DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS

UNFF20
5 to 9 May 2025

Twentieth session of the UN Forum on Forests
Item 3: Technical Discussions on the implementation of the UN Strategic Plan for Forests
Panel Discussion on: *Valuing Forest Ecosystems in National Policy and Strategy: Experiences, Challenges, and the Way Forward*
Tuesday 6 May 2025 (3 to 6 pm), Trusteeship Council Chamber UNHQ, New York
Concept Note

I. Background

Ecosystems provide a myriad of provisioning, regulating and cultural services and contribute to human well-being directly and indirectly. Valuing these services is essential for informed decision-making for their conservation and sustainable management development (MEA, 2005)[1]. Estimating the true value of ecosystem services can facilitate the development of market-based systems, such as payments for ecosystem services (PES) and carbon trading, to encourage investments in conservation and sustainable use efforts (Wunder, 2005[2]; TEEB, 2010[3]). The concept of valuing ecosystem services has gained momentum in recent years as there is an increased recognition for the need to balance economic development with environmental conservation. In this context and building based on its discussion on this matter in its last session in May 2024, the UN Forum on Forests at its twentieth session (UNFF20) will hold a panel discussion on the "Valuing Forest Ecosystems in National Policy and Strategy: Experiences, Challenges, and the Way Forward".

II. Context for the Panel Discussion

The capacity of global natural capital to provide ecosystem services is declining due to continuous exploitation and degradation at unprecedented rates (IPBES, 2019[4]; Brander, et al. 2024[5]). The underestimation of the loss of natural ecosystems has direct economic impacts on conservation efforts, often leading to policy decisions that undermine the true economic value of ecological services. Market-based approaches, such as payments for ecosystem services (PES), have attracted unprecedented attention in recent years to incentivize forest communities and owners to conserve and manage forests. The scheme is considered as one of the most effective market-based instruments for achieving to better conservation outcomes (TEEB, 2010[3]; Adhikari and Agrawal, 2013[6]). The momentum for valuing ecosystem services gained traction following the groundbreaking research by Costanza et al. (1997)[7], which estimated the global value of ecosystem services at approximately $33 trillion per year exceeding the global GDP at the time highlighting the economic significance of ecosystems. A recent global study indicates that the total value of global forests is up to $150 trillion[8], which is roughly double the value of

[1] Millennium Ecosystem Assessment (2005): Ecosystems and Human Well-being. ISBN 1-59726-040-1
[2] Wunder, S. (2005). "Payments for environmental services: Some nuts and bolts." CIFOR Occasional Paper, 42, 1-24.
[3] TEEB. (2010). The Economics of Ecosystems and Biodiversity: Mainstreaming the Economics of Nature. UNEP.
[4] IPBES (2019): Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. IPBES Secretariat
[5] Brander, I.M. et al. (2024): Economic values for ecosystem services: A global synthesis and way forward: Ecosystem services https://doi.org/10.1016/j.ecoser.2024.101606
[6] Adhikari, B. and Agrawal, A. (2013): Understanding the Social and Ecological Outcomes of PES Projects: A Review and an Analysis: Conservation and Society 11(4): 359-374
[7] Costanza et al. (1997): The value of the world's ecosystem services and natural capital. Nature volume 387, pages 253–260
[8] https://www.bcg.com/publications/2020/the-staggering-value-of-forests-and-how-to-save-them

global stock markets and more than ten times the value of the world's gold. According to UNCCD, the global economy is projected to lose a staggering US$23 trillion by 2050 due to land degradation. In contrast, the cost of taking immediate action estimated at around US$4.6 trillion is only a fraction of the predicted losses. Comprehensive studies conducted in 21 countries also indicated that losses from land degradation in these nations are equivalent to 9 percent of their GDP on average (UNCCD)[9]. Despite this substantial value, the value of forest ecosystems and the ecosystem services they provide have 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.

A sound valuation of ecosystems helps to make various ecosystem services more visible through their estimated economic values, strengthening the connection between national accounts and macroeconomic indicators for monitoring and evaluating the effectiveness of ecosystem conservation and management policies (IUCN 2013)[10]. In this regard, the System of Environmental-Economic Accounting – Ecosystem Accounting (SEEA EA), aims to formally account for the ecosystems (including forest ecosystems) and their ecosystem services into an accounting framework. Despite the wide recognition of the importance of valuing ecosystem services and incorporating them into decision-making, their application in market-based investment decisions has been limited due to numerous challenges. The valuation process is complicated and has limitations because of the complex and diverse functions of ecosystems. Many services are intangible and difficult to quantify in monetary terms, and there is often a lack of data and methodological consistency, leading to variations in valuation estimates (Pascual et al., 2010)[11]. Although, there are over 50 valuation methods and approaches identified to assess nature's values, less than 5% of published valuation reports are taken up for policy decisions[12]. 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[13]'*. 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.

