



Meeting to discuss the Economic Valuation of the Transboundary Conservation Areas (TBCA) between Kenya and Tanzania

Date: Wednesday 21 October 2020

Venue: Microsoft Teams (11h00 – 12h30 EAT)

Report of the Meeting

Introduction

Contiguous countries share an array of coastal and marine resources and ecosystems, which transcend national boundaries thus necessitating collaborative approaches including joint management of these shared resources. Kenya and Tanzania share such resources e.g. coral reefs, seagrass beds, mangroves, and fisheries among others at their point of convergence at the coast. The Contracting Parties to the Nairobi Convention through COP Decision CP8/6 have supported the concept of a “Transboundary marine protected area between Kenya and the United Republic of Tanzania as an example of a cross-border management system of marine protected areas”.

The Governments of Kenya and Tanzania through their national Institutions (Kenya Wildlife Service (KWS) and the Marine Parks and Reserves Unit (MPRU)) respectively have initiated a bilateral initiative between their two countries to investigate the options and possibility for developing a coastal and marine Trans-Boundary Conservation Area (TBCA) between the two countries. To contribute to this process these agencies (with support from the Nairobi Convention and WIOMSA) carried out an assessment and developed a Joint Technical Paper on the current situation and potential options for taking the process of establishing the TBCA forward. In addition, a study carried out by WCS and WIOMSA investigated the legal and institutional frameworks that would be needed to support the development of the TBCA. A Core Group of stakeholders from the two governments, NGOs, and communities has been established and has held several consultative meetings to discuss options for the TBCA since 2015.

The proposed TBCA spans terrestrial and marine ecosystems extending from the northern boundary of the Diani-Chale Marine National Reserve in Kenya to the southern boundary of Mkinga District in Tanzania. Discussions have been held on the viability of including the Pemba Channel and the western coast of Pemba Island into the proposed boundary to account for ecosystem connectivity within the TBCA. The TBCA would provide protection to highly sensitive and endangered ecosystems and species, i.e. highly significant marine and coastal biodiversity.

The key purpose of the proposed TBCA would be to provide protection to ecological infrastructure and biodiversity, while at the same time also optimizing the benefits and investment opportunities provided by these systems to neighboring communities and other beneficiaries. The key benefits of the TBCA have been discussed in the Joint Technical Paper and include the following:

1. Ecological significance and benefits of joint management of the extended area, including contiguous and connected habitats, as well as areas of regional significance
2. Socio-political benefits, including international cooperation, connecting communities and cultures across borders, joint tourism initiatives, and cross-border learning.



An economic valuation of the TBCA is required to serve as a basis for a business case towards the establishment of a collaboratively managed area between the two countries. Much work has been done on the ecological structure and functioning of the system, however, information is lacking on:

1. The value of the resources
2. Future management scenarios to ensure ecological risk management, sustainable use and optimal benefit flows, and
3. Investment opportunities to optimize the benefits.

The work proposed in this assignment builds on and amplifies the existing work and would rely extensively on the knowledge gathered to date. It would also require extensive consultations with all relevant stakeholders.

The work would further capture the benefits of the proposed TBCA as a scenario, to be compared against the baseline/status quo of not having a TBCA, and thus result in a cost-benefit analysis.

Meeting Objective

Stakeholder consultations on the proposed economic valuation of the TBCA and input into the draft concept to guide the assessment.

Expected outcome

1. Common understanding on the need, basis and value of the proposed economic valuation of the TBCA
2. Input into the draft concept
3. Identification of synergies and initiatives by other partners within the same area and possible alignment.

