

Malawi loses K27bn in natural resources

BY DICKSON KASHOTI

MALAWI is paying a high price of up to K26.6 billion each year for unsustainable natural resource use, a Malawi Poverty and Environment Initiative-Economic study has revealed.

The report was unveiled yesterday in Lilongwe before a high profile audience which included top government officials, leaders of the civil society and a representative of Parliamentary Committee on Agriculture and Natural Resources.

The study was commissioned by the Ministry of Economic Planning and Development with funding from United Nations Development Programme.

The lead consultant for the project was Dr Ronald Mangani of Chancellor College, of the University of Malawi.

"Malawi pays a high price for unsustainable natural resource use. This cost is equivalent to giving up to 5.3 percent of GDP each year. Malawi would be richer by K26.6 billion (US\$191 million) each year," says the report in part.

The K26.6 billion is more than the total funding allocated to the education sector and to the health sector in the 2009 national budget which Parliament approved.

"With a 10 percent discount rate, the discounted value of unsustainable natural resource use over a decade amounts to more than K84 billion (US\$600 million) in 2007 prices-about K28,000 (US\$200) for each household in Malawi," says the report in part.

The report says the largest costs result from the loss of agricultural productivity as a result of soil degradation, deforestation in

catchments around main urban centres to supply firewood and charcoal, unsustainable fishing and reduced economic activity caused by indoor air pollution.

The report says there is compelling evidence that unsustainable natural resource management leads to increased poverty in Malawi.

For instance, the report reveals, World Bank data from 1992 indicated average annual agricultural yield loss of 4 percent to 11 percent as a result of soil erosion, while another report of 1995 estimated mean annual yield of eight to 25 percent.

From front page

Expert says Malawi's GDP underestimated

Environmental researchers has said natural resources contributions to Malawi's economy are underestimated by almost seven percent because of a large omission of charcoal, firewood and wildlife contribution in official statistics.

The team, largely comprised of lecturers from the University of Malawi, was engaged by the Ministry of Development Planning and Cooperation with funding from the United Nations Development Programme (UNDP) to assess the total contribution of natural resources to the Malawi economy.

Lead consultant Ronald Mangani told a consultative meeting for the study in Lilongwe that the research has established that the economic contribution of natural resource in Malawi is "very significant but is not adequately captured in official statistics", with 80 percent of Malawians estimated to be directly dependent on natural resources for their livelihood.

"Estimates of GDP do not record the contribution of soils and wildlife. Even where natural resources are recorded in GDP, the values tend to be understated," said Mangani.

He said for example, official GDP figures in Malawi significantly underestimate the true contribution of forestry by not capturing the extensive use of wood for fuel.

Mangani said the natural resource statistics for 2009 only captured the contribution of forestry at 1.8 percent and fisheries at 4.0



WOOD FUEL—Has contribution to GDP

percent, but says after reviewing in detail recently published studies in forestry and tourism resources; they have come up with revised estimates of GDP contributions by natural resources.

The revised estimates have increased forestry contributions from 1.8

percent to 4.3 percent and included wildlife contributions in the accounts at 2.7 percent which when added with 4.0 percent contributions from fisheries have raised total natural resource contributions to Malawi's GDP for 2009 from 5.8 percent to 12.8 percent. Justifying the significance

of forestry contributions to the economy, the study estimates full-time employment in forestry at around 29,000 with a further 130,000 full-time jobs involved in wood fuel supply.

It says royalties levied on forest products by government amount to some K163 million annually, well

below resource rents, because the rates do not reflect current market prices and collection of royalties and fees.

The study says firewood is immensely important for household energy, providing 95 percent of rural household energy supply and 55 percent for urban households, with charcoal providing around a

third of urban household energy supply.

It says apart from firewood and charcoal, forests are also important source of various non-timber products such as mushrooms, bush meat, fruits, juices, honey, fodder and thatching grass, but says reliable estimates of quantities and their value are currently not available.

The study has since recommended that national income accounting and data capturing systems should be improved to capture reliable information about the sector's contribution and significance to the economy.

Director of Economic Planning in the Ministry of Development Planning Yona Kamphale said the study was commissioned to assess economic costs and benefits, in monetary and non-monetary terms, of sustainable and unsustainable natural resource use in Malawi in order to highlight the potential for sustainable natural resource policies and programmes to contribute towards economic growth, food security and poverty reduction.

