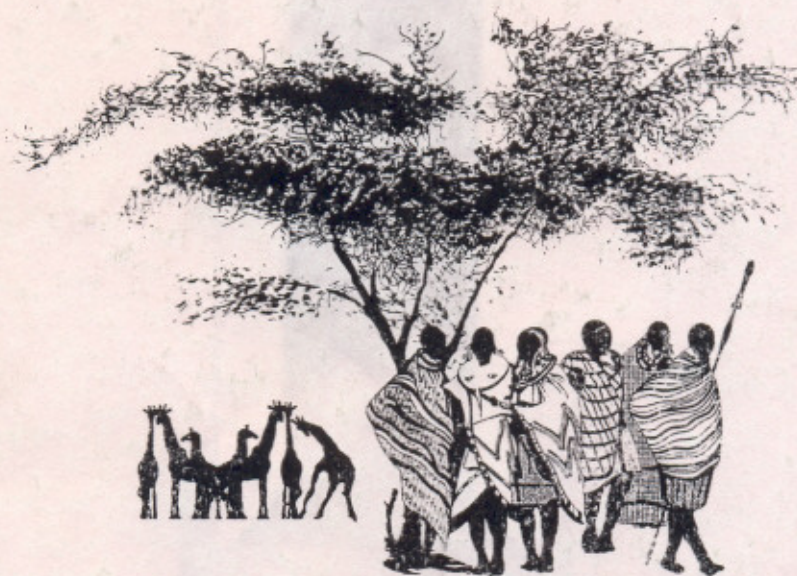




A F R I C A N
W I L D L I F E
F O U N D A T I O N

MAKING COMMUNITY
CONSERVATION
ECONOMICALLY ATTRACTIVE

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MAKING COMMUNITY CONSERVATION ECONOMICALLY ATTRACTIVE¹

The Kenya Gazette of 13th April 1995 contained a small notice that could have major ramifications for wildlife conservation in Kenya. The notice called for a land tax differentiated on the basis of land use. The notice was directed at Laikipia, a district of Kenya noted for its significant wildlife population outside of protected areas. It read as follows:

Gazette Notice No. 2212

THE RATING ACT
(Cap. 267)
THE COUNTY COUNCIL OF LAIKIPIA

IN EXERCISE of the powers conferred upon me by section 5 (i) of the Rating Act, I give approval that the County Council of Laikipia may levy a flat rate of:

- (a) An area rate of Ksh 10 per annum on all Government land and Ksh 15 per annum on all gazetted forest areas,
- (b) An area rate of Ksh 6 per acre per annum on all private agricultural land subject to a minimum of Ksh 75 per parcel per annum,
- (c) An area rate of Ksh 500 per acre per annum on all private land used for game ranching activities subject to a minimum of Ksh 300,000 per parcel per annum,
- (d) An area rate of Ksh 200 per acre per annum on all private land used as livestock ranches subject to a minimum of Ksh 100,000 per parcel per annum,
- (e) Industrial and commercial land/plots rates —
 - (i) Ksh 500 per plot per annum on all industrial land
 - (ii) Ksh 400 per plot per annum on all commercial plots in all trading centres,
 - (iii) Ksh 300 per plot per annum on all residential land

The charges are effective from 1st January 1995.

Dated the 29th March 1995.

O. A. FARAH
Clerk to Council

Approved on the 23rd February 1995.

WILLIAM OLE NTIMAMA
Minister for Local Government

Gazette Notice 2212 stated that game ranching was to be taxed at a much greater rate than other land uses, in particular livestock and agriculture. Game ranching operations in Laikipia consist almost entirely of non-consumptive, ecotourist activities. Some of the ranches, however, have permission from Kenya Wildlife Service to crop a limited quota of plains game for meat. Other possible sources of revenue from wildlife, including hunting and supply of materials for wildlife products, are prohibited. Thus, under the new

¹¹ Reprinted from Rural Extension Bulletin Number 10 - Theme Issue on Community Conservation. This issue was jointly edited by Edmund Barrow of AWF, and John Best of the University of Reading; published by the University of Reading Agricultural Extension and Rural Development Department, England

differentiated land-use rates, wildlife will be conserved only if ecotourism is significantly more profitable than livestock ranching or crop farming. The table below shows the relative land tax for a typical 50,000 acre ranch:

Table 1: Relative Land Tax for a Typical 50,000 Acre Ranch

Land use option	Rate per acre (US dollars)	Land tax on a 50,000 acre ranch
Agriculture	\$0.12	\$6,000
Livestock	\$4	\$200,000
Wildlife	\$10	\$500,000

A wildlife ranching operation in Laikipia would have to make an additional \$494,000 in net revenue to be competitive with using the land for agriculture. Clearly, such a ruling by the Government of Kenya is a strong disincentive to wildlife conservation outside of protective areas.

