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# COMMITTEE ON FORESTRY

## Twenty-sixth Session

## 3-7 October 2022

## State of the World's Forests 2022: Forest pathways for green recovery and building inclusive, resilient and sustainable economies


## Executive Summary

The 2022 edition of *The State of the World's Forests (SOFO)* explores the potential of three forest pathways for achieving green recovery and tackling multidimensional planetary crises, including climate change and biodiversity loss.

The three interrelated pathways are (i) halting deforestation and maintaining forests; (ii) restoring degraded lands and expanding agroforestry and; (iii) sustainably using forests and building green value chains. The balanced, simultaneous pursuit of these pathways can generate sustainable economic and social benefits for countries and their rural communities, help sustainably meet increasing global demand for materials, and address environmental challenges.

*The State of the World's Forests 2022* reviews data and presents evidence on the feasibility and value of these pathways and outlines initial steps that could be taken to further pursue them. Urgent action is needed to keep the global temperature increase below 1.5 °C, reduce the risk of future pandemics, ensure food security and nutrition fo
biodiversity and offer young people hope of a better world and a better future for all.


## Suggested action by the Committee

**The Committee is invited to:**

- take note of the key findings of SOFO 2022 and invite Members to ensure the critical role of forests and trees and the transformative potential of forest pathways is fully taken into consideration and adequately reflected in international fora on environment, agrifood systems transformation and development and at national level as appropriate.

**The Committee may wish to recommend FAO to:**

- engage in a dialogue with Members and partners on forest pathways as a means for simultaneously achieving economic and environmental goals and support Members, upon request, in their efforts to integrate these as part of wider agrifood systems transformation policies and programmes towards achieving the SDGs and related international commitments;

- support Members, upon request, in their efforts in scaling up investments and actions to -one-size-fits-inclusive approaches, and support to improved access to financing;

- continue to support efforts, upon request, to empower and incentivize local stakeholders, in particular small-scale producers and related producer organizations, women, youth, Indigenous Peoples, local and marginalized communities, to take a leading role in scaling up action on the ground on forest pathways, building more resilient local economies and societies.

*Queries on the substantive content of this document may be addressed to:*

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# I. Introduction

1. Humanity is facing multiple global threats. These include the COVID-19 pandemic and related economic hardships, food insecurity, poverty, climate change, conflicts, land and water degradation, desertification and biodiversity loss. There will be no healthy economy on an unhealthy planet. Forests and trees can play crucial roles in addressing these crises and moving towards sustainable economies.

2. As the world looks for solutions at scale that are cost-effective and equitable and that can be implemented rapidly, *The State of the World's Forests (SOFO) 2022*[1] presents three interrelated pathways involving forests and trees that can support economic and environmental recovery. These are (1) halting deforestation and maintaining forests; (2) restoring degraded lands and expanding agroforestry; and (3) sustainably using forests and building green value chains.

3. *The State of the World's Forests 2022* was launched at the XV World Forestry Congress on 2 May 2022 during the High-

-level launch was accompanied by a detailed presentation of the key findings and messages by the lead authors of the Report. The key findings and messages are presented in sections II, III, IV, V and VI.

# II. Forests and trees provide vital goods and ecosystem services but are undervalued in economic systems

4. **Forests are resources of global significance and crucial for mitigating climate change.**

the rate of deforestation is declining, 10 million ha per year were lost between 2015 and 2020 for other land uses. Forest biodiversity remains under threat from deforestation and forest degradation. Climate change is a major risk factor for forest health, reflected in observations of increasing incidence and severity of forest fires and pests.

5. **Trees and forests are major means for combating climate change.** Forests contain 662 billion tonnes of carbon and forests absorbed more carbon than they emitted in 2011 2020 due to reforestation, improved forest management and other factors. Forests also have a range of other impacts on climate change, such as by affecting albedo and atmospheric water vapour and emitting aerosols, having major regional impacts on rainfall and therefore on rainfed agriculture.

6. **Societies benefit from and are highly dependent on forests, yet many forest-proximate people obtain insufficient benefits from forests.** It is estimated that more than half of world gross domestic product (USD 84.4 trillion in 2020) depends moderately (USD 31 trillion per year) or highly (USD 13 trillion per year) on ecosystem services, including those provided by forests. The wealth represented by certain forest ecosystem services (recreation and hunting, habitat, the provision of non-timber forest products, and water services) is estimated at USD 7.5 trillion. About 33 million people 1 percent of global employment are estimated to work directly in the formal and informal forest sector. One-third of the global population (about 2.6 billion people) relies on wood and other traditional fuels for household cooking. Wild-harvested forest foods add to the food security and nutrition of forest-adjacent people, especially in remote areas in the tropics and subtropics, who also earn about one-quarter of their income from forests. An estimated 4.17 billion people 95 percent of all people outside urban areas live within 5 km of a forest, and 3.27 billion live within 1 km. There is likely a strong relationship between forest proximity and extreme poverty, given that 80 percent of the extreme poor live in rural areas.

