

**Country-led Initiative “Contribution of Forests to a Green Economy”
4-7 October 2011, Bonn, Germany**

Co-Chairs’ Summary

Introduction

“The three Gs of Global Green Growth must respond to social, economic and environmental challenges equally. Because we live in an era of three Fs: crises on Food, Fuel and Finance. So we need to enhance the three Es: the Economy, the Environment and global Equity.” (UN SG 11.10.2011 at the occasion of the Global Green Growth Forum in Copenhagen, Denmark)

The conference “Contributions of Forests to a Green Economy”, a country-led initiative in support of the United Nations Forum on Forests, was held on 4-7 October 2011 in Bonn, Germany. The Conference was hosted by Germany and co-sponsored by Austria and Finland. More than 100 representatives from governments, international and regional organizations, and major groups of civil society from over 45 countries attended the Conference.

The Conference was co-chaired by Dr. Manfred Konukiewitz, Vice Director General, German Ministry for Economic Cooperation and Development, and H.E. Ambassador Everton Vieira Vargas, Brazil.

The key objective of the Conference was to provide conclusions and recommendations on how to realize the potential of forests in building green economy as a contribution to the preparatory process for the United Nations Conference on Sustainable Development (Rio+20) and the 10th session of the United Nations Forum on Forests.

This chairmen’s summary highlights the main issues discussed and the main findings of the Conference. It describes the general perceptions of the participants, but does not imply that a consensus was reached on all elements of this summary, for which the co-chairmen take full responsibility. For a more detailed reflection of the discussion, the Conference proceedings can be consulted.

Main Findings of the Conference

1 *Forests play a key role in transitioning to a green economy*

Forests are highly significant in achieving transitioning towards a green economy, hence contributing to Sustainable Development and the Millennium Development Goals.

Forests are critical for human well-being and poverty reduction across landscapes and economic sectors. They provide a variety of goods and services that are essential for long-term social and economic development and the reduction of environmental risks and ecological scarcities. They provide income and subsistence to hundreds of millions of people. The livelihood of over 1.6 billion people depends on forest goods and services.

Wood and manufactured forest products and non timber forest products add significant value to the world economy. A value-adding and competitive forest sector provides employment and therefore significantly contributes to livelihoods and to poverty eradication especially in rural areas. To be sustainable and competitive the forest sector has the inherent potential to further improve its efficiency in using natural resources and at the same time reduce its ecological footprint in terms of effluents, emissions and waste. Green investments in the forest sector provide safe and long-term rates of returns along with the multiple co-benefits related to climate, biodiversity, protective functions related to soil, water, flood control, as well as employment. These investments could also play a role in assisting countries to recover from the current financial crisis.

2 *Significant progress has been made since Rio 1992*

The world has changed dramatically since 1992, politically, environmentally, economically, and in communication technology and culture. The present financial crisis offers opportunities for a transition towards more sustainable economies. Changes towards open, inclusive governance and the availability of new information and communication technologies are coming together to provide possibilities for informed choices by policy makers, citizens, consumers, and producers. Along with these changes, the perceptions and vision of forests have changed as forest values and their contributions to sustainable development have become more visible. These changes provide opportunities for conserving and sustainably using forests as a key element of a green economy.

Significant progress has been made at the national, regional and international levels in enhancing the contribution of forests to long-term sustainable development. There is better and wider understanding of sustainable forest management, and there is

now agreement on the Non Legally Binding Instrument on All Types of Forests as a comprehensive instrument on forests containing the Global Objectives on Forests. In addition, forests have been integrated in the work of several multilateral environmental agreements, including the three Rio Conventions: the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and the United Nations Convention to Combat Desertification. Concrete areas of progress also include community based forest management, expansion of protected forest areas, increase in afforestations, forest science and monitoring, and the participation of stakeholders in international deliberations related to forests.

Progress has also been made in terms of forest law enforcement, governance and related trade as well as in applying voluntary market based mechanisms. The importance of forests in mitigating and adapting to climate change and in hosting the vast majority of terrestrial biodiversity is increasingly acknowledged. Some countries provide good examples how forests can become a centrepiece in the transition towards a green economy.

