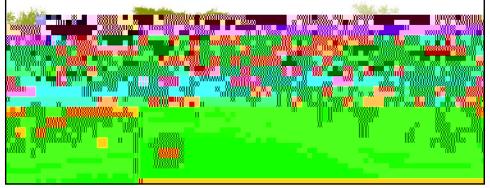
# Financing Sustainable Forest Management: a UNEP perspective

UNFF open ended ad hoc expert group on forest financing (AHEG)

Nairobi, September 14, 2010



## Evidence for change

- Two basic messages:
  - Evidence based policy advocacy can shift policy and investments in forests, if it is relevant and timely
  - Therefore it is critically important to identify the areas where that evidence is likely to be found and deliver it in a timely manner

## Change that happened

- Kenya
  - UNEP's assessments of the state of the Mau Forest complex identified the challenges and opportunities for investment
  - Kenyan government at the highest levels has responded positively & proactively with a suite of investments and actions in STM
- India
  - THB & partners estimated forestry benefits in India



# Finding the evidence: Overview of UNEP's activities

- Establishing context and frameworks
  - The Economics of Ecosystems and Biodiversity (TEES)
  - Green Economy initiative & green accounting
- Innovative finance in forests
  - UNEP Finance Initiative
  - CASCADe and CDM
  - REDD+ (within UN REDD)

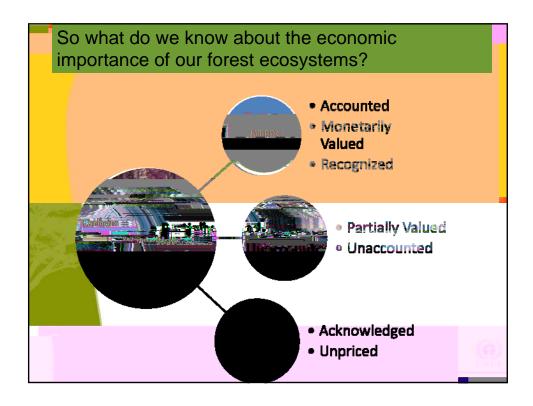
#### Setting the context: changes in global land use

Actual	2000	2050	Difference
Area	million km2	million km2	2000 to 2050
Natural areas	65.5	58.0	-11%
Bare natural	3.3	3.0	-9%
Forest managed	4.2	7.0	70%
Extensive agriculture	5.0	3.0	-39%
Intensive agriculture	11.0	15.8	44%
Woody biofuels	0.1	0.5	626%
Cultivated grazing	19.1	20.8	9%
Artificial surfaces			

### What TEB tells us...

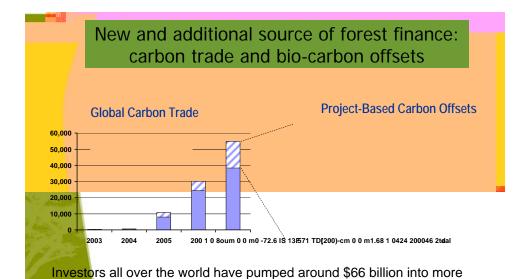
- If we do not make the value of our ecosystem services explicit, we will continue to lose them at alarming rates
- Markets consistently undervalue ecosystem services
- Most services provided by the natural environment to human society are not captured by GDP or other conventional macro economic indicators
- Biodiversity is important for all but essential for the rural poor

Losses of ESS from forests as share of % GDP	-5.5%
Losses of ESS from natural areas in forest biomes as share of % GDP	-6.3%



#### The Green Economy Report will try and redress this...

- Economic case for greening economies and jobs by investing in a new generation of assets (social, natural, human and financial)
- 11 Sectors, including Forestry
- It will deal with investments in terms of:
  - Ourrent Tevels
  - What additional level of investment is required?
- And also economy wide effects of increased investments:
  - output
  - jobs/livelihoods
  - poverty reduction
  - Environment



than 200 newly launched mutual funds and exchange traded funds investing in companies that help to mitigate or adapt to climate change"

(Deutsche Asset Management, 2008)

Sources: World Bank (2007); Point Carbon (2008); Financial Times (24.03.2008)

# UNEP's major focus is on REDD+ ... within UN-REDD

REDD+ implementation is currently in its first phase

Coordination and partnerships are essential, hence UN-REDD

Insights on how to deliver REDD+ readiness are emerging

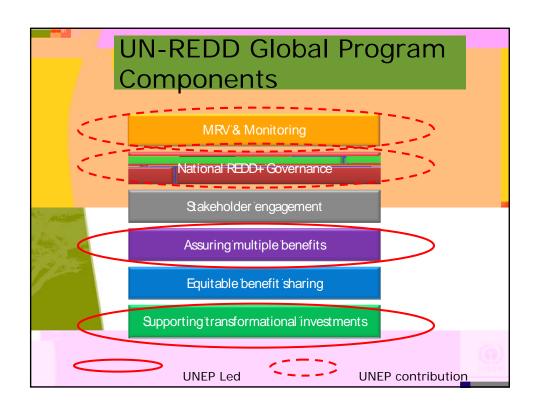
REDD+, taken as a whole, is a unique opportunity to transform the forest sector



### **Fundamental assumptions**

REDD+ will achieve its objectives only if:

- It delivers carbon benefits that are 'additional' & 'permanent'
- Safeguards biodiversity and ecosystem services
- Promotes SFM & equitable development (i.e. local livelihoods and jobs, through to enhancing national income)
  - Is efficient, i.e. transaction costs are kept to the minimum





## Conclusions

UNEP's focus is on finding new & innovative sources of