Meeting Summary

1. Opening Session

Opening Remarks and Introduction to the meeting – Dr. Jared Bosire, Nairobi Convention Secretariat

- a) Jared Bosire welcomed the participants to the consultative meeting noting that a number of participants in the meeting have engaged in the TBCA development process which has been on-going for a while. He mentioned that the proposed valuation work seeks build upon the success from past work on TBCA development and the background work that was done in the past. He noted the presence of representative from both Kenya and Tanzania and other partners involved in the work.
- b) He presented an introduction and the rationale for the meeting which highlighted the following:
 - i. The complementary nature of the proposed valuation work for TBCA development to previous ecological work, which strengthens the business case for establishment of the TBCA between Kenya and Tanzania
 - ii. The need to fill information gaps to support the development of the TBCA including: the value of the resources-to support policy and management decision making, future management scenarios to ensure ecological risk management, sustainable use and optimal benefit flows , and investment opportunities to optimize the benefits.
 - iii. The stakeholder engagement in the work including the engagement of the lead agencies (KWS from Kenya and MRP from Tanzania), institutions in the core group and other stakeholders. The proposed economic valuation work is a government- led process with multi- stakeholder



- participation. It is policy oriented and will seek to inform investment and sustainable management options.
- iv. The objective of the meeting which was to ensure that there were appropriate stakeholder consultations on the proposed economic valuation of the TBCA and input into the draft concept to guide the assessment.
 - v. The proposed next step for the proposed economic valuation work including following the convening of the consultative meeting including: (i) creating synergies with partner initiatives on the TBCA, (ii) input and finalization of the Terms of Reference (ToRs) of the proposed work, (iii) contracting of the consulting firms to undertake the work and (iv) commissioning of the work. An initial meeting was held with KWS and MRPU as the respective lead agencies for Kenya and Tanzania in September 2020 to introduce the proposed valuation work and request for their input into the TORs.
- c) He presented the agenda of the meeting which was adopted without any amendments

Opening remarks - Dr. Mohamed Said, Kenya Wildlife Service (KWS)

- a) Dr. Said thanked the Nairobi Convention for the continued engagement in moving the process TBCA forward. He also recognized the stakeholders at the meeting for their efforts in ensuring that the TBCA establishment is realized, through various interventions of different magnitude within the area.
- b) He noted that the TBCA is an important area with numerous valuable resources for the two countries and thus there is need to ensure that the conservation efforts support the two countries and the communities dependent on the resources in to receive maximum benefits from the resources in a sustainable manner.
- c) He noted that the proposed valuation would be very important in providing strong justification to the governments on the importance of the TBCA in contributing to the countries' Gross Domestic Product (GDP).
- d) He mentioned that KWS is in full support of the proposed work and will be actively engaged in the valuation process.

Opening Remarks – Prof. James Njiru, Kenya Marine and Fisheries Research Institute (KMFRI)

- a) Prof. Njiru thanked the Nairobi Convention for the effort put into the processes of further development of the TBCA through the proposed valuation work.
- b) He mentioned that KMFRI will actively engage in the process in order to support the countries in realizing the valuation of the important resources of the TBCA.

Opening remarks – Ms. Magreth Mchome , Marine Parks and Reserves Unit (MRPU), Tanzania

- a) Ms. Mchome noted with appreciation the efforts of Nairobi Convention and other stakeholders in moving the process of the establishment of the TBCA forward.
- b) She mentioned that MRPU will be actively engaged in the valuation process alongside other stakeholders



2. Background of the TBCA between Kenya and Tanzania – Dr. Tim Andrew, Nairobi Convention Secretariat

- a) The presentation made by Tim Andrew highlighted the following:
- i. The partners involved in the development process of the TBCA including: MRPU, KWS, Western Indian Ocean Marine science Association (WIOMSA), Wildlife Conservation Society (WCS), United Nations Environment Programme (UNEP), Indian Ocean Commission (IOC), and European Union (EU) among others. The background work has been carried out by an extensive range partners and stakeholders and will serve as a background for the TBCA economic valuation.
 - ii. The process of development of a Technical Paper on the proposed TBCA which was initiated by the Nairobi Convention Secretariat and WIOMSA and engaging the MRPU and KWS. The paper looked at the current ecological knowledge of the area in order to make case for joint management of the TBCA.
 - iii. The Establishment of an Interim Core Group in 2015 to guide the process, and legal and institutional review which was supported under the EU/IOC Biodiversity project working with WCS and WIOMSA
 - iv. The institutions involved in the development of the TBCA (*these will be reviewed and confirmed to ensure that the relevant stakeholders are all engaged considering the changes that may have occurred over time*):

