



CONCEPT NOTE

Panel on Valuing Forest Ecosystems in National Policy and Strategy

Item 3. Policy Discussions on the implementation of UNSPF 2017-2030

Monday 6 May 2024 (12:00*pm to 1 pm), CR4, UNHQ, New York

I. Background

In *Our Common Agenda* (United Nations, 2023)¹, the Secretary-General of the United Nations emphasizes the need to improve national measures of progress beyond Gross Domestic Product (GDP) and paradigm shift in how we measure the progress. He states that: “*Now is the time to correct a glaring blind spot in how we measure economic prosperity and progress. When profits come at the expense of people and our planet, we are left with an incomplete picture of the true cost of economic growth*”². In the same vein, identifying, assessing, accounting, and valuing natural capital like forest ecosystems is of prime importance in the implementation of Moving Beyond GDP, as well as in driving sustainable investments across all policy areas related to sustainable development. In this context, the UN Forum on Forests at its nineteenth session (UNFF19) will hold a panel discussion on the importance of valuing forest ecosystems and transformative actions required by member countries for valuing ecosystems and mainstreamed into national fiscal and forest policies and strategies. The panel discussion will contribute directly to one of the thematic priorities of the UNFF18-19, namely *Enhancing forest-based economic, social and environmental benefits*³.

II. Context for the Panel Discussion

The traditional GDP measurement often ignores the depletion and degradation of the environment and natural resources. In some cases, the GDP measurement may include assessing the impacts of these degradations in economic output, e.g., by accounting the income generated by unsustainable logging.

Globally countries have taken a wide range of institutional, legislative, technical, and financial actions to enhance forest-based economic, social and environmental benefits and have implemented several programmes and activities that promote employment, empowerment and poverty eradication. However, it is also noted that the actual values of forest ecosystems have not been fully accounted in national GDP in many countries due to various reasons including and not limited to technical and financial capacity for the ecosystem service valuation, which would be important tool for national forest related policy development. Understanding the actual values and contribution to the national Green Gross Domestic Product (GGDP) and fiscal policies would enhance investment in sustainable forest management practices which would create jobs and employment in forestry would boost green and resilience economy⁴.

* The time for the start of this Panel is indicative. Therefore, if the previous presentations concluded earlier, the panel will begin earlier than 12:00pm.

¹ Our Common Agenda Policy (Brief 4) Valuing What Counts: Framework to Progress Beyond Gross Domestic Product, United Nations, 2023

² DESA Policy Brief No.144: Moving Beyond GDP and Achieving Our Common Agenda with Natural Capital Accounting.

³ <https://www.un.org/esa/forests/wp-content/uploads/2023/04/UNFF18-BkgdStudy-ThematicPriority-1.pdf>

⁴ These findings are based on the country reports submitted by members of the UNFF at its fifteenth session.

A recent global study indicates that the total value of global forests is up to \$150 trillion⁵, which is roughly double the value of global stock markets and more than ten times the value of the world's gold. Despite this substantial value, the value of forest ecosystems has not been traditionally recognized by national accounting systems, leading to the formulation of policies that contribute to deforestation and forest degradation. Achieving forest-related global goals, notably Global Forest Goal 2, requires a fundamental shift in recognizing the value of forests in policymaking.

Although, there are over 50 valuation methods and approaches identified to assess nature's values, less than 5 per cent of published valuation reports are taken up for policy decisions⁶. The common challenges in measuring and valuing the social and environmental benefits of forests were identified in the background paper for the UNFF18-19 thematic priority "*Enhance forest-based economic, social and environmental benefits*"⁷. These challenges include (i) forest ecosystem values are not generally traded in markets; (ii) valuation requires an in-depth multidisciplinary understanding of the complex relationships between forest management choices, ecosystem condition and provisions, and human wellbeing; and (iii) the values of ecosystem services vary widely across space and time.

Despite these challenges, some positive developments have emerged which present opportunities for inclusion of full values of forests in the GDP, such as Inclusive Wealth beyond GDP. The application of the Inclusive Wealth beyond GDP aims to address the gaps in the current GDP measure by creating an environmentally adjusted GDP or GGDP, which accurately measures and accounts the contribution of forest ecosystem services. This enables governments to understand their country's wealth, the long-term consequences, and opportunities of any particular growth strategy and to make investment decisions in the best interests of people, the planet and the future. It also enables nations to engage in nuanced and effective policymaking to ultimately build socially just and environmentally sustainable development pathways that leave no one behind.

