



Forests and the Green Economy

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Outline

- Background
 - UNEP's Green Economy report
- Forests and Green Economy
- Concepts
 - Forests, SFM, investing in SFM
- Approach to the analysis
- Examples of investing in a green forest sector



UNEP's Green Economy Report

- **Aims to:**
 - Make macroeconomic case for increasing investments in green sectors
 - Motivate and enable policymakers, business and shareholders to invest in green sectors and green policy reforms
- **Sectors include**
 - **Agriculture, forests, fisheries**
 - **Renewable energy, water, waste management**
 - **Buildings and cities**



Aims of the Forest Chapter

- Focus on forest ecosystem services
 - Provisioning services: timber, fibre, fuel
 - Regulating, supporting, cultural services
- Analyse the impacts of increasing investment in sustainable management of forests
- Examine supporting enabling conditions



Why forests are important for a green economy

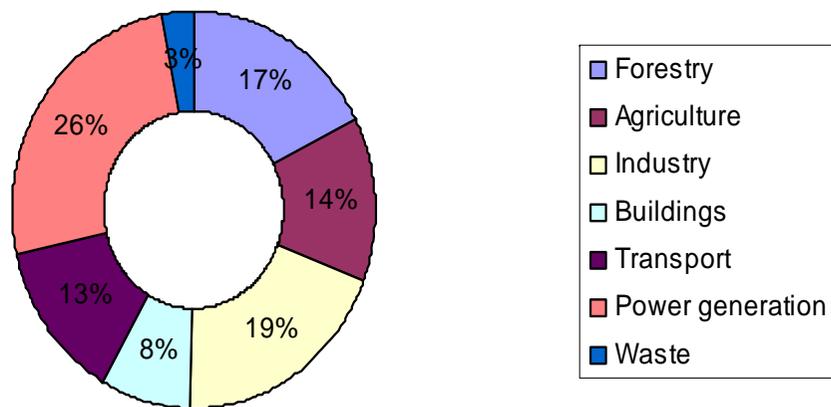
- ❑ **GDP and trade**
 - ❑ Forest industry contributes 1% of world GDP
 - ❑ Large volume and value of forest products trade
- ❑ **Jobs**
 - ❑ 14 million (FAO SOFO 2009)
 - ❑ 50 million in the wider forest industry (WB 2008)
- ❑ **Livelihoods**
 - ❑ 140 million in informal small forest enterprises
 - ❑ 60 million indigenous people depend almost entirely on forests (WB 2008)



Why forests are important for a green economy (2)

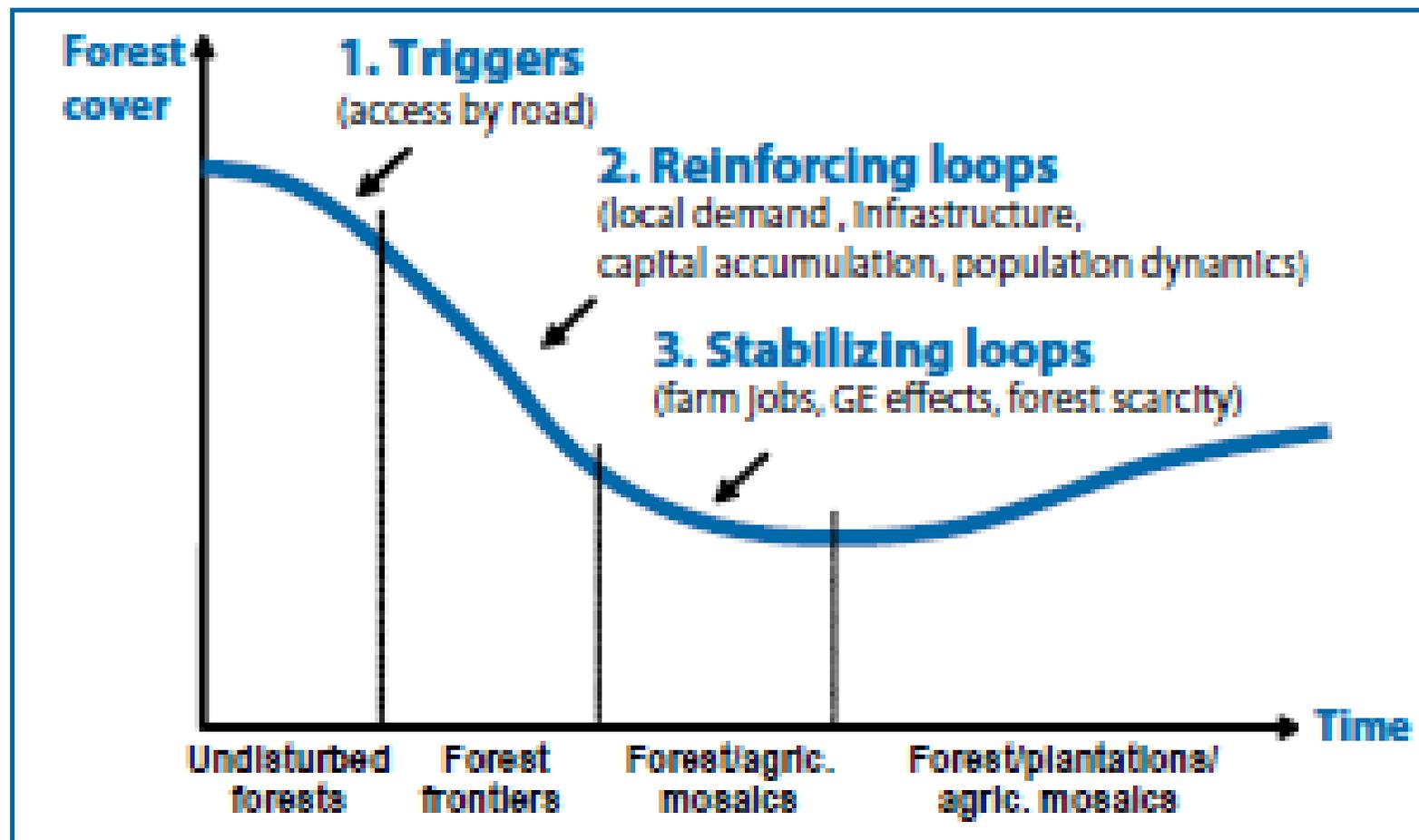
Ecosystem services – climate, water, biodiversity