Tanzania	Kenya
<p>Contact Institutions</p> <ul style="list-style-type: none"> • Marine Parks and Reserves Unit (MRPU) – Lead Institution • Division of Environment Tanzania. Department of Environment, Zanzibar • Tanga Regional Administrative Secretariat 	<p>Contact Institutions</p> <ul style="list-style-type: none"> • Kenya Wildlife Service (KWS) – Lead Institution • National Environment Management Authority (NEMA) • Kwale County Government
<p>Other government agencies</p> <ul style="list-style-type: none"> • Tanga Local Government – Mkinga District • Tanzania Fisheries Research Institute (TAFIRI) • Institute of Marine Science • Department of Fisheries (Tanzania Mainland and Zanzibar) • Tanzania Forest Service • National Environment Management Council • Pemba Channel Conservation Area 	<p>Other government agencies</p> <ul style="list-style-type: none"> • Ministry of Interior and National Coordination • Kenya Marine and Fisheries Research Institute (KMFRI) • State Department of Fisheries and the Blue Economy • Kenya Forest Service (KFS)
<p>NGO/CBO representative</p> <ul style="list-style-type: none"> • MWAMBAAO Coastal Network • Other NGO/CBOs 	<p>CBO/NGO representatives</p> <ul style="list-style-type: none"> • Wildlife Conservation Society • East African Wildlife Society



	<ul style="list-style-type: none"> • World Wide Fund for Nature • Kwale County Natural Resource Network • Kwale County BMU Network
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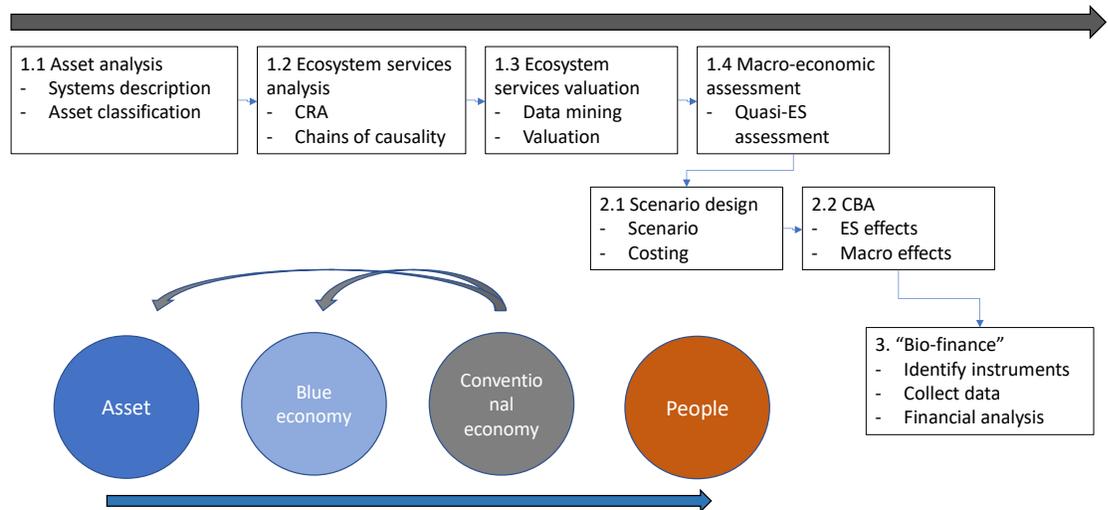
- v. The proposed area for the TBCA (extending from the northern boundary of the Diani-Chale Marine National Reserve in Kenya to the southern boundary of Mkinga District in Tanzania), its importance ecologically and socio-economically, and the threats facing the areas such as overfishing, illegal and destructive fishing practices, illegal logging and unsustainable resource use patterns. There is on-going discussion on inclusion of the Pemba channel, Tanga city and Tanga Coelacanth Marine Park in the TBCA.
 - vi. The aim of the TBCA which is to mainstream ecosystem management objectives and priorities into productive sector practices and policies. The TBCA initiative provides the opportunity for the entire coastal; area of the TBCA to be managed through a multi-use, zoned system with some areas having greater protection than others. It will provide a mechanism to enhance collaboration between existing institutions, frameworks, and stakeholders.
 - vii. The legal and institutional review of the TBCA which was carried out by WCS and WIOMSA funded by EU and was completed in January 2019, following the background paper developed in 2015 which informed the review process. Conclusions from the review were that the legal and institutional arrangements within each of the countries does allow for the joint management of the TBCA that is proposed. The proposed economic valuation study will form part of the conceptual phase of the review process which is currently on-going, before the phases of development of a Memorandum of Understanding (MOU) and consequently development of a bilateral agreement between the two countries. The valuation will add to the ecological, legal and institutional studies to further justify the TBCA concept. The proposed work, in collaboration with work being carried out by WCS and WIOMSA through the Blue Action Fund and work being carried out by GIZ as well as other partners will greatly contribute to moving the TBCA development process from the conceptual phase to the formalization phase.
- b) The discussions following the presentation were as follows:
- i. It was noted that the TBCA is an extensive geographical area with rich resources of which some are transboundary and presents a lot of economic opportunities from various sectors (e.g. fisheries, tourism) hence the need for a common approach to management. The resources in TBCA are currently under various management regimes by different institutions, necessitating collaborative management
 - ii. The Contracting Parties to the Nairobi Convention, including Kenya and Tanzania have made commitments on the establishment of the TBCA through two Conference of Parties (COP) decisions.

