (UNCEC, 2000).

PPPs allow the public sector to access new sources of finance and get the benefits that private sector skills and management can bring by reducing cost and generating greater value from public sector assets. The common link is that public and private sectors work closely together with a clear and common purpose.

POTENTIAL FOR PPP IN KENYA

The Kenya private sector has over the years substantially contributed to the country's economic development process. Figures indicate that the sector contributes 87% of the national GDP (KNBS, 2010), a substantial percentage of total employment and the bulk of export earnings. The major growth sectors are Trade, restaurants and Hotels, Agriculture, Manufacturing, Finance, Insurance, real estate and business support services, transport and communications and storage. Apart from agriculture, the rest of the sectors are predominantly located in the urban areas. For instance, 80% of the industries in Kenya are based in Nairobi's industrial area (*Ibid*).

There are two pieces of legislation that provide a strong foundation for PPP arrangements in Kenya namely: The Privatization Act 2005 and the Public procurement and Disposal Act

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2005, which defines public private partnership as an agreement between procuring entity and a private party under which: (a) the private party undertakes to perform a public function or provide a service on behalf of a procuring entity (b) the private party receives a benefit for performing this function, either by way of (i) compensation from a public fund (ii) charges or fees (iii) combination of compensation and charges. 64(4) of the PPD Act states that the Public Procurement Oversight Authority shall issue detailed guidelines for concessioning or PPPs.

Both the private sector and public sector possess unique strengths which if leveraged upon through a targeted and concerted effort on developing and protecting the abundant urban nature and biodiversity in the country will generate impressive socio-economic returns across the divide (Kitolo, 2009). The living conditions in urban cities will improve water and air quality thus safeguarding the health conditions of the communities as well as the sustainable existence and utilization of natural ecosystems and biomes.

A healthy population will definitely lead to reduced government expenditure on public health thus freeing more resources for other competing development needs. The private sector on the other hand will reap in bounds from a more healthy and productive labour force alongside enjoying the benefits associated with a higher purchasing power in the local market.

Directly, an improved biodiversity and nature will improve the aesthetic value of the country with realistic chances of boosting the proceeds of the tourism sector in foreign exchange income. The spiral effect of this phenomenon will be increased employment opportunities, higher income and investments. These important economic gains if sustained will eventually pay off in real sustainable economic development terms.

A case in point is the Nairobi River Basin Rehabilitation programme of 2004-2008, a multi-stakeholder initiative that brought together the Government of Kenya, the private sector and other development partners with the aim of restoring the riverine ecosystem with clean water for the capital city and a healthier environment for the people of Nairobi. The objective of the initiative was to rehabilitate, restore and manage the Nairobi River ecosystem in order to provide improved livelihoods especially for the poor, enhanced biodiversity, and sustainable supply of water for domestic and industrial, recreational and emergency uses (NRBP, 2008).

DISCUSSION

Environmental and Biodiversity conservation is generally perceived as the prerogative of the Government (UNEP, 2009). Lack of financial and managerial capacity often impedes the government's ability to meet their national obligations in regard to nature protection efforts. Governments use partnerships to make up for deficiencies in their environmental programmes. At the same time, improving the operating and living environment around the world is in the long-term interest of every business. There are benefits from engaging activities that promote the general good of the society in developing brand reputation and strengthening community relations. Even if their core business does not directly relate to the environment or natural resources sector, many companies find that their core competencies can add significant value.

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Away from the obvious environmental dividends in engaging in biodiversity and nature conservation efforts, there are even greater economic benefits that may be realized. PPPs will certainly lead to a speedy, efficient and cost effective delivery of projects, enhance value for money for the taxpayer through optimal risk transfer and risk management, improve efficiencies from integrating design and construction of public infrastructure with financing, operation and maintenance/upgrading.

As demonstrated in the Nairobi basin rehabilitation programme, there exists opportunity for creation of added value through synergies between public authorities and private sector companies, in particular, through the integration and cross transfer of public and private sector skills, knowledge and expertise which ultimately will lead to the alleviation of capacity constraints and bottlenecks in the economy through higher productivity of labour and capital resources in the delivery of other environmental projects.

Ultimately, the business environment will be leveled for all interested players through competition and greater construction capacity (including the participation of overseas firms, especially in joint ventures and partnering arrangements), raise governance to a higher pedestal through heightened accountability for the provision and delivery of quality public services through a possible performance incentive management/regulatory regime. Innovation of new and efficient technologies will emerge in response to competition for cost effective considerations providing a realistic chance for diversification of possible products and services available from urban nature endowments and biodiversity heritage. The public sector on the other hand is likely to experience an incentive for a sustained effective utilization of state assets to the benefit of all users of public services.

For instance, the Nairobi River Basin Programme generated sufficient public interest by creating environmental awareness and change of attitude and behavior among the city's residents. As a result, the private sector partners expressed the desire to work within the framework of the NRBP to reclaim, rehabilitate and restore these rivers. The private sector committed itself in providing expertise and resources for water quality monitoring, waste (solid and liquid) management technologies, catchments rehabilitation, creation of public awareness and rehabilitation of Nairobi Dam.

At the national level, there are many intervention points within the environment sector where highly valuable private sector competencies could be joined with the competencies of the public sector. According to the National Environment Management Authority, the private sector is becoming an essential partner in promoting environmental security (NEMA, 2010). A large number and variety of public and private partnership initiatives are being carried out in many different countries. Over the past few years, the number of UNEP's partners from the private sector has increased to several hundreds, ranging from multinational companies to small and

medium sized enterprises, philanthropic trusts and foundations, economic and business associations and individuals (UNEP, 2008).

The debate on the role of the state has shifted in the recent years towards empirical assessment of the efficiency and usefulness of the public sector activities. Most studies conclude that public spending could be much smaller and efficient than today. However, for this to happen, governments should transfer many non-core activities to the private sector. (see e.g., Gwartney et al., 2002; Mueller, 1997)

CONCLUSION:

Chronic financial constraints in developing countries, together with the positive experiences made with public private partnerships, have led to new private and community management, financing, and investment in nature conservation and ecological protection. An important element of success is lining up private sector efforts with broader policy frameworks and strategies. At the global level, this can mean broad campaigns or commitments such as the United Nations convention on Biological diversity which is a legally binding treaty among party states or the Millennium Development Goals.

To address the problem of inadequate resources for Urban Biodiversity conservation on a long term basis, there is a clear need for the public sector funding to be increased in an integrated programmatic partnership that will attract and sustain resources and the interest of the private sector in order to accelerate development through sustainable utilization of the immense Biological resources and nature in the urban centers across the country.

With the existing legal framework that supports PPP in Kenya, there is adequate ground for partnership in Biodiversity conservation as this will not only mobilize substantial resources but also take advantage of the private sector efficiencies and technology under the regulation and support of the public sector to deliver results that will stimulate and sustain development in Kenya.

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