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Opening Remarks

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**17th Edition of the Conference of Americas :
A Changing Economic Order : “New Realities, New Models:
Session “Forests – Investing into the future”
June 7, 2011**

Ladies and Gentlemen, good morning.

I want to thank Andrew, [Andrew Mitchell, moderator and director of Global Canopy Programme] for that kind introduction and to Ahmed for inviting me to be part of such a distinguished panel. With this impressive roster of speakers I am sure we will be having a lively discussion today!

My perspective comes from the public sector, namely international environmental finance and this topic is a timely one: the United Nations General Assembly has declared 2011 as the International Year of Forests. But please do not mistake this for just another fashionable environmental issue.

International development experts say that close to 1.6 billion people depend to some extent on forests for their livelihood so this is very much an economic issue too. Another important fact to remember is that in many rural areas, forests generate nearly a quarter of total household income. Most often, poor people are particularly dependent on forests and forest income, so managing this resource correctly could dramatically reduce the gap between rich and poor.

Forests of course also provide a wide range of both environmental and social services. They contain about 80% of all terrestrial biodiversity, store more carbon than the earth's entire atmosphere and provide clean water.

So, if it is true that forests are so important for our environment and for the people living in and around them, how is it possible that we continue losing about 6 million hectares of forests every year? For the Canadians among us, 6 million hectares might not sound a lot. It is less than 5% of Quebec. But for us Europeans, it is almost the combined area of Belgium and the Netherlands.

If someone even thought about converting a highly productive gold mine into a parking garage, you would think he lost his mind. Yet, when forests are destroyed and replaced by economically less productive land-uses, this is often considered development. One reason for this phenomenon is that forests are largely treated as public goods that are in truth not properly valued in monetary terms. Compounding this problem is that figures on forest ecosystem services and forest-derived income are frequently left out of national statistics, so the true value of forests are consistently underestimated, which in turn indirectly encourages their destruction.

Recent attempts to better quantify the economic value of forests for carbon sequestration and storage could mean a turning point for global environmental finance. In that context, it is estimated that halving deforestation rates by 2030 could avoid damages from climate change by more than \$3 trillion. Compare this with the estimated costs of halving deforestation: it amounts to only \$20 billion annually.

At the GEF we know from our own experiences in the field how protecting forests generates multiple synergies and savings.

Let me give you just one example: between 2003 and 2008 we worked with the Brazilian government, the German KfW, and WWF to create 15 new protected areas totaling 9 million hectares in the Brazilian Amazon. The main objective when we designed the project was to conserve globally important biodiversity - from beetles to butterflies all the way to spider monkeys, macaws and pink river dolphins - by doubling the amount of the Brazilian Amazon placed under protection. Retrospective studies, however, have since found that the impacts of this GEF initiative have gone far beyond biodiversity conservation. By reducing deforestation rates in Brazil, the project will also have prevented more than 1/3 of the world's annual CO₂ emissions by 2050. In addition, the introduction of

sustainable fishing practices through the same project has substantially increased livelihoods and income of local people.

My point here is that while the success of this initiative has been striking from a biodiversity perspective, it has also produced remarkable accomplishments for many other priority objectives for society.

It's a model we have been using for over two decades. My organization, the Global Environment Facility has an official mandate to mobilize resources for programs and projects supporting the individual aims of not one but three Rio Conventions (climate change, biodiversity and desertification), two of which are here on the panel so we have a unique perspective to offer on how to build value.

Today we are encouraged by the fact that more than \$5 billion has been pledged to reduce emissions from deforestation and forest degradation in developing countries. The increasing awareness of forests and their potential for mitigating climate change provides a historic opportunity to create economic value and protect environment.

Yet I also know that meeting all the projected costs associated with conserving biodiversity and addressing climate change given current economic policies and national accounting systems is politically impossible to achieve for the GEF or any other public financial institution.

Now, more than ever before, investing in forests must be a joint effort of the public and private sector and be characterized by investments that are smart, catalytic, and transformative.

For example, pilot innovations where “biodiversity pays” such as payment for environmental services schemes must be taken to scale. Opportunities for small and medium enterprises to engage in forest-friendly businesses must be supported with more innovative financing and marketing. Creative uses of incentives for businesses must be employed to encourage more environmentally-friendly behavior.

Within our own programs, we are supporting all of these kinds of investments.

Although the GEF is the largest global donor to forests - we truly see ourselves as just one other member of a committed group stakeholders that are united in the belief we are obligated to pass on to future generations a planet as rich as what we ourselves inherited from our parents and grandparents. Each of us

brings our own unique perspective, vision, and resources to the problem we face
and by working collectively and catalytically change is possible.

We stand ready to be one of those change agents.

Thank you