

“The Importance of Natural Capital to Development”
Plenary Address by Her Excellency Mrs. Ellen Johnson Sirleaf
President of the Republic of Liberia
At A Summit for Sustainability in Africa
Gaborone, Botswana
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President Khama;
Fellow Heads of State or Government;
Summit Co-Hosts;
Distinguished Panelists;
Participants;
Ladies and Gentlemen:

I bring you warm greetings from the people and Government of the sister Republic of Liberia. I want to express my personal gratitude to my Brother, His Excellency Lieutenant General Seretse Khama Ian Khama, and to the Government and people of Botswana for the exceptionally warm reception and hospitality extended to me and my delegation since our arrival in this beautiful country on Sunday.

Fellow brothers and colleague Heads of State from around Africa, I am delighted to be amongst you. Each of you represents a success story in Africa’s development process. The seeds sown by Mwalimu Julius Nyerere are now starting to bloom, and President Jakaya Kikwete is a vivid example of what The Teacher envisioned for his country many decades ago. We are all proud to have been his global students.

Next door, in Rwanda, the people have performed incredibly well on the path of national reconciliation and economic development, thanks in great part to the leadership of His Excellency President Paul Kagame. Both countries continue to serve as models to us, in some way or the other. Both countries are our success stories. I am sure Presidents Kikwete and Kagame will share with us some of the solutions, as well as the challenges, they encountered, so that together, we can formulate solutions for the future.

If any country deserves the honor of hosting this historic event, it must be a country that has performed so well in such a short time by harnessing all the potentials in its ecosystem. What Botswana has achieved in terms of both social and economic development since independence in 1966 is nothing short of a miracle, jumping from the bottom of poverty, with people living with less than US\$70 a year, to become one of the fastest growing economies in the world, while conserving its many natural assets. Botswana exemplifies what can be accomplished through accountability, transparency, and sound resource management against the backdrop of a democratic political setting.

Natural capital – our ecosystems, biodiversity, and natural resources – underpins economies, societies and individual well-being. The values of its myriad benefits are, however, often overlooked or poorly understood. They are rarely taken fully into account through economic signals in markets, or in day to day decisions by business and citizens, nor indeed reflected adequately in the accounts of society. The steady loss of forests, soils, wetlands and coral reefs is closely tied to this economic invisibility. So, too, are the losses of species and of productive assets like fisheries, driven partly by ignoring values beyond the immediate and private.

We are running down our natural capital stock without understanding the value of what we are losing. Missed opportunities to invest in this natural capital contribute to the biodiversity crisis that is becoming more evident and more pressing by the day. The degradation of soils, air, water and biological resources can negatively impact on public health, food security, consumer choice and business opportunities. The rural poor, most dependent on the natural resource base, are often hardest hit. The attainment of Millennium Development Goals, especially those relating to rural poverty, will be difficult if not impossible if natural capital is not maintained.

I believe our task at this conference is to conceptualize new approaches, to promote a dialogue on how to deepen our thinking on the alignment of the natural capital of our environment with our policy-making decisions. I believe this meeting must lead to a concerted continental discourse on how to account for, how to integrate, every aspect of our natural environment into our national development policies.

Increasingly, one of the imperatives of any sustainable development is to strike the right balance between our current needs and our global future. In countries

like my own where economies rely heavily on the exportation of minerals and agricultural commodities, such a balance is a top priority.

Our African nations in general produce and export commodities to support other economies around the world and, in return, import much of their modern technology. The question before us is: how do we ensure that we do not deplete our natural capital to satisfy our daily needs?

The ideal situation would be for producers of raw materials to take part in setting the price system on a global scale. However, the capacity to achieve this objective is lacking even in some of the most developed economies. Yet we must bear in mind that every decision we take has universal implications. We recently witnessed how a failing banking system in Reykjavík, Iceland, had repercussions across the globe. The continuing crisis in the Euro zone has even greater implications for our economies.

The state of global trade is such that countries which depend solely upon their export of “natural capital” face challenges in trying to set a conservation agenda. We recall the unexpected example in Liberia in the 1970s, when the price of iron ore fell from \$600 to less than \$100, and at the same time the price of oil went from \$15 to \$75 overnight. Faced with the realities of the free market system, Liberia had no choice but to dig for more iron, at the cost of abusing our environment. In the end, we were left with big craters and artificial lakes on our landscape and not much else to show for the millions of tons of ore exported. The growth of our economy declined even more as the deflation in the price of iron affected our timber, gold, diamond and fishing industries.

Sustainable development depends in large measure on successfully integrating the environment into economic planning and decision-making. Natural resource exploitation in agriculture, as well as direct exploitation in the forestry and related sectors, is the main source of income for Liberia’s economy, which remains predominantly agrarian. Agriculture, including forestry, is critical to the economic development of Liberia and is the source of livelihood for 70 percent of the population. In addition to rubber exports, the economy is also historically dependent heavily on iron ore and foreign direct investment. Timber and rubber are Liberia’s main export items since the end of the war.