[1] https://www.fao.org/publications/sofo/2022/en/

7. **The COVID-19 pandemic had a significant impact on forest value chains and trade in early 2020. Most sectors rebounded quickly, but the risk of future pandemics remains.** For example, the production of graphic papers such as newsprint dropped by more than 11 percent in 2020 but grew for certain other papers, such as those used for packaging. The pandemic may have longer-term impacts on woodfuel, having pushed an estimated 124 million more people into extreme poverty. There is a potential longer-term nexus between forests and disease. More than 30 percent of new diseases reported since 1960 are attributed to land-use change, including deforestation, and 15 percent of 250 emerging infectious diseases have been linked to forests. Deforestation, particularly in the tropics, has been associated with an increase in infectious diseases such as dengue fever and malaria. The 2030 Agenda for Sustainable Development and the SDGs call for transformative shifts, integrated approaches and solutions to structural barriers to sustainable development and it recognizes the fundamental role played by sustainable agriculture in the connection between people, planet and prosperity.

## III. Three interrelated forest pathways could contribute to green recovery and a transition to sustainable economies

8. **Halting deforestation and maintaining forest ecosystem services would benefit climate, biodiversity, health and long-term food security.** It is potentially one of the most cost-effective actions for mitigating climate change if efforts ramp up. It could avoid emitting 3.6 +/- 2 gigatonnes of carbon dioxide equivalent (GtCO2 e) per year between 2020 and 2050, including about 14 percent of what is needed up to 2030 to keep planetary warming below 1.5 °C, while safeguarding more than half l biodiversity. More efficient, productive, and sustainable agrifood systems are key for meeting future needs for food while reducing demand for agricultural land, maintaining forests and securing the multiple benefits that forests provide to farming systems. The cost of global strategies to prevent pandemics based on reducing the illegal wildlife trade, avoiding land-use change and increasing surveillance is estimated at USD 22 billion 31 billion. Various policy responses are addressing this pathway. This includes decoupling agricultural growth from deforestation, REDD+, integrated landscape approaches, and strengthening governance and legality. Multistakeholder engagement can deliver progress in halting deforestation.

9. **Forest and landscape restoration and agroforestry help diversify livelihoods and landscapes and increase land productivity.** 1.5 billion hectares of degraded land would benefit from restoration and increasing tree cover could boost agricultural productivity on another 1 billion ha. Restoring degraded land through afforestation and reforestation could cost-effectively take 0.9 1.5 GtCO2 e per year out of the atmosphere between 2020 and 2050. According to one estimate, the restoration of 350 million ha of deforested and degraded land by 2030 could deliver a net benefit of USD 0.7 9 trillion and USD 7 30 for every USD 1 invested. The scaling up of restoration and agroforestry is hindered by the longer time required to obtain profitable returns. Evidence suggests that well-planned and -executed investments in restoration will have net benefits. The greater uptake of agroforestry requires incentives and strategic investments to achieve restoration and improved production objectives.

## IV. Increasing sustainable forest use, and building green value chains, would help meet future demand for materials and support sustainable economies

10. **Forest investment is well below what is required.** Total financing for the forest pathways needs to increase threefold by 2030 and fourfold by 2050 for the world to meet climate, biodiversity and land degradation neutrality targets. Private-sector finance is an important source of funding for forestry, especially the restoration and sustainable-use pathways - it is estimated to account for about 14 percent of current total funding flows for nature-based solutions, including forestry. Few COVID-19 pandemic recovery plans have strong components for mobilizing finance for the forest pathways. As of May 2021, green measures accounted for just 2.6 percent of total fiscal spending related to the

11. **All sources of funding – domestic government, private, and official development assistance – will need to be tapped into, and new approaches are emerging.** There are at least three high-potential areas for scaling up implementation of the forest pathways: 1) greening public domestic finance; 2) making climate finance work for forest-based approaches; and 3) greening financial markets with regulatory and supervisory tools, with the clear positioning of forest-based pathways.

12. **Redirecting socially and environmentally harmful support, and improving the regulatory environment, could release considerable funding for the forest pathways.** Repurposing agricultural subsidies currently almost USD 540 billion per year to include agroforesty and forestry could help avoid the harmful impacts embodied in 86 percent of such subsidies.

13. **Getting finance to small-scale producers will be essential for implementing the pathways.** Less than 2 percent of global climate finance is reaching smallholder farmers, Indigenous Peoples and local communities in developing countries. More support is needed to develop pipelines of investment-grade projects and programmes to tap into emerging financing opportunities.

## V. Smallholders, local communities and Indigenous Peoples are crucial for scaling up implementation of the forest pathways

14. **The involvement of smallholders, local communities and Indigenous Peoples in the forest pathways is essential.** Smallholders, local communities and Indigenous Peoples own or manage at least 4.35 billion ha of forest and farmlands.