A new paradigm for international cooperation has emerged, encompassing south-south, triangular and north-south cooperation among governments and with the private sector, harnessing existing abilities and building capacities that take increasingly into account the perspectives and needs of developing countries.

3 Forests for the future

The emerging green economy provides a unique opportunity for attaining the full potential of forests for social and economic development, as well as resilience against environmental risks and disasters. Forests with their products and services have the potential to contribute to overcoming some of today's world challenges, such as poverty and hunger, water scarcity, need for employment, renewable energy, resource efficiency and low-carbon economy, climate change and biodiversity loss. Yet realizing this potential requires innovative policies and market solutions that assign appropriate value to the variety of benefits provided by forests and that present forests as investment-worthy assets in the economic system. Investments in forests and forest restoration as well as innovation in forest based production are important elements of a green economy.

4 Limitations

According to FAO¹, around 13 million hectares of forest were converted to other uses or lost through natural causes each year in the last decade compared to 16 million hectares in the 1990s. There is increasing competition for land, and the

¹ Global Forest Resources Assessment 2010

current economic system favours short-term economic benefits over long-term sustainable investments, which is to the detriment of forests. The economic values of forest goods and services are not fully accounted for and not adequately reflected in the market and in government decision making processes. There is increasing and competing demand for forest products and services, food and raw materials due to increases in the world's population and changing consumption patterns. These are likely to exacerbate current pressures on forests in the next decades. Sustainable forest management is a key to address these challenges.

5 *Unleashing the potential*

The emergence of a green economy provides an opportunity for development of policy frameworks and market instruments that effectively curb deforestation and forest degradation and that unleash the full potential of forests to contribute to long-term sustainable development. Key areas of action include (i) institutions, governance and stakeholders, (ii) forest valuation and financing, (iii) benefiting people and (iv) bio-based products and the private sector.

Institutions, governance and stakeholders

Green economy and forests cut across sectors. There is a need to overcome fragmentation of sectors and institutions dealing with forests. Setting comprehensive, cross-sectoral and cross-institutional policies can assist in this task. National circumstances, priorities and capabilities need to be taken into account. In doing so countries could follow a gradual and transparent approach involving all stakeholders in order to build trust and confidence.

Green economy provides an opportunity for all countries to enhance strengths, fill gaps and improve functionality in forest-related legal frameworks and governance practices that link protection and use of forest ecosystems, the livelihoods of local communities and indigenous peoples, and small to large investments and other issues.

Further action is needed:

- Expand the forest policy perspective in order to achieve a more holistic approach to forests by taking into account the environmental, social and economic dimensions;
- Strive for better inter-agency coordination and planning, as well as building networks and partnerships across sectors and institutions;
- Raise the political profile of forests and integrate forests and forestry into national plans and strategies for sustainable development in an inclusive and participatory way, including addressing (i) the role of youth and gender, (ii) equitable tenure systems, (iii) land owner and community associations, (iv) the need for effective

legal and institutional frameworks and for anti-corruption measures, (v) the role of science and information and communication technologies;

- Create enabling conditions and capacity to expand access to information and communication technologies and geospatial technology services to rural and underserved areas in order to support transparent and participatory decision-making about natural resources;
- Enhance coordination among international organizations by strengthening the work of the Collaborative Partnership on Forests and its members;
- Take full advantage of the review of the effectiveness of the international arrangement on forests in 2015.

Forest valuation and financing

Forests provide a variety of goods and services that are key assets in a green economy. Mainstreaming forest values in national policy making decisions can help transform national economic policies towards a green economy in the context of poverty eradication and sustainable development.

Yet there is an urgent need to raise the awareness of policy makers and general society about the potential of forests for employment, water, climate, biodiversity, energy, food security, disaster risk reduction, rural development, and their contribution to GDP. To maximize the contribution of forests there is a need to make use of existing opportunities and to address gaps in areas such as valuation of forest goods and services and the inclusion of forest values in national accounting systems, communication and sharing of information as well as related capacities.

