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## **WED 2011 Spotlights Enormous Economic and Human Benefits from Boosting Funding for Forests**

### **Investing Just 0.034 Percent More of Global GDP Could Halve Deforestation, Generate Millions of Jobs and Combat Climate Change**

**Delhi/Nairobi/World, 5 June 2011** – Investing an additional US\$40 billion a year in the forestry sector could halve deforestation rates by 2030, increase rates of tree planting by around 140 per cent by 2050, and catalyze the creation of millions of new jobs according to a report by the UN Environment Programme (UNEP).

Backed by the right kinds of enabling policies, such an investment -- equivalent to about two-thirds more than what is spent on the sector today -- could also sequester or remove an extra 28 per cent of carbon from the atmosphere, thus playing a key role in combating climate change.

*Forests in a Green Economy: A Synthesis* was unveiled during this year's World Environment Day (WED) celebrations. The theme, *Forests: Nature at Your Service*, underscores the multitude of benefits that forests provide to humanity.

WED 2011 also comes during the UN-declared International Year of the Forests, which is in part focused on the critical links between forests and the transition to a low carbon, resource efficient green economy.

“WED 2011 comes precisely 12 months before the Rio+20 meeting in Brazil next year where the world will come together to try and forge a new and more decisive response to the sustainable development challenge of the 21<sup>st</sup> century,” said Achim Steiner, UN Under-Secretary General and UNEP Executive Director.

“The Green Economy initiative has identified forestry as one of the ten central sectors capable of propelling a transition to a low carbon, resource efficient, employment-generating future if backed by investment and forward-looking policies,” he added.

“There are already many encouraging signals; the annual net forest loss since 1990 has fallen from around eight million to around five million hectares and in some regions such as Asia, the Caribbean and Europe forest area has actually increased over those 20 years,” said Mr. Steiner.

- The report also spotlights how the area of planted forests including those as part of agroforestry schemes on farms and plantations have grown from 3.6 million hectares in 1990 to just under five million hectares in 2010.

Groups like WWF are cataloguing information and experience in respect to plantations to maximize biodiversity and ecosystem services.

It shows in areas such as Brazil’s Atlantic rainforest how more creative tree planting can assist in providing buffer zones around intact forests allowing regeneration and recovery.

“There is also an increasing engagement from the private sector in these nature-based assets and mobilization by cities and communities across the globe in tree planting efforts. Meanwhile, new kinds of smart market mechanisms, ranging from REDD+ to payments for ecosystem services, are emerging,” he added.

“WED is a day for everyone to act in support of forests and to nurture these green shoots of a Green Economy as the world looks towards how best to accelerate, scale-up and above all implement these transitions in Rio in 2012,” he said.

The Forests in a Green Economy synthesis also builds on the work of The Economics of Ecosystems and Biodiversity (TEEB), a broad partnership hosted by UNEP.

It underlines that natural capital such as forests can represent up to 90 per cent of the GDP of the rural poor. India is among a dozen countries taking the global findings of TEEB into national assessments that in turn could translate the value of nature and its services into national accounts.

Today’s synthesis report spotlights other ways in which governments are using forward-looking policies nationally that can also catalyze market-based instruments, such as credit, microfinance, leases and certification schemes.

- For example, the host of this year’s World Environment Day festivities, India, has recently approved a national initiative to increase forest cover over five million hectares, improve quality of forest cover over another five million hectares and improve crucial ecosystem services provided by forests, such as hydrological services. The new Green India Plan aims to increase forest-based incomes for three million households.
- Over 80 per cent of the US\$8 billion National Rural Employment Guarantee Act, which underwrites at least 100 days of paid work for rural households in India, is invested in water conservation, irrigation and land development. This has generated three billion working days-worth of employment benefiting close to 60 million households.

Globally, to undertake a green transition, an additional average investment of US\$ 40 billion per year—or around 0.034 per cent of global GDP-- in the forest sector is required, starting with US\$15 billion in 2011 and increasing up to approximately US\$57 billion by 2050.

Carefully planned investments would also contribute to increased employment from 25 million today to 30 million by 2050.