Liberia and the African continent, in general, are blessed with tremendous human and natural capital. Anyone who has visited Liberia can testify to the warmth and energy of our people and the abundance of our natural resources. Our intact areas of rainforest harbor unique biodiversity; countless mineral reserves lie beneath our fertile soils; abundant fishing resources lie off our shores.

These resources have the potential to free us from poverty, if they are managed sustainably. Yet for most of our history, they have been exploited and much of the benefit flowed to foreign investors or to a few well-connected individuals in the capital. Agriculture, forestry and fishing are the dominant livelihoods in Liberia, but if we continue to use them unsustainably, we risk our soils becoming depleted, our fish stocks exhausted and our forests falling silent.

Liberia faces myriad environmental challenges that have the potential to derail the nation's development initiatives and impact on its ability to achieve the MDGs. These challenges include:

- Tropical rain forest deforestation
- Soil erosion
- Loss of biodiversity
- Coastal erosion and pollution of coastal waters from oil residue and raw sewage
- Mangrove draining and reclamation in urban areas
- Sewage and solid waste disposal and management
- A myriad of climate change related issues

All of these impact negatively on the ability of our country to meet the goals of our Poverty Reduction Strategy (PRS) or the MDGs. The underlying causes of

these numerous environmental challenges are to be found in the historical governance issues and challenges facing the nation, the unresolved land and resource tenure and property rights issues, as well as capacity gaps in the existing institutions at national and local levels to implement existing policies and legislation. Although policy and legislative initiatives have been taken in the

recent past to respond to many of the environmental challenges, gaps still exist which need to be urgently addressed.

In order for Liberia to plan and implement a genuinely sustainable economic future, that future must take account of the ability of natural capital to sustain economic development. This need is particularly acute in the context of climate change, which will impact West Africa very significantly.

Let us remember that the sustainable management of natural capital is not a new challenge: it is one every African village has faced since time immemorial. However, with a global population of 7 billion and growing, it is a more urgent challenge than ever – and while the problems may manifest themselves at a local level, the solutions will only work if they are truly global.

As we go from referring to our commodities as resources to calling them capital, we are placing a monetary value on everything that exists in the ecosystem, from trees to water to sand and rocks. We must take account for every natural capital in the development process; and we need to formulate the right approach in striking a balance between our needs, our usage of the capital, and conservation for the future. We must assess and take into account the consequences of changing global conditions such a climate change.

Thus, our agenda is to redefine the relationship that exists between us, our ecosystem, our development imperatives, and what we leave for future generations. This has always been an essential quest in every development theory. As far back as 1968, the African Convention on the Conservation of Nature and Natural Resources started the reflection on this issue. Since then, many others conventions and declarations have emerged, always with great emphasis on the importance of conserving the gift of nature.

The question before us is this: How do we ensure that the demand for foreign goods and services will not hamper our ability to set a balance between the imperative to meet daily social needs, and exploiting our natural resources in a way that does not threaten the livelihood of future generations? Or threaten life as we know it today? How do we ensure that our watersheds, forests, fisheries and other ecosystems are protected from overuse and degradation because we need one more hospital or one more school? How do we ensure transparency in the management of natural resources? How do we ensure that natural capital is

managed for the benefit of the local people? In a market-driven world, how do we ensure that the private sector is an integral part of any sustainable development agenda?

The responses to these questions are not simple. Because of their complexity and multiplicity of layers, we look to past experiences – what worked and what failed, and why?

Development and conservation can go hand in hand, provided we develop a framework for action around a shared vision. This calls for strong partnerships among all stakeholders. The primary partnership must be at the local level, where the government and the people work with the investors to ensure equity in every agreement. The second level is that which should exist between developing nations and the international marketplace.

The demographic explosion worldwide in recent years has added to the urgency we must attach to the issue of sustainability. In Africa, that demographic shift is felt through urban migration, with rural dwellers settling into cities that have become environmental hazards. As we deliberate on nature, the ecosystem and resources, let us not overlook the issue of sustainability in urban areas – how to make our cities more eco-friendly and nurturing rather than oppressive and hazardous.

I hope that we use this Summit to promote the sustainable use of natural capital worldwide. To do this, we need to change the incentives that our people face. Until we can put a value on the contribution our biodiversity makes to the global environment, we will struggle to protect it. Until we are compensated for the ecosystem services that our forests provide the world, they will be worth more dead than alive. Until we have access to the best technologies for sustainable agriculture and renewable energy, we will continue to languish in poverty.

There have been many fine commitments to sustainable development over the years: from the African Convention of the Conservation of Natural Resources in 1968, to the Rio Earth Summit in 1992, the Johannesburg Plan of Implementation on Sustainable Development in 2002, to the Copenhagen Climate Change Conference in 2009. At that Conference, countries were promised US\$100 billion in funding for climate change mitigation and adaptation initiatives. Three years later, we are still waiting. I hope that this Summit marks the moment when Africa

speaks with one voice on how we can manage our natural capital for future generations.

I hope that the many discussion groups of today and tomorrow will adopt new policies, set benchmarks and contribute to a more global strategy on how to obtain our objectives.

I thank you for your attention.