Further action is needed:

- Provide and share information, experiences and tools regarding the valuation of forest goods and services, including the informal sector contribution, and their inclusion in national accounting systems; build relevant capacities, including human capacities, for country specific applications, involving academia, civil society and business, and the private sector;
- Tap REDD+ financing to maximize the contributions of forests to a green economy taking into account the special circumstances of Small Island Developing States and Low Forest Cover Countries;
- Promote fiscal reforms to stimulate the transformation to a green economy, taking into account countries national circumstances;
- Promote the development and application of payments for ecosystem services related to forests;
- Initiate a comprehensive assessment of available knowledge regarding valuation of forest goods and services in practice.

Benefiting people

Benefiting people is one of the guiding principles and main characteristics of a green economy. Forests supply a full range of benefits, whether environmental, e.g. water and carbon sequestration, social e.g. cultural importance and shelter, or economic, e.g. income and employment. They provide a unique, and in many cases the only, opportunity to sustainably generate income and employment and thus reduce poverty, especially for forest dependent indigenous peoples and local communities living in economically disadvantaged and rural regions in all countries.

Further action is needed:

- Enhance involvement of forest rights holders groups such as local communities, indigenous peoples, land or forest owners and other stakeholders by developing and implementing a legal and policy framework for participation in decision making regarding forests and in the design of mechanisms for sharing benefits from specific forest products and services;
- Research and develop clear models of benefit sharing;
- Create employment and generate income from forest products and services at local level;
- Recognize local and customary practices in law or in policy and take them into account in the practice of sustainable forest management;
- National governments should explore options to develop clear and appropriate forest tenure arrangements which benefit people;
- Encourage governments, donors, foundations, NGOs to channel resources to local stakeholders to improve knowledge management, organization, capacity building, and technical assistance;
- Develop and implement national and regional communication strategies regarding the role of forests in a green economy and targeting all relevant stakeholders across sectors;
- Fully implement international commitments regarding the respect, preservation and maintenance, application and sharing of benefits from traditional forest related knowledge and implement the Free Prior Informed Consent principle as established in the United Nations Declaration on the Rights of Indigenous Peoples.

Bio-based products and the private sector

Forests provide multiple renewable resources, thus the forest sector is in the position to satisfy growing and changing markets, especially for food, feed, fibre, fuel and shelter, or bio-based products originating from biological renewable resources and ecosystem services.

The forest sector has made significant progress in improving the management of forests and production processes and in demonstrating to markets the progress

made by means of voluntary forest certification and chain of custody verification. Yet more work is needed to ensure a level-playing field between different products and/or regions, consistent and in harmony with international relevant obligations, and to expand green markets through (i) increased willingness-to-pay for “green products”, (ii) better access to market information and (iii) raised consumer awareness. Innovation in forest management, process technologies and new forest and bio-based products can respond to the needs of growing and changing markets and society’s expectations.

Further action is needed:

- Ensure that the tools used to enhance and demonstrate the sustainability of forest management and production processes are guaranteeing fair competition with other resource-based sectors and fair trade between countries and do not constitute non-tariff barriers to trade;
- Promote public private partnerships to strengthen dialogue and information flow between science and practice along the whole value chain;
- Dedicate seed funds from the public and/or private sector in order to (i) help local communities to develop businesses and get access to markets and (ii) support pre-competitive research and development for innovation and;
- Ensure transparency of value chains and markets for forest products and services;
Promote the potential of harvested wood products as long-term carbon storage and to substitute other less climate or environmental friendly materials.

Cross-cutting issues

The following cross-cutting issues deserve particular attention when taking action towards increasing the contributions of forests towards a green economy:

- Mainstreaming gender in all forest policies and programmes at national and international level;
- Promoting international cooperation in research, development, transfer and diffusion of technology;
- Mobilizing new and additional financial resources from all sources for the implementation of sustainable forest management;
- Promoting capacity development, in particular for developing countries and local communities;
- Enhancing participation and active involvement of all relevant stakeholders in decision making and implementation;
- Further strengthening international cooperation on assessment and monitoring of forests and products and services they provide;
- Acknowledging and supporting international stakeholder-led initiatives towards a better contribution of forests to a green economy.