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## NEAR EAST FORESTRY AND RANGE COMMISSION

### TWENTY-FIRST SESSION

### THIRD NEAR EAST FORESTRY WEEK

Amman, Jordan, 26 - 30 January 2014

## GREEN ECONOMY IN THE NEAR EAST CHALLENGES AND PROSPECTS: VALUATION OF THE CONTRIBUTION OF FOREST AND RANGELAND TO SUSTAINABLE DEVELOPMENT IN THE NEAR EAST REGION

### *What is a green economy and what does this mean for forestry?*

1. For some time now, concerns have been raised about how certain paths of economic development fail to reduce poverty and unemployment and often pay little attention to environmental sustainability. As a response to this, interest in the so-called “green economy” has increased in recent years. For example, in the document “The Future We Want”,<sup>1</sup> there are 23 references to the green economy, mostly in the context of sustainable development and poverty eradication. The current economic crisis has also encouraged new thinking about development with, for example, the adoption of green stimulus packages for economic recovery in some countries.

2. There are many definitions of the “green economy” and related terms, but the basic principle in many of these is that economic progress should pay more attention to eliminating poverty and respecting ecological limits. The green economy is not a replacement to the broader concept of sustainable development, but is a path towards it that is more focused on improving human well-being and social equity while reducing environmental risks and ecological scarcities. Thus, activities often proposed as way to create a green economy tend to focus on developments that are socially inclusive, resource-efficient and have low carbon emissions.

3. The forest sector can contribute to the development of a green economy in many ways and the following are often suggested:

- **Increasing natural capital:** This can include expanding forest areas or reducing deforestation, as well as promoting the use of forest products as alternatives to products made from non renewable resources (e.g. green building). The benefits from this include: increased carbon

<sup>1</sup>Outcome document of the Rio+20 conference on sustainable development (Resolution adopted by the UN General Assembly on 27 July 2012 - A/RES/66/288\*)

storage; expansion of natural habitats; greater resilience to climatic and environmental shocks; and job creation that can benefit the poor.

- **Renewable energy development:** Using wood and other forest products like bamboo or cork rather than fossil fuels for energy will have climate benefits in the long-run if the wood is produced sustainably. Although often supported by subsidies, the economic viability of modern wood energy systems is increasing in many places where wood is available and energy supply is expensive and uncertain.
- **Increasing resource efficiency:** Increasing the efficiency of resource utilisation leads to environmental benefits from reduced pollution and waste disposal problems as well as reduced extraction of natural resources to meet a given need. In the forest sector, this can include: increasing energy efficiency in wood processing; increasing product recovery (e.g. amount of sawnwood made from one cubic metre of roundwood); collecting and recycling wood and paper products; and minimising waste in production processes (e.g. making charcoal from sawmill waste). Increasing labour productivity can also have major socioeconomic benefits if it results in higher wages or more competitive firms that then employ more people.
- **Green job creation:** This can include the development of green value-chains (e.g. for products certified as organic, fair-trade or sustainably produced, etc.) or the use of fiscal stimulus policies (i.e. job creation schemes) to support environmental improvement.
- **Payments for Ecosystem Services (PES):** PES schemes are often suggested as one way that environmental improvements can be financed. With PES schemes, people or firms receiving environmental benefits pay for the provision of those services (e.g. water users pay upstream rural communities to not to deforest so that water quality is not affected). Larger schemes are often funded by governments or international agencies and include measures such as REDD payments.
- **Green accounting:** Measuring and valuing the benefits of ecosystem services produced by natural assets (such as forests) and changes in those assets is often suggested as a way to increase the recognition of these benefits and improve the integration of the forest sector into broader national policies and programmes. The UN has recently produced a System of Environmental and Economic Accounts (SEEA)<sup>2</sup> that a number of countries are using, but data required for such accounts is often complicated and difficult to collect.

#### *Opportunities for forestry and rangelands to contribute to the green economy in the Near East Region*

4. In the Near East Region, forests and rangelands provide numerous benefits that meet the social, economic and cultural needs of millions of people. In addition, the ecosystem services provided by forests and rangelands help to minimise the consequences of climate change (dust storms, severe droughts, etc.) and support the protection of soil and water, leading to improved food security. However, these social, environmental and economic benefits are rarely quantified in monetary terms. The growing interest in green economies provides opportunities to demonstrate how forests and rangelands can provide more of these benefits and increase the visibility of the forest and rangelands sectors in public policies. Opportunities that might be considered in RNE are as follows:

**Increasing natural capital:** Although many of the countries in the region have low forest cover, the area of rangelands in many countries is significant. However, their contributions to national economies and livelihoods have not been properly assessed or recognized yet. For example, agriculture GDP figures rarely include livestock production figures from pastoralism and transhumant systems operating in rangelands.