After serious objection was expressed by the Laikipia Wildlife Forum, this differential land tax was withdrawn. Such a tax could, however, be reinstated at a later date. Thus Gazette Notice 2212, has increased the risk factor in investing in wildlife activities, not only in Laikipia, but throughout Kenya. This means that, even without the differentiated land tax, wildlife ranching in Kenya will have to offer a significantly greater return than agriculture to compensate for this increased risk.

Due to a variety of factors including the limited options for utilising wildlife, however, wildlife ranching in Laikipia and elsewhere in Kenya offers marginal returns. As a commercial proposition, wildlife conservation in Kenya is becoming increasingly less attractive. This is true for private and communal landowners.

Government policies and practices influence all types and levels of economic decision-making including decisions made by communal landowners. Government actions, such as Gazette Notice 2212, impact on the decisions of communities to conserve wildlife on their land or get rid of it.

If we want to make wildlife conservation economically attractive to communities, we need to understand the disincentives facing communities to conserve wildlife. This paper looks at some of these disincentives and suggests how they can be turned into incentives. The paper concludes by outlining a strategy for increasing benefits and reducing costs to communities of wildlife conservation.

DISINCENTIVES FOR COMMUNITY CONSERVATION

In basic economic terms, communities will conserve wildlife if the benefits of conserving exceed the costs. Policies which reduce benefits and increase costs create disincentives to conserve wildlife. These policies may be related to wildlife or to land use. They may also be quite removed from wildlife and from land use. Some Government actions, such as Gazette Notice 2212, actively discourage wildlife conservation. More likely, however, the disincentives to wildlife conservation are unintended consequences of Government policies and actions. Governments rarely have a stated policy to eliminate wildlife.

A critical policy matter related to wildlife is that of ownership of wildlife. To own property is to own a bundle of use rights with respect to that property. For example, one may own a plot of urban land and have the right to build a house on it, but not factory. One may also have the right to invite guests to the house, but not to open up an all-night disco. How use rights to wildlife are assigned will seriously affect how communities act with respect to wildlife on their land. In countries like Kenya where wildlife is owned by Government, communities have little, if any, use rights to wildlife. Communities without secure, legal use rights to wildlife on their land have little incentive to conserve that wildlife.

In Kenya, the only use right commonly available to communities has been the right to look at the wildlife. Fortunately, there is a global demand for viewing African wildlife and thus communities, at least in theory, can benefit from allowing visitors on their land to view wildlife. The viewing demand of wildlife forms the basis of Kenya's ecotourism industry. Unfortunately, communities have tended to receive few if any tangible benefits from this industry.

One way to remove disincentives to community conservation is to grant communities multiple use rights to wildlife. If Government decides to devolve wildlife use rights to communities, however, then it must also decide upon the structures and institutions to which these rights should be devolved, the transferability of these rights, and the checks and balances on these rights. For example, communities may be granted cropping rights for meat production, but not hunting rights.

If Government rather decides to retain ownership and use rights over wildlife, it may try to encourage conservation by compensating communities for direct costs that wildlife impose on them. These costs include loss of property, such as crop and livestock damage, and injury and loss of life. Compensation, however, is problematic, because it can create perverse incentives. Communities may be tempted to engage in land-use activities that result in damages so as to collect compensation. Also, high costs of monitoring and widespread acceptance of corruption encourage cheating. Communities have an incentive to exaggerate damage claims to increase levels of compensation. Furthermore, Governments often fail to make compensation payments in a fair and timely fashion. Thus, for example, under the current political environment in Kenya, its compensation policy has not ensured the conservation of wildlife.

Policies not related to wildlife, but rather to land use may create even greater disincentives for wildlife conservation. Governments with a national objective of food security will often develop policies to encourage agricultural or livestock activities at the expense of wildlife

conservation. In the case of the great savannah ecosystems of East Africa, wheat, maize, wildebeests and elephants do not mix. The well-intended efforts of Governments to promote farming and ranching have been to the detriment of wildlife conservation.

To assist farmers and ranchers, Governments have developed a broad array of policies and support programmes. These include tax exemptions and even subsidies on imported agricultural inputs such as farm machinery. Tariff protection from international competitors is a common policy. There are also credit schemes, research and development programmes and land zoning regulations. Such policies are designed to encourage farming and ranching and in so doing, discourage wildlife conservation.

One example of a policy that supports non-wildlife land use options is water policy. Commonly, water rights are allocated to those with a consumptive demand for water. This include urban development, mining, farming and ranching. Wildlife and biodiversity conservation place a non-consumptive demand on water. The demand is for water as part of the ecosystem that supports the biodiversity including wildlife. Governments traditionally have not allocated rights for non-consumptive uses of water.

Another example, and one that is actually very complex, is land tenure policy. In many African countries, there is a mix of land tenure systems, some of which are more appropriate for wildlife conservation than others. In the Maasai areas of Kenya, for example, there has been a communal tenure system known as group ranches. Title for large tracts of land have been held by a community group. This system has allowed for the traditional pastoral activities of the Maasai as well as for co-habitation by wildlife in key dispersal areas outside of parks and reserves. However, the governance of these group ranches has been problematic at best. So the Government is now committed to subdividing the ranches into individually-owned plots. The group ranches have failed and the solution of subdivision is leading to agricultural development at the expense of wildlife conservation.