3. The proposed TBCA Economic Valuation work – Mr. Thierry Olivera, UNEP and Mr. Jackie Crafford, Prime Africa



- a) Mr. Olivera noted with appreciation the work being carried out by Nairobi Convention and the various stakeholders in development of the TBCA between Kenya and Tanzania and mentioned that the technical group that will be undertaking the valuation work will heavily rely on the expertise, rich knowledge and experience of the stakeholders involved in the TBCA development. He mentioned that discussions on the propose economic valuation began in February 2020 and comes at an important time for UNEP which has engaged with other partners in supporting development of the Blue Economy. He noted that policy impact does not only come from techniques for management but also how institutions and governments collaborate. He mentioned that the valuation work will provide technical information based on scientific data and will require buy-in from governments in order to move the TBCA process forward.
- b) Mr. Crafford presented on the Methodology for the proposed economic valuation and potential investment opportunities for the TBCA. He mentioned that the focus of the presentation would be: (i) to seek input from stakeholders into the methodology to ensure that all important aspects have been covered, and (ii) to emphasize the roles of the different stakeholders particularly in the execution of the valuation process. He also mentioned that the valuation work has not yet began and all work done so far has been in terms of refining the methodology to be applied. The presentation highlighted the following:
- i. The purpose of the TBCA in providing higher levels of protection to sensitive and endangered coastal and marine ecosystems, and species and improve coordination and management within the area. The proposed TBCA economic valuation will contribute towards realizing this. The valuation will go beyond attaching monetary value to an asset to inform policy and decision making.
 - ii. Background of the valuation work including the purpose of the work which is to contribute to protection of ecological infrastructure and biodiversity, optimize benefits and provide investment opportunities to communities and other beneficiaries. The valuation will serve to provide basis for a business case towards establishment of a collaboratively managed area between Kenya and Tanzania. The focus of the valuation would be on (i) the value of the resources, (ii) MPA management scenarios to ensure ecological risk management, sustainable use and continuous benefit flows, and (iii) investment opportunities for optimizing benefits.
 - iii. Development of the methodology since February 2020. The approach for the valuation work will be a concept level approach which is less resource intensive and more focuses on scope and recommendations. The main steps of the methodology including: (i) Environment and Resource Economic valuation to link the TBCA to human wellbeing, (ii) TBCA management as a scenario which will be designed and costed at pre-feasibility level of detail and (iii) Investment analyses (based on the first two steps) to determine extent to which benefits (i.e. ecosystem services) may be optimized. The methodology has also taken into consideration the effects of COVID-19 on TBCA development and stakeholder engagement modalities.
 - iv. The profile of Prime Africa as a team of resource economists who have worked extensively with UNEP since 2009 and across many African countries with vast experience in various systems including marine systems, development of valuation approached and techniques for resource economics. (Website: www.primeafrica.net). Prime Africa will be leading the valuation process in consultation with various stakeholders. Prime Africa will be working in collaboration with Lloyd Capital, a financial analysis firm based in Nairobi and specializes in investments, financial modelling and valuation analysis .Prime Africa will be focusing on the first two steps of the valuation while Lloyd Capital will be focusing on step three on investment opportunities.