15. **Local actors can be highly effective – and cost-effective – forest managers.** Smallholders with secure tenure tend to make longer-term investments in their lands and forests, compared with those with no or short-term tenure security.

16. **Customary forest rights are increasingly recognized in statutory laws, although progress has not been uniform.** Accelerating the formalization of customary and collective rights is crucial for protecting remaining forests and mobilizing resources for recovery. Governments can promote restoration and agroforestry by, for example, offering secure, long-term rights to trees and tree products in exchange for the adoption of good management practices, such as sustainable agroforestry.

17. **Local producer organizations and other relevant groups can help enable the three forest pathways but require support.** More than 8.5 million social cooperation groups exist worldwide, and their influence in forestry is growing.

18. **Increasing capacity and co-producing knowledge with smallholders, local communities and Indigenous Peoples would help scale up the three forest pathways.** A starting point would be to reinvest in forestry and agroforestry extension programmes, such as through farmer and pastoralist field schools and learning-by-doing initiatives in community-based forestry. Identifying and capitalizing on diverse sources of knowledge and new technologies can facilitate innovative and inclusive solutions grounded in local systems. Supportive policies could be put in place to enable forestry capacity development based on partnerships and engagement between traditional knowledge-holders and service, training and educational organizations. Mobilizing and investing in digital technologies and services can help accelerate change and the uptake of the three forest pathways.

## VI. The forest pathways – a means for green recovery and resilient economies?

19. **Most countries have taken steps along the forest pathways, although few appear to have coherent policies to promote all three and enhance their complementarity.** There is clear international momentum for the pathways, and the time is right for bold strategies to scale up the pathways in ways that are mutually reinforcing and build resilience.

20. **The three forest pathways carry economic, social, political, and environmental risks.** For example, there is a risk that investors, including smallholders, will miss investing in more profitable ventures; conversely, the diversification offered by the forest pathways could increase the economic resilience of local actors. Another risk is that climate change could threaten the viability of restoration efforts, and adaptive management will be important to mitigate this.

21. **Next steps could involve four possible actions:** 1) directing funding for recovery towards long-term policies aimed at creating sustainable economies and green jobs and further mobilizing private-sector investment; 2) empowering and incentivizing local actors to take a leading role in the forest pathways; 3) engaging in policy dialogue on sustainable forest use as a means for simultaneously achieving economic and environmental goals; and 4) maximizing synergies among the three forest pathways and between agricultural, forestry, environmental and other policies and minimizing trade-offs.

## VII. Integration of the main findings of SOFO 2022 into FAO's work

22. The COVID-19 pandemic and conflicts have made the eradication of hunger and poverty both more challenging and more urgent. There will be no healthy economy on an unhealthy planet. Environmental deterioration is contributing to climate change, biodiversity loss and the emergence of new diseases. Solutions that can be applied at scale, that are cost-effective and equitable and that can be implemented rapidly are needed.

23. Forest protection, restoration and sustainable use can go hand in hand with - and reinforce - a wider agrifood systems transformation. Transformation of global agrifood systems has started, as evidenced by the 2021 United Nations Food Systems Summit and related initiatives. There are alternative pathways for the future of food and agriculture that should be considered.

24. The three
Land Use, signed by more than 140 countries, to eliminate forest loss by 2030 and to support restoration and sustainable forestry and they will support the achievement of the commitments made by the Leaders. Moreover, at the Glasgow Climate Change Conference, over USD 20 billion was pledged to support developing countries notably to restore degraded lands, tackle wildfires and advance the rights of Indigenous Peoples and local communities.

25. 31 builds on four fundamental aspirations: *better production, better nutrition,* a *better environment and* a *better life* for all leaving no one behind. FAO has also put forward a vision for sustainable agrifood systems based on five principles and 20 interrelated actions, applicable across sectors and scales.

26. FAO is committed to support Members in up-scaling efforts to build back better and greener towards more efficient, more inclusive, more resilient, and more sustainable agrifood systems and to build on the potential of the three forest pathways to support these efforts through up-scaling investment and effective implementation, in close collaboration with partners. With the Sustainable Development Goals and the 20 Programme Priority Areas (PPAs) at the center of its work, the Forestry Division has integrated the three forestry pathways as its main priorities of work supported with data, statistics and analytics and other cross-cutting functions.

27. Large-scale field programmes and initiatives focusing on those key areas of work and with substantive FAO engagement include UN-REDD Programme; GEF Impact Programmes on Drylands as well as on Food Systems, Land Use and Restoration; Forest Law Enforcement, Governance and Trade; Forest and Farm Facility; Sustainable Wildlife Management Programme; Sustainable Wood for a Sustainable World; Forest Landscape Restoration Mechanism as well as the UN Decades on Ecosystem Restoration and the UN Decade of Family Farming.

28. Although recent literature and commissioned studies provided additional insights, this SOFO edition also highlighted important data gaps related to estimates of the combined potential of the three pathways on the reduction of greenhouse gas emissions and contribution to achieving international climate, biodiversity, and development targets.