There are also disincentives for communities to conserve wildlife brought about by developments not directly related to either the wildlife or their land. At the national level, these include Government policies and actions that encourage or discourage investment and development in general. In countries with a high degree of political instability and corruption, there is less of tendency to invest, especially in projects that do not generate significant short-run returns. Wildlife conservation is a long-run proposition. It requires a stable and secure political economic environment to be economically attractive. The political environment in many African countries is simply not conducive to wildlife conservation.

International developments may create disincentives for wildlife conservation. Political upheaval in the former Yugoslavia or in the Middle East may discourage international travel and reduce the demand for wildlife-based tourism. Political reform in countries such as South Africa may open up new tourist destinations and packages which may worsen the relative competitiveness of wildlife-based tourism in East Africa. Preservationist groups may persuade consumers not to consume wildlife products and indeed may convince the

international community to ban the trade in certain wildlife products. Such events, over which landowners have no influence, can reduce returns to keeping wildlife on the land.

INCENTIVES FOR COMMUNITY CONSERVATION

Given the vast array of disincentives to wildlife conservation, it is a wonder that wildlife still exists outside of the parks and reserves. In Kenya, however, recent evidence shows that wildlife outside of protected areas has seriously declined since the late 1970s and may well disappear if policies and practices are not changed. A similar pattern of drastic decline has happened in Botswana and elsewhere. The trend is indeed worrying and the challenge is to remove disincentives for community conservation and create new incentives while there is still wildlife to conserve.

Any restructuring of the relationship between communities and wildlife must start with reassigning property rights. Serious thought has to be put into devolving an appropriate bundle of use rights — both non-consumptive and consumptive use rights — to communities and landowners. Associated with this bundle of use rights, is an appropriate bundle of responsibilities. Communities have to be given rights and responsibilities to management wildlife on their land and to benefit directly from so doing.

Devolving wildlife use rights to communities and landowners implies that communities and landowners have the legal structure and institutional capacity to exercise and manage these rights. This in turn means that the land tenure systems need to be reviewed and reformed in light of wildlife conservation as a viable land use option. A subdivision land grab in response to a poorly designed system of group ranches is doing little to encourage wildlife conservation. If subdivision is a political inevitability, however, then a legal framework must be developed to allow for individual land holdings to be joined into conservancies for pastoralism and wildlife. Where communal lands are being broken up, there must be a legal way for them to be reunited.

From the viewpoint of national development policies and plans, wildlife conservation needs to be viewed as a viable land use option, or component of one, alongside agriculture, livestock, mining and urban development. To make it truly a viable option, direct and indirect subsidies to other land use options should be removed. Efforts need to be made to put wildlife conservation on a level playing field with agriculture, ranching and other land use options.

A STRATEGY FOR ENCOURAGING COMMUNITY CONSERVATION

A strategy for addressing the economic incentives and disincentives for community-based wildlife conservation must start with an understanding of what motivates communities to do what they do. If indeed wildlife is disappearing in the face of expanding fields of maize and wheat, why is this happening? The strategy must start with an assessment of policies and practices that discourage wildlife conservation as an economically viable land use option.

In basic economic terms, communities will conserve wildlife if benefits of conserving exceed the costs of conserving. The strategy should look comprehensively at the benefits and costs of wildlife conservation. The costs to communities should be addressed by removing disincentives and providing incentives to conserve. Communities will conserve wildlife only if it is in their economic interest to do so.

If we think of communities as suppliers or producers of wildlife conservation, then the strategy also needs to address the demanders or the consumers of wildlife conservation. Who stands to benefit from community efforts to conserve? How can communities capture some of these benefits to both cover the costs of conservation and to encourage ongoing conservation?

The strategy needs to identify local customers of wildlife products such as meat and skins as well as local employment opportunities from wildlife-based tourism and sustainable use. It needs to identify national customers, including those benefiting from servicing the wildlife conservation industry, such as tour operators, butcheries and wildlife curio producers, and those consuming wildlife products within the country. Finally, it needs to identify the global customers including international tourists and consumers of wildlife products and services. The global demand also includes the demand for biodiversity conservation for its own sake. How can communities make money out of all of these customers to pay for and encourage their efforts to conserve?

Gazette Notice 2212 has been good for community conservation in one important sense. It indicates that Government is now beginning to recognize wildlife ranching as a legitimate business activity alongside agriculture and livestock. Community conservation will only become economically attractive once it starts to be treated seriously as a business, as an industry and as a sector of the national economy. Communities need to profit from their conservation efforts in real, tangible, economic terms. Therefore, a strategy for encouraging community conservation must support the commercialization of wildlife.