- v. Approach and methodological steps as shown in the figure below. The valuation work will be human-centric, focusing on working in harmony with nature for the benefit of people who depend on the ecosystems. The ecosystem valuation guidelines developed for the WIO region under the WIOSAP project, will be used to contribute to the valuation work and the work will support in testing the applicability of the guidelines.



- vi. Considerations to be made during the valuation work including: (i) the valuation assessments will build upon existing work done by various stakeholders and will rely on existing data available, and (ii) engagement and integration of stakeholders through workshops and bilateral discussions
- vii. Deliverables of the valuation work including: (i) inception report to define details of joint working relationships, milestones and timelines, (ii) progress reports and memos reporting on each step and (iii) Final reports incorporation input from stakeholders and recommendations for further work.
- viii. Stakeholder identification and engagement in the valuation work including the TBCA core group, institutional stakeholders who are policy makers, system stakeholders who are more technical with knowledge about the system. The stakeholders will be engaged through various appropriate methods such as workshops, bilateral sessions, joint work sessions and stage gate review. The methods will be applied as relevant to the stakeholders.
- ix. Key considerations for stakeholder engagement including: (i) strong working relationships between the technical team and stakeholders, (ii) management of expectations of the valuation process, (iii) data collection and expert interactions, (iv) proper coordination mechanisms and clear lines of communication between the core group and others, and support in translating the valuation information to information relevant to policy and decision makers and (v) clearly defined roles and responsibilities of the stakeholders.
- c) Discussions following the presentation were as follows:
- i. It was noted the proposed economic valuation work will be the first of its kind within the Nairobi Convention area. It is expected that the outputs from the valuation work will be useful in informing policy and management decisions concerning the TBCA. Involvement of stakeholders at every level of the process will be ensured to promote ownership of the work by governments.