GHG Emissions by Sector





The forest transition





What is sustainable forest management?

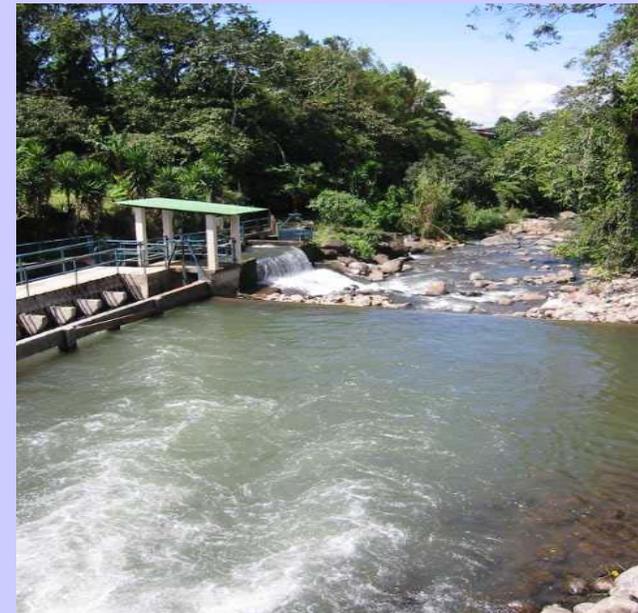
“The **stewardship and use** of forests and forest land in a way, and at a rate, that maintains their **biodiversity**, productivity, regeneration capacity, vitality and their potential to fulfill **now** and in the **future**, relevant **ecological, economic and social** functions, at **local, national and global levels** and does not cause damage to other ecosystems.”

Ministerial Conference on the Protection of Forests in Europe (1993)



