

ASIA-PACIFIC FORESTRY WEEK 2016

GROWING OUR FUTURE!

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Concept Note

APFW Stream 5: Our Green Future: Green Investment and Growing Our Natural Assets

Stream leaders: APFNet and AFoCo

Introduction

Deforestation, forest degradation and declining forest vitality remain as some of the biggest problems in Asia-Pacific forests.¹ Forests form an integral part of our natural assets: they serve as a source of timber and non-timber forest products, stabilize the global climate by acting as a carbon sink, regulate water cycles and protect water resources, provide habitats for biodiversity and also host a variety of genetic resources.

In the traditional economic development model, economic growth often occurs at the expense of social and environmental wellbeing. Many current forest management approach falls under this model and is thus predominantly extractive, with a full range of social and private benefits untapped.

To ensure a sustainable future for Asia-Pacific forests, a paradigm shift is needed to reverse the inverse relationship between economic growth and forest degradation. Where traditional investments generate revenue but destroy natural assets in the old paradigm, green investments will generate both in the *new paradigm*.

According to the UNEP, an “average annual additional investment of US\$ 40 billion is required to halve global deforestation by 2030 and also increase reforestation by 140% by 2050.”²

If these investments are made in Asia-Pacific forests, how can we ensure that they are *green investments* that help grow our natural assets? What building blocks are needed for green investments to be effective? These are some of the guiding questions that Stream 5: Our Green Future: Green Investment and Growing Our Natural Assets, aims to explore.

¹ FAO . (2010). *Asia-Pacific Forests and Forestry to 2020 - Report of the second Asia-Pacific forestry sector outlook study*. Bangkok: FAO.

² Relative to the business as usual scenario. Source: UNEP. (2011). *Forests in a Green Economy - a Synthesis*. UNEP.

Theme: Green investments and growing our natural assets

Green investments are a form of socially responsible investing, that support or provide socio-environmentally sustainable products and practices. Green investments in forests aim to ensure a steady supply of forest goods and services for future generations.³ It forms an integral part of sustainable forest management.

Green investments in forests require a combination of interrelated ‘building blocks’ to ensure that investments are successful⁴:

First, a **strong knowledge base** on the use and cross-sectoral linkages of multi-functional forests helps to make informed decisions. This requires a robust monitoring, reporting and verification system that tracks and evaluates forest inventories and services. It should also adopt the appropriate technologies and approaches to gather data.

Second, a **shared vision** among relevant stakeholders is important to establish agreement on the management, protection and use of forests. Stakeholders should be engaged in a participatory way so that everyone has a clear understanding of their respective roles and contributions.

Third, **enabling conditions** largely consisting of fiscal and economic policies are required, in order to help align public and private incentives in SFM. This includes financial incentives and taxes that discourage forest exploitation and encourage sustainable resource management, and measures to help stabilize land ownership and minimize risks.

Lastly, it is important to engage the **financial sector** to mobilize public and private investments. This includes creating domestic financing schemes, and engaging producers, investors, buyers and financial institutions in investment opportunities.

Scope and activity design

Based on the four building blocks to effective green investment, substream areas and potential topics (non-exhaustive) are proposed in Table 1 below.

Table 1. Substream areas and potential topics

#	Substream	Potential topics
1	Building a strong knowledge base in forests	<ul style="list-style-type: none">- Forest monitoring, reporting and verification- Genetic resource conservation and protected areas- Invasive species- Forestry education
2	Establishing a participatory vision of forests	<ul style="list-style-type: none">- Community engagement- Forest landscape management and restoration
3	Creating enabling conditions for forest	<ul style="list-style-type: none">- Market based policy instruments- Domestic financing schemes

³ FAO. (2015, September 7). *Global Forest Resources Assessment 2015 - How are the world's forests changing?* Retrieved from FAO: <http://www.fao.org/resources/infographics/infographics-details/en/c/325836/>

⁴ UNEP. (2011). *Forests in a Green Economy - a Synthesis*. UNEP.

investment	- Quality infrastructure - Greening supply chains
4 Mobilizing financial players in forest investments	- Private sector engagement - Measuring forest investment impacts - Risk management - Bridging investors with producers

One of the key guiding principles of organizing stream 5 is **ensuring impact**. There is already abundant research and numerous conferences and meetings held in the past, on the existing challenges and potential solutions in natural asset protection and green investments. Therefore, the design of stream activities will take one step further, to **focus discussions on successful experiences, case studies, and technological and financial opportunities**, and attempt to align with the priorities of participants. Cross-cutting topics will also be identified and streamlined in activity design.

Expected outputs

Through the sharing of successful experiences, knowledge and good practices, stream 5 is expected to produce a summary of strategic solutions, opportunities and recommendations on protecting and increasing forest resources through green investment.

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