To mobilize public and private investments in forests, the UNEP report emphasizes the role of the Payment for Ecosystem Services (PES) and Reducing Emissions from Deforestation and Forest Degradation (REDD+).

PES is a scheme of voluntary transactions aimed to compensate land owners for providing ecosystem services to society, such as carbon storage, watershed protection or biodiversity conservation.

REDD+ recognizes the importance of forests for carbon sequestration through conservation, sustainable management of forests and enhancement of forest carbon stocks. To support these activities, this mechanism allows financial transfers between industrialized and developing countries and between national level agencies and communities and landowners.

Both mechanisms provide new avenues for leveraging political attention, and much-needed private, public and bilateral finance. For example:

- In Ecuador, the local government in the town of Pimampiro pays US\$6 to US\$12 per hectare per year to a small group of farmers to conserve forest and natural grassland in the area surrounding the town's water source.
- Norway's contribution to the Amazon Fund in Brazil is achieving a new form of partnership for realizing deforestation reduction targets. In 2010, Norway announced a grant of US\$ 1 billion to Indonesia in return for agreed measures to tackle deforestation and degradation. Under the terms of the agreement, Indonesia has announced a two-year moratorium on new permits to clear natural forests and peatlands.

The value of the services forests provide is not confined to developing economies. One scientific assessment by the Pembina Institute has estimated the value of the services in Canada's boreal forests—including flood control, pest control by birds and carbon sequestration-- at just over US\$90 billion a year.

### **Moving forward**

The report suggests that knowledge, vision, enabling conditions and new investments are all necessary to realize the full contributions of forests in a green economy, which is based on a new economic paradigm.

The Green Economy “in the context of sustainable development and poverty eradication” is also one of two key issues that will be addressed at the Rio+20 Summit next year in Brazil.

The public and the private sector both have an important role to play in accelerating the transition to a Green Economy. On the one hand, governments must promote policy and technical support to ensure forest-based investments.

On the other hand, business and financial institutions need to invest in forest projects, and provide independent and verifiable risk assessments and risk insurance services, amongst others.

Eduardo Rojas-Briales, Chair of the Collaborative Partnership on Forests (CPF) said, "Supportive social, legal and institutional settings are key to the sustainable management of natural resources. Optimal land use, further life cycle analysis, ecosystem landscape management, and governance are all key themes that will help unlock the full potential of forests in creating green economies."

Additional investment is also required for up-front capacity building and preparatory work, continued implementation of mechanisms that compensate for opportunity costs, reforestation, and payments for forest protection.

Some examples of successful policy interventions noted in the report highlight the benefits and positive results of sustainable management of forests.

- Forest related interventions in Costa Rica have led to economic growth and a dramatic increase in forest cover. In 1995, forest cover in the country was 22 per cent, but by 2010, it had recovered to 51 per cent of the country’s land area.
- Community Forest Management is the second largest forest management system in Nepal, where forests cover more than 40 per cent of the land. It has contributed to restoring forest resources in the country, and turned an annual rate of decline in forest cover of 1.9 per cent during the 1990s into an annual increase of 1.35 per cent between the period of 2000 and 2005.
- The restoration of natural mangrove forests in Vietnam for US\$1.1 million resulted in annual saving of US\$7.3 million in sea dyke maintenance.

These examples, amongst others, illustrate the significant socio-economic returns that forests can provide. With additional investments and policy reforms, the forest sector can provide a foundation for building a low-carbon, resource-efficient and socially inclusive green economy.

#### **Notes to Editors:**

The report, *Forests in a Green Economy, A Synthesis*, and other WED materials, can be found on the UNEP website at: [www.unep.org](http://www.unep.org) and at [www.unep.org/greeneconomy](http://www.unep.org/greeneconomy)

UN-REDD [www.un-redd.org](http://www.un-redd.org)

World Agroforestry Centre [www.worldagroforestrycentre.org](http://www.worldagroforestrycentre.org)

For photos/videos please check [www.unep.org](http://www.unep.org) or [www.newsmarket.com](http://www.newsmarket.com)

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