Encouragingly, the number of studies on the economic valuation of ecosystem services has increased significantly in recent years, aiming to quantify the contribution of natural capital to human well-being and inform decision-making on its management and conservation. The Ecosystem Service Valuation Database contains over 9,400 value estimates derived from more than 1,300 studies (Brander et al., 2024)[5]. However, some globally important tropical rain forests are not adequately represented in studies and suggested more research and studies on evaluating the economic value of globally important forests (Taye et al. 2021)[14]. The System of Environmental Economic Accounting - Ecosystem Accounting (SEEA EA) is crucial information system (or framework) to support formulating policies, regulating the PES and mobilizing domestic resources. It provides a framework and a structured approach to valuing and integrating ecosystem services into economic decision-making while creating

[9] UNCCD (2018)

[10] Somda, J. and Awaïss, A. (2013): Economic valuation of ecological functions and services `of natural ecosystems: Guide on the use of simple methods. Ouagadougou, Burkina Faso: IUCN. 32pp.

[11] Pascual, U., et al. (2010): The economics of valuing ecosystem services and biodiversity." In TEEB (Ed.), The Economics of Ecosystems and Biodiversity: Ecological and Economic Foundations. Earthscan.

[12] https://www.ipbes.net/the-values-assessment

[13] https://www.un.org/esa/forests/wp-content/uploads/2023/04/UNFF18-BkgdStudy-ThematicPriority-1.pdf

[14] Taye, F.A. et al (2021): The economic values of global forest ecosystem services: A metanalysis. Ecological Economics. http://hdl.handle.net/10072/406166

an enabling environment to engage the private sector in the conservation and sustainable management of forest resources. The UNFF 19th session panel discussion focused on the importance of valuing forest ecosystems and the transformative actions required by member countries to incorporate ecosystem valuation into national fiscal and forest policies and strategies. The panel recognized that identifying, assessing, accounting for, and valuing natural capital, such as forest ecosystems, is crucial for implementing the "Moving Beyond GDP" initiative and driving sustainable investments across all policy areas related to sustainable development. The panel introduced SEEA-EA, adopted as international statistical standard by the United Nations Statistical Commission (UNSC) in 2021, which provides a framework for integrating environmental and economic statistics into a common accounting framework thus allowing for understanding their nexus and mainstreaming environment into economic decision making, with the spatially explicit indicators of values of ecosystem services and facilitating the creation of environmentally adjusted Green GDP.

The panel discussion at the 20th session will provide an opportunity for Forum participants to share their experiences in valuing ecosystem services and integrating them into national accounting systems , the challenges they are facing, and explore the way forward to accelerate the valuation of ecosystem services and advance market-based mechanisms for mobilizing domestic resources and engaging private sector in conservation and sustainable management of forests.

III. Objectives

The main objective of the panel discussions is to identify transformative actions that need to be undertaken by countries, organizations, and stakeholders (i) to address challenges and barriers to accelerate ecosystem services valuations and incorporating them into national accounting systems; and (ii) to enable informed policy decisions for the development of market-based mechanisms to increase domestic investment and engaging private sector in the conservation and sustainable management of forests. Specifically, the panel will focus the discussion on the following topics

- Experiences of countries in conducting full ecosystem services valuation and integrating them into national accounting system.
- Experiences and lessons learned in the implementation of market-based mechanisms, such as Payment for Ecosystem Services (PES), in efforts to mobilize domestic resources and engage private sector for the conservation and sustainable management of forest ecosystems.
- Issues, challenges, and barriers to valuing and incorporating ecosystem services into national accounting system and mainstreaming them into national policies, strategies, and market-based mechanisms.
- Support and assistance required from the Forum and international development partners to help countries take effective steps toward the full valuation and incorporation of ecosystem services into national accounting system, their integration into national policies and implementation of market-based mechanism for conservation and sustainable management of forests.

IV. Programme and Modalities of the Panel

The panel will include the following speakers (tbc):

- Panelist 1
- Panelist 2
- Panelist 3

- Panelist 4
- Panelist 5

Following the keynote statement and presentation by panelists, the Chair will open the floor for an interactive discussion. There will be no pre-determined list of speakers for the discussion. Delegations who wish to intervene should request the floor by pressing their microphone button when the floor is opened by the presiding officer. Priority will be given to delegations speaking on behalf of a group of States, pursuant to customary protocol. Delegations speaking on behalf of a group of States are asked to inform the Secretariat in the room to be accorded priority. The time limit for interventions will be 5 minutes for delegations speaking on behalf of a group of States, and three minutes for individual delegations. In the event of time constraints, the time limit for individual delegations and delegations speaking on behalf of groups will be reduced further, as needed. These time limits will be strictly enforced including through the muting of microphones.

V. Panel Coordinator

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