- ii. In cases where there may be data gaps, various valuation techniques such as modelling, remote sensing or mathematical tools can be applied noting that each valuation technique will require very specific data sets. The process of valuation will involve identification of ecosystem to be valued and the appropriate technique for valuing it based on the data available to support use of the technique. Literature review will also be carried out to see areas where similar studies have been carried out in the world and how lessons learnt can be transferred and applied in the TBCA valuation work. The economic valuation guidelines will also be useful in providing guidance on how to handle areas with deficiencies in data.
- iii. There is a need to define the use and application of terminologies to ensure clarity and common understanding of the terms e.g. the usage of 'asset' and 'ecosystem' which while they may appear synonymous there are differences in that, assets refers to a flow process in the system while ecosystem refers to the functioning of the system. A glossary of terminologies shall be provided for reference.
- iv. Factoring in climatic drivers of change in the evaluation model would typically involve developing a scenario by evaluating the hazards associated with climate change and the risks they pose to the ecosystems and their specific assets. While development of such a scenario is beyond the scope of the current proposed work, the modelling exercise that will be carried out as part of the valuation will enable the relevant stakeholders with technical expertise to conduct the scenario development and analysis.
- v. The valuation work, being human-centric will give consideration to linkages between communities, the ecosystems and assets and well being of these communities, including alternative livelihood options. The primary focus of the valuation of the TBCA is preserving the ecosystem services that support many of the existing livelihoods and additionally under the bio-finance instrument opportunities for alternative livelihoods could be identified.
- vi. It was noted that a clear financial sustainability plan for the TBCA will be required under the bio-finance section of the valuation work. The valuation work is at a concept level and will provide concept level costing for actions that need to be implemented as part of establishing the TBCA.
- vii. The current activities being carried out by stakeholders that complement/ align to the TBCA valuation work were highlighted as follows:
 - GIZ has developed a project looking into policy and transboundary management of the TBCA which is expected to commence soon. The project will focus on: (i) capacity building of relevant authorities to enhance cross-border planning, governance and monitoring for the sustainability of the marine resources, and (ii) enhancing local measures for the sustainable management of marine resources including alternative livelihoods for local communities. The project will be engaging with the TBCA core group and will thus work closely with the Nairobi Convention in the valuation work.
 - KMFRI, through its center at Shimoni in the south coast of Kenya has a number of projects being implemented including: (i) a project at Gazi bay focusing on mangrove fisheries, seagrass and coral reef management, (ii) an International Climate Initiative (IKI) funded project in collaboration with WWF and the Kwale County government looking at the conservation of both ocean-based and terrestrial ecosystems (iii) a Blue Action Fund (BAF) funded project in collaboration with WCS which will be working on development of carbon stocks baselines for seagrass and mangroves and also livelihood activities and (iv)



Belgian Government funded project on transboundary management with a focus on connectivity of the resources .

- WWF-Kenya is implementing two projects in the TBCA area: (i) a BIOPAMA project to improve management effectiveness of the Kisite-Mpunguti Marine Protected Area including improved governance, community participation, equity and benefit sharing in the area, and (ii) a European Union (EU) funded EcoFish project which focusses on ensuring that small-scale marine fisheries in Kenya and the East African coast are contributing to sustainable blue growth, poverty reduction, food security and job opportunities.
 - CORDIO is implementing a project in the south coast of Kenya which will be undertaking economic valuation of some of the ecosystem and flows using methodologies developed under the Millennium Ecosystem Assessment.
- viii. The partners with initiative relating to the TBCA area were requested to each provide a brief summary of initiatives being undertaken by the institutions, which will be taken into consideration in the valuation work to ensure that there are linkages between the interventions and that the information from the interventions can inform the valuation process where applicable.
- ix. The Economic valuation guidelines developed for the WIO region will be tested during the valuation process and initiative on valuation such as the work being undertaken by CORDIO can also provide opportunities for utility of the guidelines in the region.

4. Concluding Remarks/ Closing of meeting

- a) Jared concluded the meeting by thanking participants for their active engagement and contribution during the meeting. He mentioned that some of the input from the stakeholder will be critical in finalizing TORs and the concept for the valuation work. Once the TORs and concept are finalized, Prime Africa and Lloyd Capital will be contracted to initiate the proposed valuation work. He noted that there will be very comprehensive stakeholder engagement to ensure that the work is relevant to the aspirations of the governments of Kenya and Tanzania in development of the TBCA. He mentioned that the report of the meeting, presentations made and the recommendations on next steps for the valuation work will be shared with stakeholders.
- b) There being no other business, the meeting was adjourned at 13h05.

5. List of Participants

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