"Findings of the study will help decision-makers to take issues of environmental sustainability into account in policy making and investment decisions," said Kamphale.

The Daily Times

COMMENT 

Freedom of Expression Our Birthright

Commitment needed on preserving natural resources

THE report on the country's poor use of natural resources launched yesterday by the Ministry of Economic Planning and Development with funding from UNDP confirms what we have feared for a long time.

The Malawi Poverty and Environment Initiative: Economic Study report says Malawi is losing up to K26.6 billion each year for its unsustainable use of natural resources.

According to the report, the largest costs result from the loss of agricultural productivity as a result of soil degradation, deforestation in catchment areas around main urban centres to supply firewood and charcoal. Others are unsustainable fishing and reduced economic activity caused by indoor air pollution.

The report's findings—though scaring—are not very new. They are not because we have always been seeing hundreds of bags of charcoal on bicycles carriers heading towards urban centres day in day out. Surely we know that charcoal is made from trees that are felled somewhere without replacement.

We also know that once land has been denuded of its cover from trees, soil erosion creeps in. In the case of Malawi, millions of tonnes of the rich top soil is eroded into rivers and then into Lake Malawi. Agricultural yields, we are told, diminish by up to 25 percent annually because of this soil erosion. This, to say the least, is catastrophic to the development of the nation.

The problem is therefore not that we do not know the culprit. We are all culprits in one way or another if we use charcoal or if we have failed to come up with ways of arresting the problem. The question is why are we not able to find lasting solutions to these

if we use charcoal or if we have failed to find other ways of arresting the problem. The question is why are we not able to find lasting solutions to these problems?

The paradox is that the millions of tones of charcoal that is used in urban centres is not flown into these places. This charcoal is transported by road on the M1 and on many other roads where there are roadblocks that operate 24 hours a day and 365 days a year manned, we believe by professional police officers and forestry officers.

For example, what is the use of the roadblock at Zalewa in Blantyre where the law enforcers and forestry staff are supposed to impound charcoal being transported without proper documents and yet less than a kilometre away on the M1, villagers sell hundreds of bags of charcoal all the time?

As we have said above, the problem with the country's unsustainable use of natural resources is not due to what we didn't know. The problem has always been what interventions to institute to arrest deforestation.

In fact, as a country we actually know the solutions to the problem. The remedy is to find alternative source of energy for urban dwellers who provide a ready market for charcoal. The problem is how to come up with these sustainable substitutes for charcoal.

Sadly, until we do that we will continue to mourn over our unsustainable use of resources without hoping for a solution to the problem anytime soon.



THE NATION

COMMENT

Let's be positive on findings on poverty, environment

The research report presented yesterday by government, which has revealed that Malawi is losing about K25 billion annually because of unsustainable use of the environment serves as a timely wake-up call.

Actually, the research findings underscore the fact that much as the country is making strides in economic development, there are still some loopholes that need to be sealed to enhance the development.

Without a doubt, Malawi's economy has been impressive in the past few years. Notable developments such as improved road network, food security as a result of the farm input subsidy programme and general improved standards of living among Malawians have put the country on the world map.

Yet, it is obvious that there is more to be done to reach the country's desired level of development. To get to that point, there is need to assess the challenges and successes and make proper plans on the way forward.

It is in this spirit that, we believe, that the Malawi Poverty and Environment Initiative (MPEI) sanctioned the study.

The money that is lost due to unsustainable use of the environment, according to the report, represents 5.3 percent of the gross domestic product (GDP) which is not small money, considering the country's economy. This is a sign that while the country is making progress, there are still some areas that need ironing out.

Of late, there have been threats to the environment not only in Malawi, but the world over. What government needs to do is to take action now and not tomorrow.

As we ponder this issue, we should ask the following questions: What is Malawi doing to preserve the environment and save the billions of kwacha that could otherwise be invested in the many programmes government is running to alleviate poverty? What are the factors leading to the continued depletion of the environment despite the environmental policies and programmes that government put in place?

All in all, the importance of environmental preservation cannot be overemphasised in an agricultural economy such as Malawi.

Government should, therefore, take the study findings as an opportunity to address the challenges and attain economic growth and poverty reduction targets set in the Malawi Growth Development Strategy. ■

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