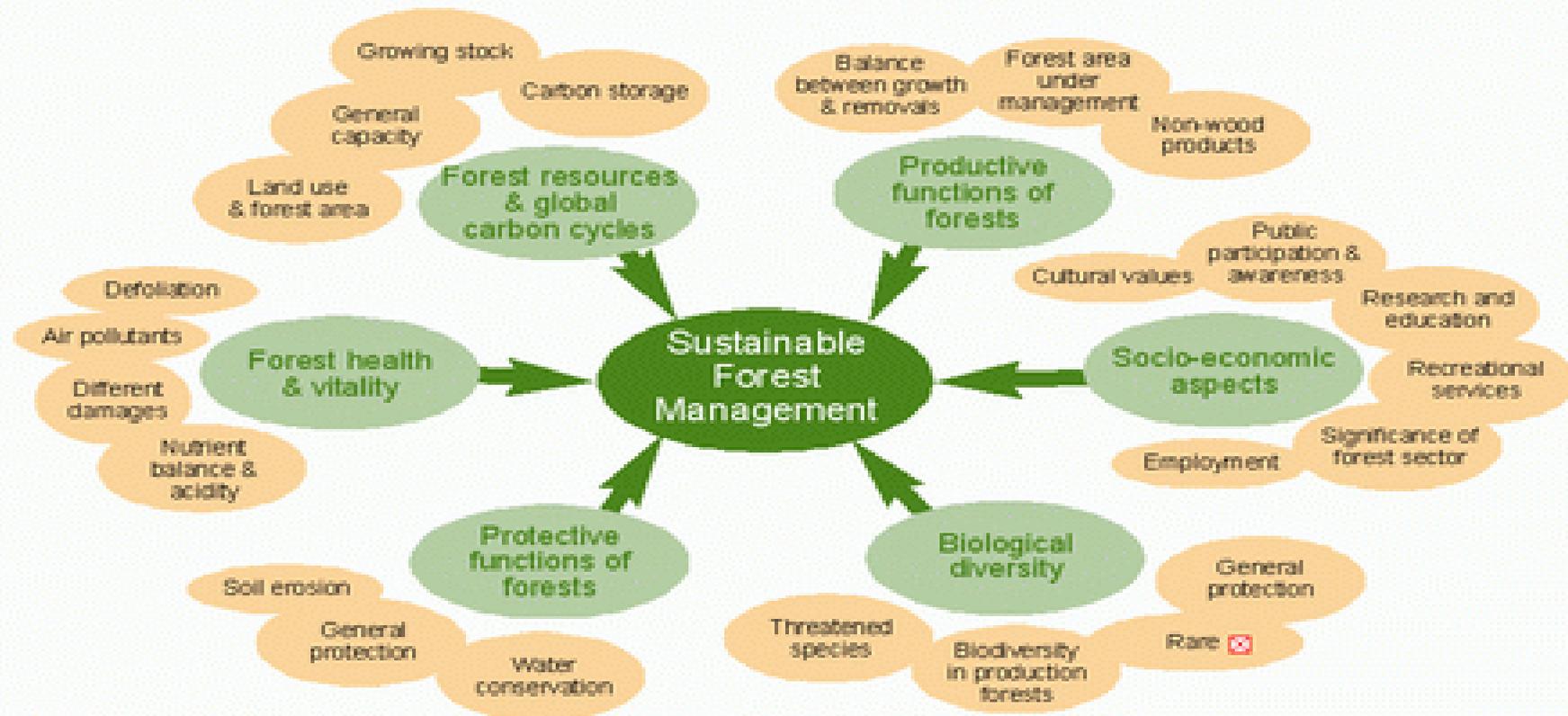
Elements of SFM

- ❑ **Legality:** compliance with the laws governing forests
- ❑ **Sector 'culture':** legality, taxation and reinvestment
- ❑ **Good employer:** health and safety, social provision
- ❑ **Equity:** negotiated forest access
- ❑ **Ecological and social planning**
- ❑ **Ecological and social operations**
- ❑ **Efficiency**
- ❑ **Participation**





Criteria and example indicators for sustainable forest management



Source: Ministerial Conference on the Protection of Forests in Europe



Forest management: Current status

- No comprehensive global assessment
- Loss of forest cover is an indicator:
 - Net loss: 7.3 mn ha per year
 - Deforestation: 13 mn ha per year
- ITTO assessed tropical forests in 2005
 - Only 7% of production forests and 4% of protection forests sustainably managed



Policies to promote SFM

- Entry point:
 - Demand side or supply side
- Which stakeholder leads
 - Government and/or non-state actors
- Encouraging sustainable management
- Discouraging unsustainable practice





Supply side policies

- **Intergovernmental agreement** on SFM principles and criteria
- **National forest programmes**
- Forest decentralisation and **governance reform**
- Voluntary, **multi-stakeholder SFM codes** and guidelines
- National **SFM standards**
- **Monitoring** of SFM status by government, private companies and civil society



Demand side policies

- **Campaigns** for environmentally and socially sound timber
- **Procurement** standards
- **Certification** of forest management and chain of custody
- **SFM networks** between forest companies and traders
- **Payments** for environmental services: REDD+
- Forest law Enforcement and Governance to control **illegal logging and trade**



Forest certification (Cashore et al 2006)

- ❑ **Impact case studies** in major forest regions
 - ❑ Micro- and macroeconomic, social, environmental
- ❑ Most consistency in positive **social effects**
 - ❑ Worker pay and conditions, health and safety, training, community infrastructure
 - ❑ But concerns about high cost in some areas
- ❑ **Macroeconomic** impacts in some regions
 - ❑ Improvement in **tax collection**
 - ❑ Employment - Both increases and decreases
- ❑ **Net economic effect for companies ?**
 - ❑ unable to make definitive comments



Controlling illegal logging

- **Global level** (Li et al 2008)
 - Reduction of illegal logging 2007-2011
 - Value added in forest industries
 - decreases in 12% in Indonesia and 9% in Brazil
 - Increases in Germany, Canada and US
- **Bolivia, Brazil, Peru** (Gutierrez-Velez and MacDicken 2007)
 - Illegal logging causes losses in:
 - Royalties: US\$256 million/yr
 - employment: 1.2-1.3 million person days/yr



Protected areas: Costa Rica

- 26% of total land area under protection
- Economic impacts of protected areas
 - One million visitors per year
 - Entrance fees revenue > US\$5mn/year
 - Direct employment: 500
 - Income and employment generation in related activities



Protected areas: Costa Rica

- Comparisons with unprotected areas
 - Poverty alleviation (Andam 2009)
 - Higher wages in areas close to National Parks (Robalino and Villalobos 2009)
 - Proximity to National Parks increases the probability of employment (Villalobos 2009)



Payment for Forest Carbon

Best policy bet for a green forest sector?





Thank you!

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