At the global level, the United Nations Statistical Commission (UNSC) has adopted the System of Environmental Economic Accounting - Ecosystem Accounting (SEEA-EA) in 2021. The SEEA-EA provides a framework for environmental statistics and its relationship with the economy, with the spatially explicit indicators of values of ecosystem services and facilitating the creation of environmentally adjusted GGDP. The framework can be applied in reporting of the socio-economic benefits of forests by the member states through technical assistance and capacity building supports to country members. During the adoption of the SEEA-EA in 2021, the UN Secretary-General stated "*This is a historic step towards transforming how we view and value nature. We will no longer be heedlessly allowing environmental destruction and degradation to be considered economic progress.*" He also urged for a renewed political commitment by member states to create a conceptual framework that can accurately "value what counts" for people, the planet and the future.

Intergovernmental Panel on Biodiversity and Ecosystem Services (IPBES) has also been providing methodological guidance and tools for valuing ecosystem services. At national level, many countries are adopting Natural Capital Accounting (NCA) frameworks to assess and account for the value of their natural resources and ecosystems, such as forests, into national accounting systems. Notable examples of countries include Australia, Costa Rica, Norway, New Zealand, the Netherlands, the United Kingdom, the United States, among others.

The panel discussion will provide a unique opportunity for Forum's participants to share information on their activities in ecosystem valuation in their national policy and strategies, including the GGDP, and the opportunities that they could offer to further assist Members of the Forum in achieving the GFGs.

⁵ <https://www.bcg.com/publications/2020/the-staggering-value-of-forests-and-how-to-save-them>

⁶ <https://www.ipbes.net/the-values-assessment>

⁷ <https://www.un.org/esa/forests/wp-content/uploads/2023/04/UNFF18-BkgdStudy-ThematicPriority-1.pdf>

III. Objectives

The main objective of the panel discussions is to identify transformative actions that need to be undertaken by countries, organizations, and stakeholders for accounting ecosystem values beyond traditional GDP in national fiscal and forest policies and strategies. The panel discussion will focus on the following guiding questions:

- What is the current state of full ecosystem valuation in countries?
- What are the issues, challenges, and barriers for valuing ecosystem services, and what has to be done to move towards GGDP and its mainstreaming into national policies and strategies?
- What kinds of support and assistance are required from the Forum and international development partners to help countries to take effective steps towards full valuation of ecosystem services, and GGDP their integration in their national policies?

IV. Programme and Modalities of the Panel

The panel will include the following keynote speech and presentation:

- Keynote speaker: Mr. Stefan Schweinfest, Director of the Statistics Division in UN Department for Economic and Social Affairs on System of Environmental-Economic Accounting (SEEA), adopted by Statistical Commission in 2021 (*five minutes*)
- Presentation by Mr. Pushpam Kumar, Chief Economist, UNEP Office in Washington on: Implementing Beyond GDP: Accounting and Valuing the Forest Ecosystem (*five minutes*)

Following the keynote speech and the presentation, the Chair will open the floor for joint general discussions on item 3, 4, 5, and 7 of the agenda of UNFF19, as reflected in the provisional organization of work of UNFF19⁸. The panel interactive discussion will be held as part of the joint general discussions, and will focus on the above-mentioned questions, and the presentations made by the panelists. There will be no pre-determined list of speakers for the joint general discussions, including the panel interactive discussions. Delegations who wish to speak should request the floor by pressing their microphone button during the interactive discussions. For the joint general discussions, priority will be given to delegations speaking on behalf of a group of States, pursuant to customary protocol. The maximum duration of each intervention is three minutes. In the event of high number of requests for the floor, the Chair may further limit the duration of the interventions. The time limit will be strictly enforced.

V. Panel Coordinator

For further information, please contact Mr. Shyam Paudel at the UNFF Secretariat at shyam.paudel@un.org.

⁸ <https://www.un.org/esa/forests/wp-content/uploads/2024/03/UNFF19-Provisional-Org-Work-190424.pdf>