

Published: 5 August 2013

## Forests would be fully valued in a green economy

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As more developing countries plan to make the transition to a green economy – defined as ‘low-carbon, resource-efficient and socially inclusive’ – the spotlight is turning on the true value of forests. And it’s clear that they’re worth a lot more than the price of timber.



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‘A green economy is about being more efficient in how you use your resources,’ said Grace Wong, a scientist at the Center for International Forestry Research (CIFOR) and member of a UN Environment Programme (UNEP) working group on REDD+ in a green economy.

‘It’s about understanding the real value of your natural resources so that the way you use them and the policy decisions you make reflect all those values,’ said Wong while attending a UN-REDD Global Symposium in Jakarta, Indonesia, in June.

‘Having the true value of forests reflected in a green economy means a decision-maker is comparing more options and thinking more holistically about forests, so forests are not considered just for their timber.’

### For services rendered

Forests are estimated to contribute more than US\$400 billion to the world economy, [according to UN statistics](#). Yet this figure includes only the production and processing of timber and timber products.

‘Forests are always undervalued because the sum total of all the services they provide isn’t taken into consideration,’ Wong said.

The list of [ecosystem services](#) provided by forests is long and wide-ranging. [Forests provide](#) habitat and clean water, regulate local and global climate, buffer weather events, protect watersheds, water flows and soils, store carbon, produce oxygen and support pollination and nutrient cycling. They also provide genetic resources for crops and have spiritual, cultural, recreational and tourism value.

Despite the crucial importance of forest services for human survival, their pervasive and invisible nature means they tend to be taken for granted and perceived as ‘free’ yet [more holistic accounting systems](#) give a different assessment.

For example, when you add up the economic costs of greenhouse gas emissions, loss of natural resources, loss of nature-based services such as carbon storage, climate change and pollution-related health, the global top 100 environmental 'externalities' cost the world economy around US\$4.7 trillion a year, according to [a recent report by The Economics of Ecosystems and Biodiversity \(TEEB\)](#)

An example particularly relevant to forests is cattle ranching in South America, a major driver of deforestation in that region. Pavan Sukhdev, chief executive of [GIST Advisory](#) and TEEB study leader, told delegates at the UN-REDD Global Symposium in June that the industry has annual revenue of about \$16.6 billion – but its cost in natural capital is estimated at \$353.8 billion.

## Counting on trees

In the absence of formal markets, natural assets tend not to be incorporated into decision making. An exception is UN-REDD+, a global mechanism intended to provide financial rewards to countries that reduce carbon emissions caused by deforestation and forest degradation. By giving a market value to carbon, REDD+ is creating value for the important forest service of climate change mitigation through carbon sequestration.

'REDD+ is a way of compensating for some of the value of forests and correcting the market failures that have led to deforestation,' said Grace Wong.

'As such, REDD+ could be a catalyst in towards more sustainable decisions with regards to forests, and this fits well within the goal of a green economy.'

Kenya is one country that is assessing the economic value of forests beyond timber alone, as seen in its 'Kenya Forest Resource Account', Samuel Muriithi, head of economics for the Kenya Forest Service, [reported at the UN-REDD symposium](#).

Muriithi offered the example of an assessment of the services of catchment areas composed of closed canopy forests. When the services of water purification and regulation of the local climate, water supply, erosion, natural hazards and disease were taken into account, the losses associated with logging outweighed the benefits by 2.8 times.

Kenya is one of a growing number of developing countries both engaging in REDD+ and planning for a green economy, as seen in its national strategy, 'Vision 2030'. In Vietnam – also undertaking REDD+ activities – natural capital accounting is being mainstreamed into planning, and from 2014, green GDP will be used as a key development indicator.

## The price of well-being

The social and well-being benefits of forest services also could be assigned an economic value, Chris Webb of professional services firm PricewaterhouseCoopers pointed out during the UN-REDD symposium.

Webb cited the example of sustainable agriculture – which avoids widespread deforestation – and suggested that the social benefits of increased yields or more efficient water use could be quantified.

'Yield increases might increase nutrition of local communities and workers, increase people's health, less days off sick, longer life spans, more productivity: that has benefits to an economy,' he said.

'I think there are more social, economic and environmental benefits here that [we] need to understand together so we can really understand the value of doing [sustainable] activities,' he added.

Not everything can be valued, Wong added, but a more holistic approach will reveal what can.

'I wouldn't attempt to put a dollar value on cultural values, for example, but there are efforts to incorporate other social values such as equity and inclusiveness,' she said.

'For example, if you are inclusive in how you plan forest use or how you extract resources, that value is in [potential reduced conflict](#) in the future, and hence potentially avoidance of high operating costs and risks during implementation. It's a matter of thinking more broadly about the full effects of a decision.'

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