5. Economic growth in the region is likely to result in greater interest in the development of green economies and the most obvious and visible way that forests and rangelands can contribute to this is by increasing forest cover and managing the forests and rangelands sustainably. This can be justified with reference to the significant socioeconomic benefits that forests and rangelands provide,

<sup>2</sup> The UN-SEEA is available at: <http://unstats.un.org/unsd/envaccounting/seearev>.

the effectiveness of forests for controlling desertification (e.g. with initiatives such as the Great Green Wall for the Sahara and Sahel) or because of the other environmental benefits generated by increased tree cover (e.g. increased carbon sequestration) and better managed rangelands (e.g. soil and water conservation).

6. Demand for green products may also increase as countries develop. For example, there is a lot of interest to replace energy intensive materials with wood in many countries. However, most countries in the Near East Region are net importers of wood, so it is unlikely that such initiatives will grow in this region. More likely is the development of alternative energy technologies (e.g. solar cooking devices) that may reduce dependence of fuelwood in the region.

Green job creation: Efforts to increase natural capital (such as afforestation and rangelands restoration) can create many green jobs that may also have positive benefits in terms of poverty alleviation. Not only is afforestation generally labour intensive and does not require high skill levels (i.e. ideal as a mechanism for poverty alleviation), but greater tree and range cover may also provide benefits in other ways. For example, increased availability of biomass for fodder and fuel could have a significant impact on some of the poorest rural people living in many of these countries.

7. There may also be opportunities to develop green value-chains for some forest products such as non-wood forest products. Tree crops such as nuts, resins and oils can attract higher prices if they are certified as organic, fair-trade and/or sustainably produced etc. This also goes to livestock production from pastoralism and transhumant systems which are based mostly on the natural rangelands. Increased interest in the green economy in some export markets (e.g. Europe) may produce opportunities for poor, rural people to increase the value of their products with appropriate institutional arrangements, improvements in skills and better marketing.

8. Forest-based ecotourism may also provide another avenue of opportunity for some countries in the region and any recreational values captured through user fees or other fees can be reinvested in forest management and other activities benefiting local people.

Green accounting and PES: Even though the forests and rangelands in the Near East Region provide livelihoods and ecosystem services to millions of people, the contribution of the formal forest sector to the GDP is low in most countries, mainly because the full range of market and non-market benefits provided by forests and rangelands (including contributions to the livelihoods of marginalised people) are not included in national income accounts. This partly accounts for the low level of investment in these two sectors in many countries that threatens the future production of many of the goods and services mentioned above.

9. A review of current attempts to measure the total value of forests in the Near East Region has shown that information is available for only a very limited number of countries (e.g. Iran, Tunisia, Lebanon). However, where information has been collected and analysed, it has shown that the total value of forests can be 10-20 times higher than the figures presented in national accounts.<sup>3</sup> Improving the availability of information about some of these values will be essential to generate support for the investments that will be required for forestry and rangelands to make a significant contribution to green economies in the region. In particular, a focus on the numbers of people that benefit from forests and rangelands (and how they benefit) is likely to gain the attention of policy makers and this is an issue that will be explored in the forthcoming FAO State of the World's Forests Report (2014).

10. A further stage of refinement is to take the results of valuation studies and use them to develop markets or incentive schemes that can support investments in the sector that will produce these benefits for the green economy. There have, to date, been very few attempts to develop PES schemes in the region, although some pilot studies supporting watershed protection (for improved water quality downstream) have been implemented in Lebanon.<sup>4</sup> Another innovative approach is public-private

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<sup>3</sup> Helal, S, 2013, Forests and Rangelands and Green Economy in the Near East and North Africa Region: challenges and prospects, background paper prepared for the NEFRC.

<sup>4</sup> Croitoru, L, and Sarraf, M, 2010, The Cost of Environmental Degradation: Case Studies from the Middle East and North Africa, World Bank, Washington DC.

partnerships or corporate sponsorship schemes that support environmental improvement. These are now quite common in many countries, although only one notable example exists in this region (again, in Lebanon)<sup>5</sup>. Improved valuation and accounting for the non-market benefits provided by forests and rangelands may also support efforts to raise funding from international agencies and institutions that are interested in supporting the development of different aspects of the green economy (e.g. the GEF and the various forest carbon funds for afforestation, reforestation and REDD+ etc.).

*Points for consideration*

11. Given the important contribution that forests and rangelands could make to the development of green economies in the Near East Region and the importance of valuation as a mechanism for demonstrating these values and, where possible, creating new payment streams for these services, the Commission may wish to consider the following:

- What different aspects of the green economy do countries see as most important and where forests, rangelands and related activities could make the greatest contribution to the green economy?
- What efforts and strategies are already being applied by countries to identify and harness the opportunities presented by green economy developments and what are the experiences of countries that are doing this?
- Based on this paper and the discussion, what do countries think are the priorities for action to raise awareness about how forests and rangelands can contribute to the development of green economies?

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<sup>5</sup> Banque Libano-Francaise Earth Card: <http://www.eblf.com/en/Cards-services-Earth-Card>.